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TRADEMARKS AND THEIR USE ON WEBSITES

Your company website may be one of the most valuable components of your company's image and advertising strategy. Your website contains information about your company and its products and services, pricing, locations and other valuable information. It displays your distinctive logos and the words and slogans you associate with your products. Your website also may refer to logos or marks that do not belong to your company. Such marks might identify products or services of your suppliers, businesses with which your company is affiliated, or even your competitors. Where will the line be drawn to distinguish your fair use of marks from infringement of the rights of others?

First, a very brief review of trademarks would be helpful. From an intellectual property lawyer's perspective, your website contains an array of your company's intellectual property. One branch of intellectual property law -- the law of trademarks -- protects the words and designs that come to represent, in the consumer's mind, your company as the source of those products and services.

A trademark (or in the case of services, a service mark) is a word, phrase, symbol or slogan that is meant to identify the source of goods or services. For example, the mark "Coach" has come to be associated with high quality leather goods. When "Coach" is used to refer to leather, the typical consumer does not think of a coach made of leather. Rather, "Coach" brand leather has acquired what is known in trademark law as "secondary meaning" in the mind of the consumer. "Coach" has come to signify the style and quality of leather items sold by Coach, Inc.

Trademarks and the goodwill they represent are valuable. The owner of the trademark spends time and money promoting its brand and the products sold under the mark, and the consumer comes to associate goods of a certain quality with the mark. The consumer then looks for the trademark when making a purchase, because the consumer associates the mark with the products.

One can "infringe" a trademark by use of a mark that is similar in "sight, sound and meaning" so as to cause a "likelihood of confusion," in the minds of consumers, as to the source or sponsorship of the goods. For example, the use of the word "Koach" for women's leather goods could be found to be confusingly similar to the "Coach" mark such that its use on leather goods would be an infringement. The infringer is attempting to capitalize on the goodwill associated with the "Coach" brand in order to sell competing goods.

The use of another's trademarks on websites has been found to be an infringement when there is an intent to draw traffic to your website by incorporating your competitor's mark into the site through use of the mark in "metatags"¹ that are searched by internet search engines or in "white on white" text within the site. The use of a competitor's mark in these ways could increase the prominence of the website in lists generated by internet search engines.

Although the customer may realize quickly that she has been diverted from the site for which she was looking, and therefore she is not confused as to the source or sponsorship of the website or products, courts have developed a doctrine called "initial interest confusion" which posits that the mere fact that the consumer took the wrong "exit" on the information superhighway, and found her way to the alleged infringer's site, could be enough to at least obtain an injunction against the use of the competitor's trademark in the website even if there is no consumer confusion at the time the sale is consummated.² The initial interest confusion doctrine has been criticized recently, but even courts that are skeptical of the doctrine generally will apply it if the facts show that there has been a deliberate attempt to trade off another's mark by misdirecting internet traffic.

There are instances where your company may use a word or phrase to describe your products, but you later find that someone has a trademark on that word or phrase. This may not constitute infringement. The

federal trademark statute provides a “fair use” defense if the use of the word or phrase is a use “otherwise than as a mark ... or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods of such party”³ The purpose of this statutory “fair use” defense is to allow the user to accurately describe its goods by using someone else’s trademarked word or phrase “otherwise than as a mark.”

For example, in the “Dentist’s Choice” case,⁴ the plaintiff toothbrush manufacturer owned the mark “Dentist’s Choice.” The defendant toothpaste manufacturer was using the phrase “the dentists’ choice” to describe its toothpaste. The court held that the fair use defense applied because the toothpaste maker was using the phrase accurately to describe a quality of its own toothpaste (the toothpaste was the “dentists’ choice”), not as a mark to indicate the source of the toothpaste (e.g., “Dentist Choice” brand toothpaste). However, in the “Beach Boys” case,⁵ the court held that the fair use defense was not available because the defendant, a former member of the Beach Boys, was not using the words “Beach Boys” to describe boys who frequented the beach, but rather he was referring to the musical group. The availability of the statutory fair use defense depends on whether the alleged infringer is using the trademarked phrase descriptively, the user’s intent, and whether there is a likelihood of confusion.⁶

Does your company website refer to the trademarks of affiliated businesses or services? Usually, this will not be an issue, because your company has an agreement or license with the affiliated companies that allows your company to use their marks on your website. However, there have been cases where a trademark owner has alleged that an affiliated business was infringing its mark. In a recent case in the U. S. Court of Appeals for the Third Circuit, which includes Pennsylvania, real estate brokers Century 21 and Coldwell Banker sued LendingTree, Inc., an internet-based mortgage broker, alleging that LendingTree’s website references to the trademarks of Century 21 and Coldwell Banker were trademark infringement.⁷ Although primarily a mortgage broker, LendingTree has a real estate broker referral service which included Century 21 and Coldwell Banker brokers who were franchisees. LendingTree stated on its website that it was “affiliated with” Coldwell Banker and Century 21, and used a Coldwell Banker “for sale” sign on the website. Despite corrective action that Lending Tree took, the franchisors which owned the Coldwell Banker and Century 21 trademarks objected and sued, because the franchise owners required their franchisees to use the marks only in conjunction with the franchisees’ own tradename, and because the LendingTree website implied an affiliation with the franchisor.

In reversing the trial court’s injunction, the *Century 21* court set forth its own interpretation of the “nominative fair use” defense. Unlike the “Dentist Choice” case in which the accused infringer was using the mark to describe or refer to its own products (toothbrushes), the accused infringer (LendingTree) was using the trademarks to refer to the real estate brokerage services of the trademark owner-franchisees. This “nominative fair use” defense can apply when (1) identification of the trademark owner’s product is significantly more difficult without use of the mark, (2) the amount of use is appropriate, and (3) the alleged infringer accurately describes the relationship between it and the trademark owner.⁸

The defendant in the *Edina Realty* case⁹ failed to establish a “nominative fair use” defense. There, the plaintiff, a large regional real estate broker, sued the defendant realty company for purchasing its trademark, “Edina Realty,” as a “keyword” from Yahoo and Google so that defendant’s “sponsored link” advertisements appeared at the head of the search engine list when consumers searched the internet for “Edina Realty.” The defendant also used “Edina Realty” in hidden texts on its website. The court held that neither of these was a “nominative fair use” because the defendant did not need to refer to the Edina Realty mark, and because it did not accurately convey the relationship between the companies.

Given the importance of trademarks to the consuming public, and the multi-faceted sponsorship and affiliate relationships among businesses today, the website owner should use other’s trademarks with caution, without the intent to ride the coattails of another’s marketing efforts and name, and with high regard for accuracy in communicating the relationship between the website owner and the products or services represented by the marks on the website.

¹ “Metatags” are index words inserted in websites. Internet search engines search these metatags.

² See, e.g., *Brookfield Communications, Inc. v. West Coast Entertainment*, 174 F.3d 1036, (9th Cir. 1999).

³ Lanham Act, Section 33(b)(4), 15 U.S.C. § 1115(b)(4).

⁴ *Wonder Labs, Inc. v. Proctor & Gamble Co.*, 728 F. Supp. 1058 (S.D.N.Y. 1990).

⁵ *Brother Records, Inc. v. Jardine*, 318 F.3d 900 (9th Cir. 2003).

⁶ The U.S. Supreme Court held in *KP Permanent Make-Up, Inc. v. Lasting Impressions I, Inc.*, 543 U.S. 111 (2004), that likelihood of confusion is to be considered in evaluating a statutory fair use defense.

⁷ *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211 (3d Cir. 2005).

⁸ *Century 21, supra*, at 229-230.

⁹ *Edina Realty, Inc. v. TheMLSOnline.com*, 2006 WL 737064 (D. Minn. 2006).

Two Gateway Center Pittsburgh, PA 15222 (412) 394-5400 www.bccz.com

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