

# Santa Clara University

## Recent and Future Developments in Trademark Law • June 2011

Prof. Eric Goldman

Director, High Tech Law Institute

<http://www.ericgoldman.org> • <http://hightechlaw.scu.edu>  
[egoldman@gmail.com](mailto:egoldman@gmail.com)

# Aesthetic Functionality/Merchandising Rights

- **Fleischer Studio v. AVELA (9th Cir. 2011)**
  - 1) Displaying Betty Boop name/image on merchandise was aesthetically functional
  - 2) Dastar prevents TM from keeping copyrighted material from entering public domain
- **Implications**
  - Smallest effect: expired copyrights can't have TM merchandising right
  - Biggest effect: there is no TM merchandising right
- **Pending request for panel/en banc rehearing**



# Domain Names

- ICANN approved a way to create new gTLDs. Ex: .lemley or .menell
- Who wanted this?
- Implications of new gTLDs
  - Biggest potential effect: billions of new gTLDs
  - Lightest effect: marketplace apathy
- What should TM owners do?
  - Apply? Application costs of \$185k + \$25k/yr + internal costs (\$1M+?)
  - gTLD opposition
  - Sunrise periods within each new gTLD + TM clearinghouse
  - Post-registration procedures (URS, UDRP, PDDRP)
  - Register your TMs!
- Does anyone still care about domain names?
  - Evan Williams: Search, auto-complete address bars, mobile browsers/hidden address bars, apps, domain hacks
  - PROTECT IP Act/ICE seizures

# Keyword Advertising in the US

- **TM Owner v. Search Engine**

- Currently 5 pending lawsuits against Google + Rosetta Stone appeal
- Rosetta Stone district court ruling
  - Google got summary judgment on consumer confusion issue
  - Google protected by functionality defense
  - Google not secondarily liable
  - Google doesn't commit dilution

- **TM Owner v. Advertiser**

- Too numerous to count
- 3 jury findings for advertisers (none for TM owners)
- Mixed summary judgment rulings on consumer confusion
  - Network Automation v. Advanced Systems (9th Cir. 2011): “Internet troika” LOCC bypass and initial interest confusion doctrine took big hits
- Lawsuits rarely make financial sense
  - King v. ZymoGenetics (84 clicks); Storus v. Aroa (1,374 clicks over 11 months); 800-JR Cigar v. GoTo.com (\$345 in revenue); Sellify v. Amazon (1,000 impressions and 61 clicks); 1-800 Contacts v. Lens.com (\$20 of profit directly; 1,800 affiliate clicks); InternetShopsInc.com v. Six C (1,319 impressions, 35 clicks and 0 sales)

# Secondary Liability Online

- **Defense-favorable ruling**
  - Tiffany v. eBay
    - eBay followed notice-and-takedown process; otherwise lacked “contemporary knowledge” of infringing listings
    - “When [a service provider] has reason to suspect that users of its service are infringing a protected mark, it may not shield itself from learning of the particular infringing transactions by looking the other way”
- **Plaintiff-favorable rulings**
  - Louis Vuitton v. Akanoc
    - Web host liable for hosting Chinese counterfeiters and ignoring takedown requests; jury awarded \$32M
  - Gucci v. Frontline
    - Potential liability when payment services induce/are willfully blind about “replica” website
  - Roger Cleveland v. Prince
    - Web designer/SEO/host provided services to “copycat” retailer. TM owner didn’t send takedown notices
    - Jury found willful contributory TM infringement and awarded \$770k
  - Microsoft v. Shah
    - Potential contributory ACPA liability for inducing others to use TMs for domaining. Also possible contributory dilution
- **Implications**
  - De facto notice and takedown regime for TMs
  - Courts are allergic to copycat/replica industry

# Takedown Notice Battles

- **Private adjudication**

- UDRP, Search Engine TM policies, eBay VeRO
- Twitter username policy
  - Suspend account name when “clear intent to mislead others” using third party federally registered TM
  - Encourage remediation when account name is “confusing users, but is not purposefully passing itself off” as TM
- Facebook username policy
  - Facebook appears to respond when a username “does not closely relate to a user's actual name” or otherwise infringes
  - Widespread unhappiness with Facebook's “policy”: Urban Homesteading, Complexions Spa, Ars Technica, Redmond Pie, Neowin, Adventists for Life, etc., etc.

- **Responses to bogus takedown efforts**

- Smith v. Summit Entertainment: bogus CR takedown notice could be defamation and tortious interference
  - Even if service providers didn't have TM-specific takedown form
- Kim v. Coach: class action lawsuit for Coach takedowns at eBay
- DOC Trademark Bullying report