

Trademark Issues in Digital Era

Mayuri Patel[†] and Subhasis Saha

Hidayatullah National Law University, HNLU Bhavan, Civil Lines, Near Raj Bhavan, Raipur, Chattishgarh 492 001

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The prime objective of this endeavour is to understand and analyse various issues with respect to trademarks, which have emerged as a result of the Internet or digital era. The scope of the paper is limited to various trademark issues only. The paper highlights various issues relating to trademark infringement with respect to different use on the Internet, starting from the issues related to domain name disputes, jurisdiction, linking, framing, meta-tagging or invisible use, banner advertising, spamming and phishing. The approach of various courts over such trademark issues in the digital era is also analysed in the paper.

Keywords: Digital era, Internet, trademark issues, infringement, dilution, domain name, cybersquatting, jurisdiction, linking, meta-tagging, initial interest confusion, banner advertising, framing, spamming, phishing.

The convergence of computer networks and telecommunications facilitated by the digital technologies has started a new 'Digital Era'. There is hardly any activity which has remained untouched by this digital era through Internet. Internet is increasingly being used for communication, commerce, advertising, banking, education, research and entertainment. This cyber manthan has bestowed many gifts to humanity but they come with unexpected pitfalls. It has become a place to do all sorts of activities which are prohibited by law. The emergence of the Internet as a tool for e-communication and e-commerce has resulted in complex intellectual property issues. Each sunrise now seems to bring with it yet another change in the legal landscape of this unchartered multi-dimensional world evolving beyond the monitor screen.

The system of allocating rights under trademark laws, works reasonably well in the physical world, which can be partitioned both geographically and by categorizing the goods or services on offer;¹ there is far less partitioning in the Internet. Companies that have invested significant amount of time and money in their marks have been surprised when they have attempted to use their marks as part of their domain names, only to find that the names have been taken by cyber-squatters or electronic pirates who register famous domain names in the hope of ransoming them back to their rightful owners. The issue of domain

name assignment and dispute resolution as well as litigations is the one that has caused great controversy and cries for reform from time to time.

Use of marks on the Internet has also lead to various other issues, especially with regard to the practice of using another party's mark on one's website as a link to another site. Courts have struggled with the issue whether merely operating a passive website should expose a party to jurisdiction in all states where the website can be accessed. As use of the Internet continues to increase in ways not yet imagined, intellectual property rights are likely to continue to be affected, requiring courts to be imaginative, and flexible in dealing with emerging technologies.

Domain Name Disputes

In order to understand the legal complexities, one would first have to understand and appreciate the concept of domain names and their use on the Internet. To communicate on the Internet, the authorities assign alphanumeric addresses called 'domain names' to businesses and individuals. On the Internet, domain names serve as the primary identifiers of the Internet user.² For instance, in 'acer.com', the top-level domain name is 'com' which indicates that the domain name is owned by a commercial enterprise, while 'acer' is the second level domain name which identifies source of goods. It is due to the fact that consumers, who do not know a company's domain name, often merely type in the

[†]Email: Corresponding author: mayuri.hnlu@gmail.com

company name, such as 'acer.com' in the hope of locating the company's site. The domain name becomes more than a mere Internet address as it also functions as a designation of origin and a symbol of goodwill *i.e.* a trademark and therefore, it is entitled to protection.³ In *Umbro Int'l Inc v 3263851 Canada Inc*,⁴ it was held that domain names are property and can thus be garnished and sold.

In order to ensure the uniqueness of Internet addresses, registration of domain name is necessary.

Pre-1999, the registration services were ensured by the Internet Network Information Center (InterNIC), which was a collaborative project established by the National Science Foundation, Network Solutions Inc (NSI).⁵

The assignment of domain names by this sole private for-profit enterprise raised international concern that the United States is dominating Internet and assignment of domain names. This resulted in the formation of a not-for-profit benefit corporation, the Internet Corporation for Assigned Names and Numbers (ICANN) in 1999. ICANN is more internationally based organization than NSI.⁶

To date, registration of domain names has been conducted by various registrar organizations on a first-come, first-served basis. In order to get a domain name registered, person has to make an application and pay certain amount of fees.⁷ Dispute arises as soon as one party, who is having a registered trademark, discovers that it cannot obtain its mark as domain name on the ground that such name has already been registered by the authorities to a prior applicant. This often results in disputes between trademark owners and domain name registrants when the domain name uses another entity's mark.⁸

ICANN adopted a policy on 24th October 1999, Uniform Domain Name Dispute Resolution Policy (UDRP), which offers an expedited administrative proceeding for trademark holders to contest 'abusive registrations of domain names', and this may result in cancellation, suspension or transfer of a domain name by the registrar.⁹ Under the UDRP, a complainant is required to file a complaint with a 'Dispute Resolution Service Provider' approved by ICANN.¹⁰ Each of these providers in turn have their own set of supplemented rules which have to be adhered to by a complainant who opts for that particular provider.¹¹ Domain name litigations are encircled on basically three claims. The first cause of action is the traditional trademark infringement which is based on the

principle of likelihood of confusion or passing off. The second claim is based on the dilution doctrine *i.e.* the assertion that a domain name dilutes the value of a trademark. The third claim is to prevent cybersquatting.

Trademark Infringement Cases

In order to establish trademark infringement in the cases where a trademark has been used by another in the domain name, the traditional approach of finding likelihood of confusion has been adopted by courts, and further various principles have been laid down by courts:

- Mere registration of well-known trademark as domain name could give rise to liability for passing off. In appropriate circumstances, registration of a domain name can itself constitute an instrument of deception or fraud, leading to the liability for passing off.¹²
- If the domain name owner uses its site to promote or offer goods or services confusingly similar to those offered by a trademark owner with prior rights and the domain name and mark are confusingly similar, the trademark owner can bring an action for infringement just as it would for any act of infringement.¹³
- The use of another's trademark in the domain name is allowed where the domain name itself does not give rise to confusion.¹⁴
- Due to the peculiar nature of the domain name system identical names cannot exist. In such type of cases both the parties have historical connection to a mark and find themselves confronted with a domain name conflict. Subject to any dilution claims that a senior user may have, it has been the tendency of courts in such cases to find no likelihood of confusion where both the parties have historical connection to mark and they operate in different industries.¹⁵

However, initial interest confusion should not be ignored, otherwise the defendant will be capitalizing on the strong similarity between the plaintiff's trademark and the defendant's domain name to lure customers onto its webpage. This view seems to be economically justified also because many sites tie their advertising rates to their ability to attract page views. Thus, a defendant may profit simply by misdirecting some of the markholders's customers to the defendant's site through the use of a confusingly similar domain name, even if the customer will no longer be confused once he or she views the website.

Trademark Dilution Cases

The trademark owner cannot bring an action for infringement in as much as the owner cannot show likelihood of confusion. Such type of difficult issues arise when domain names have simply been registered and are used merely for an e-mail address with no website associated with them or are used in connection with goods or services that are unrelated to those offered by the trademark owner.¹⁶ Hence, the trademark dilution doctrine has been adopted by courts in order to prohibit the misuse of famous and well-known marks as domain names on the Internet.¹⁷ For instance, the use of domain name 'rolex.com' for shoes would necessarily dilute the registered and famous trademark 'Rolex' used for watches. So, viewing the relevant customer group *en masse*, for the group of customers who may be confused as to source or connection between the marks, the legal claim is the traditional one of a likelihood of confusion; while for the group of customers who recognize the independence of the source, the legal claim is one of the dilution.¹⁸

In 2003, Advocate General, Jacobs, defined dilution as 'detriment to the distinctive character of a trademark' and divided it into two classic categories of 'blurring' and 'tarnishment'.¹⁹ In US, under the Lanham Act, the term 'dilution' has been defined to mean lessening of the capacity of the famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the owner of famous mark and other parties or likelihood of confusion, mistake or deception.²⁰ In *Intermatic v Toeppen*,²¹ the plaintiff was owner of the well-known trademark, 'Intermatic', which was used on variety of electronic products. Although, the defendant registered the domain name 'intermatic.com', he did not offer any goods or services on his site. The plaintiff sued the defendant alleging dilution of its trademark. The district court held that the defendant's act has diluted the plaintiff's mark by decreasing the owner's ability to identify and distinguish its goods on the Internet. The domain name registration system does not permit two entities to use the same domain name unlike marketplace conditions in which similar or identical marks may coexist; and by decreasing the plaintiff's ability to control the association that the public would make with its mark.

Misspellings or Typographical Errors are Covered under the Dilution Doctrine

Because domain name can be registered until it is identical with other domain name, some people misuse this kind of lacuna and get registered the domain name which is nothing but a misspelling of a registered trademark. The perceived goal of these registrations is to get 'hits' from consumers who inadvertently misspell or mistype the name of the famous sites they actually want to visit. For instance, some porn operators have reserved a misspelling of a name, such as, 'newswek.com' as porn sites. Generally, such sites are shut down by courts relying on the dilution doctrine.²² Although the use of typographical errors in this fashion has been prohibited under this doctrine, the practice of registering such sites continues because such sites can sometimes remain unnoticed.

However, J Thomas McCarthy criticizes use of the dilution doctrine in such cases as there has been expansion in the 'likelihood of confusion' concept. Now, the likelihood of confusion is not limited to confusion over origin but it also encompasses the confusion that there is an association of domain name owner with the famous mark by sponsorship, affiliation or connection.²³ Further, the dilution doctrine had not been intended to prohibit or threaten non-commercial expression, such as, parody, satire, editorial, and other forms of expression that are not a part of commercial transaction.²⁴

Cybersquatting Cases

Cybersquatting is when the defendant goes out and registers domain name(s) that are similar or identical to the plaintiff's registered trademark(s) and then attempts to sell the domain name to the rightful owner and figuratively holds the domain names captive until the trademark owners pay ransom amount.²⁵ The Court in *Panavision International LP v Toeppen*,²⁶ relying upon *Intermatic v Toeppen*²⁷ held that the defendant's acts of registering more than two hundred and forty trademarks as domain name and then later offered to sell to their rightful owners for sums ranging between \$ 10,000 and \$15,000, acted as 'spoiler' preventing the plaintiff and others from doing business on the Internet under their trademarked names unless they pay his fees and hence, diluted the plaintiff's registered trademark.

The 1999 Anti-Cybersquatting Consumer Protection Act (ACPA) defines the outlawed conduct of cybersquatting as reserving a domain name that is

confusingly similar to a trademark or dilutive of a famous mark with the bad faith intent to profit.²⁸ So, passage in ACPA made dilution by cybersquatting largely obsolete.²⁹ Another issue related to the cybersquatting is that the cost-benefit analysis leads some mark-owners to pay rather than litigate, which further encourages the continued proliferation of cyber-squatters and the resulting systemwide costs.

Trademark in Post-Domain Name 'Url' Path

Another trademark issue in the domain name litigation arises under the situation when someone uses a registered trademark, not in the main domain name but in the post-domain 'path' of URL so as to increase the number of visits to its webpage by such customers also who are aware about or searching the plaintiff's mark.³⁰ In *Patmont Motor Works Inc v Gateway Marine Inc*,³¹ the Court held that because a path only shows how a particular website's data is organized within the host computer's files, as opposed to a domain name which identifies the site to the world, use of a particular path does not indicate or imply sponsorship, or endorsement of goods to the public and thus, held that use of a trademark in the path of a URL might never constitute an infringement. However, where a trademark is simply put in the post-domain path gratuitously to facilitate more page views and not to use it fairly the aforesaid reasoning is not adopted.³²

With the development in the Internet technology and digital era, new issues for the courts have often been guided by the equitable principles in deciding cases. Thus, if it appears that a party is only using a domain name to take advantage of another's rights, courts are highly likely to fine against them even if issues of confusion or dilution may not otherwise be clear.

Jurisdiction

With the shrinking of global marketplace and advancements in communication technologies, the biggest issue that has arisen is to determine accurately the appropriate jurisdiction in a particular transaction. The insensitive nature of Internet to local constraints is the basis of all the jurisdictional problems. This issue can be illustrated with the help of an example: Take a situation where the same trademark is owned and used by independent companies in the US and the UK. Each company has a website ('philips.com' and 'philips.co.uk' respectively) which provides information about the company and its product, and

which features prominent use of the mark. Moreover, one or both companies offer goods or services for sale on their respective websites. Obviously both websites can be accessed by an Internet user from anywhere in the world, raising the possibility that someone in UK who is familiar with the UK company will encounter the website of the US company, and *vice-versa*. Here, the trademark issue arises as to whether the use of trademark by the US company on its US website constitute infringement of the UK registered trademark, and *vice-versa*?

In this type of situation, claimants have argued that

- Use of the trade mark on a website constitutes use of the trademark throughout the world because the website can be accessed throughout the world; and
- Placing a trademark on a website was a potential trademark infringement all over the world as this was tantamount to use in an 'omnipresent cyberspace' and was 'putting a tentacle' into the computer of each and every user accessing the site.

Rejecting these arguments, the courts have laid down following principles and guidelines for determining the jurisdiction in cases of trademark infringement on the websites:

Mere Website Access: No Jurisdiction

If a party is merely posting information or advertising its products and services on a passive website, jurisdiction cannot be exercised over a non-resident defendant. Mere website access is not generally sufficient to confer jurisdiction on a court.³³ This is because of the danger of accepting the proposition that placing a sign on the Internet in an advertisement for goods or services is to use it in every jurisdiction, has very serious consequences in view of many traders having small businesses with restricted physical catchment areas. This kind of problem became subject matter in *Euromarket Designs Inc v Peters and Crate & Barrel*.³⁴ In this case, the plaintiff had registered trademark 'Crate & Barrel' in UK while the defendant had a shop in Dublin, named 'Crate & Barrel', and the defendant placed an advertisement on its website. The Court rejected the argument that the advertisement was directed at anyone in the UK. Any person carrying out a search will often pick up lots of irrelevant 'hits',

many of which will be foreign. Anyone accessing that website from another country would realize that it was not directed to him.

However, where the courts have seen clear dishonest adoption of well-known trademarks, they have exercised jurisdiction even on mere website access.³⁵ This is also evident from the recent case of *Casio India Co Ltd v Ashita Tele Systems Pvt Ltd*,³⁶ where the Court said that due to ubiquity, universality and utility of the features of the Internet and the world wide web, any matter associated therewith, possesses global jurisdiction. The jurisdiction in such matters may not be confined to the territorial limits of the residence of the defendant.

Minimum Contacts or Active Conduct of Business by the Defendant

In general, a state can only subject a party to personal jurisdiction if the party has had some minimum contacts with the state such that subjecting him or her to jurisdiction does not offend traditional notions of justice.³⁷ Further, in order to confer jurisdiction, it is necessary that the defendant had 'used' the sign in the course of trade in relation to goods or services in that country where the same had been registered as trademark. So, for example, in order to exercise jurisdiction by the UK courts, the use (of the trademark which is registered in UK) on the US or any foreign website must constitute use in the course of trade in the UK before it can amount to infringement of a UK registered trademark. This is, however, question of fact to be decided in all the circumstances.

This 'use' within a particular jurisdiction requires evidence of actual trade or an intention to trade within that jurisdiction. This can be best explained with the help of the observation of Buxton L J in *1-800-FLOWERS Inc v Phonenames Ltd*.³⁸ "...there is something inherently unrealistic in saying that A 'uses' his mark in the UK when all he does is to place the mark on the Internet, from a location outside the UK, and simply wait in the hope that someone from the UK will download it and thereby use on part of A. The very idea of 'use' within a certain area would seem to require some active step in that area on the part of the user that goes beyond providing facilities that enable others to bring the mark into the area". The appearance of a mark on a foreign website will constitute use of the mark in the course of trade in UK only if the website is aimed at or intended for consumers in the UK, even if UK is only one of the

intended markets not otherwise. However, the extent of the defendant's trade with customers in the UK will be an important factor in the inquiry whether there is use in the course of trade in the UK. If a significant number of customers in the UK have purchased goods bearing a mark through a foreign website, then use in the course of trade in the UK will have been established. So, if the defendant is actively conducting business, entering into contracts, or transmitting files over the Internet, jurisdiction can likely be exercised.

The Theory of 'Sliding Scale of Jurisdiction'

In order to tackle this issue, the court has laid down the theory of 'sliding scale of jurisdiction' in relation to cases pertaining to websites whereby the various levels are as follows.³⁹

- 1 A passive website with mere access, will generally offer no ground for the exercise of personal jurisdiction. However, where courts have seen clear dishonest adoption of well-known trademarks, they have exercised jurisdiction even on mere website access.
- 2 An interactive website that provides something more than mere access, *i.e.* a user may exchange information with the host computer, where the exercise of jurisdiction will be determined by examining the level of interactivity and commercial nature of the exchange of information that occurs on the website; and
- 3 An integral website that provides activities directed at a particular jurisdiction such that there is maximum contact through receiving online orders and pushing messages directly to specific customers, the analysis support personal jurisdiction.

In sum, the exercise of personal jurisdiction depends upon the level of interactivity between the consumer and the web operator.

Ways to Avoid This Issue

As far as traders using websites to advertise their wares is concerned, they ought to consider about including statements, making the geographic boundary of their prospective target audience quite clear. And if they do intend to sell anywhere, they must ensure that there are no conflicting trademarks anywhere else. There are ways to do so:

- 1 A prominent disclaimer may be shown on the home page; or

- 2 The terms and conditions of sale may stipulate that products are not for sale to foreign countries; or
- 3 The payment methods may themselves prevent sales to foreign countries; or
- 4 The screen on which the user enters the shipping address may not accept a foreign address.

In most of the cases, these types of indications should be determinative while deciding upon the issue of trademark infringement and jurisdiction issue.

Linking

Generally, web page owners provide symbols, called *hyperlinks*, which designate other web pages that may be of interest to a user. With the help of these hyperlinks, users may easily navigate the Internet without typing the websites addresses again and again. Linking allows users to ‘click’ onto the symbol and be transported to a different location, either to a different page within the same web site or to an entirely different website on the Internet. Thus, a trademark owner’s mark may be displayed on thousands of different web sites. This linking process has raised few legal issues with respect to trademarks.

On one hand, linking may be considered as footnote which merely shows that additional information can be sought elsewhere; on the other hand, it may be regarded as intellectual property misappropriation. This is because most website owners do not seek permission from others to link their site. Linking might suggest a non-existent affiliation between businesses. However, most companies also do not object to linking, rightfully believing that linking allows more individuals to visit their site and thus increases commercial use.

General Linking

The use of another’s name or trademark for informational purposes, known as either collateral use of a trademark or fair use, is a well-worn, long established doctrine of trademark law and hence, the Court in *ACLU v Miller*,⁴⁰ held the First Amendment which protects the linking function as free speech. So, if the symbol or word, used for linking, is someone else’s trademark but the context of use precludes the likelihood of confusion, then it is not an infringing use.⁴¹ As Judge Buchwald observed: ‘The mere appearance on a website of a hyperlink to another site

will not lead a web user to conclude that the owner of the site he is visiting is associated with the owner of the linked site’.⁴² Further, the decision of the Court in *Playboy Enterprises Inc v Universal Tel-a-Talk Inc*⁴³ demonstrated that links can be actionable if they create confusion. The defendants used the word ‘playboy’ and ‘bunny’ liberally both on its site and URL. They established a link between their own and the plaintiff’s website. The Court held that since both the parties marketed their services via Internet only, consumers were likely to be confused as to Playboy’s connection with Tel-a-Talk.

Deep Linking

It allows a user at one site to proceed directly to certain information at another site, bypassing the homepage at the second site. Hence, it deprives the second site owners of advertisement revenue. Although technology exists to prohibit and prevent deep linking, not every site operator uses it, or is even aware that it exists. The ruling in *ACLU* case, however, with respect to deep linking may become unfair for the second site owner. In *Ticketmaster Corp v Microsoft Corp*⁴⁴, the plaintiff sued the defendant based on a link from defendant’s ‘Seattle Sidewalk’ webpage to deep within the plaintiff’s site, bypassing the plaintiff’s homepage and advertising pages. The plaintiff alleged that the defendant’s website illegally used plaintiff’s name and trademark by providing deep-links to plaintiff’s site despite their refusal to enter into a license agreement with the defendant. Through settlement agreement, the plaintiff prohibited Microsoft from deep-linking into plaintiff’s site. Further, the Court in *Ticketmaster Corp v tickets.com Inc*,⁴⁵ held that deep linking *per se* is not an act of unfair competition. Deep linking could become unfair only if the person providing the deep link falsely suggested or implied an association or connection with the target web site.

At this time, the trademark law regarding linking is not settled. Linking in general seems acceptable, but if it implies an affiliation or deep-link, then trademark infringement issues get involved. Permission of the original website owner, hence, should be sought in order to deep-link or bypass a homepage, which can be done through ‘linking agreements’. Challenge with the trademark law is to demarcate a line as to when linking function have gone beyond the protected sphere of free speech and entered uncovered area of infringement.

Meta-tagging/Clandestine Trademark Misuse and Banner Advertising

Clandestine trademark misuse is another growing concern in the digital era. It is done through 'meta-tags', which are special computer codes whose function is to emphasize key words, making it easier for search engines to locate the web site. Meta-tags are embedded in HTML code and remain invisible to the Internet user. When a webpage creator creates the site, he lists meta keywords in the computer code that makes up the webpage. When someone searching for the information on the Internet types in one or more keywords that relate to the information sought in the 'search-field' of a search engine, those websites having meta-tags that match the keywords come up as 'hits'. Being open to abuse, this system has raised very important issue in this digital era as to whether the use in a meta-tag of a word or phrase that is similar to another's/competitor's registered trademark or famous/well-known trademark infringes that trademark? The approach adopted in France, Germany and Italy has been that use of a third party mark as an Internet advertising keyword or a meta-tag can be restrained as trademark infringement.⁴⁶ Through various judgments, the following points have come up with regard to the use of meta-tags:

- As long as one uses keywords in good faith in one's meta-tags that actually describe the site or relate to the contents of the site, is within the domain of 'fair use', no trademark infringement issue comes up.⁴⁷
- Where the registered trademark, being a non-stylised word or phrase, is used without modifications and the goods or services offered are identical, infringement is made out, *per se*.⁴⁸
- When a site owner uses its competitor's keywords, trademarks or trade names in its meta-tags in such a way as to take unfair advantage of or detriment to the repute of competitor's trademark, it constitutes trademark infringement.⁴⁹
- The use of trademarks in meta-tags may escape if the word used in the meta-tag is not identical to the trademark. However, this situation would be different if the trademark and the word used in the meta-tag had no ordinary meaning or the trademark is fanciful or invented mark.

'Initial Interest Confusion': Infringing or Not?

In US, the use of another's trademark in meta-tags to capture initial consumer attention has also been regarded as a potential infringement of a trademark. This is clear from the illustration given by the Court in *Brookfield Communications Inc v West Coast Entertainment Corp.*⁵⁰ Court said, 'Using another's trademark in one's meta-tags is much like posting a sign with another's trademark in front of one's store. Suppose West Coast's competitor (say 'Blockbuster') puts up a billboard on a highway reading 'West Coast Video: 2 miles ahead at Exit 7' where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there. Even consumers who prefer West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there. Customers are not confused in the narrow sense: they are fully aware that they are purchasing from Blockbuster and they have no reason to believe that Blockbuster is related to, or in any way sponsored by West Coast. Nevertheless, the fact that there is only initial consumer confusion does not alter the fact that Blockbuster would be misappropriating West Coast's acquired goodwill'.

However, in UK this concept of 'initial interest confusion' does not hold well in cases of infringement which requires 'confusion' as its element. This is because the level of confusion needed in order to prove infringement of trademark is to be 'confusion as to origin'.⁵¹ In the case of initial interest confusion, persons picking up the wrong website, because of its embedded meta-tags, will quickly realize that it is not the website they were seeking.

Recent Doubt: *Reed Executive Plc v Reed Business Information Limited*⁵²

The approach of courts in resolving the trademark issue with respect to meta-tagging became debatable after the views expressed by Jacob L J in the recent *Reed* case. The case raised the very fundamental question of whether meta-tag use or other invisible use of a trademark constitutes use of a trademark for the purposes of infringement. However, Jacob L J did not express a final opinion, but made it clear that he doubted whether such use constitutes use for the purposes of trademark infringement under the Trade Marks Act, 1994. In this case, the defendant used the

word 'Reed' within the sign 'Reed Business Information' as a meta-tag for his website and as a keyword for the generation of Internet advertising. So, the plaintiff sued alleging trademark infringement under Sections 10(1) and 10(2) of the 1994 Act. Jacob L J held that there was no identity between the sign used by the defendant and the mark registered. As a result, the infringement claim under Section 10(1) failed. The allegation of infringement under Section 10(2) was rejected on the grounds that in all circumstances, the defendant's use did not constitute a misrepresentation leading to deception and would not be likely to give rise to confusion, respectively. The findings on deception and likelihood of confusion were dependant on the evidences before the Court. The Court doubted about the trademark infringement issue by meta-tagging on the following grounds:

- The use of a mark as a meta-tag does not affect the functions of a trademark.
- In many circumstances, it is the consumer who has typed in the mark in issue, and the only visible use in the search results may be the words remaining in the search window on the consumer's screen, alongside the advertisements and search results complained of.
- Invisible or meta-tag use could not be the use in order to create or preserve an outlet for goods and services.⁵³

This issue is of considerable importance and until a definitive answer has been provided, a degree of uncertainty will cast over the issue of trademark infringement by 'use'. Ultimately, technology may eliminate the meta-tagging issue as the search industry moves away from meta-tags in favour of indexing actual content on a page.

Banner Advertising

Banner advertising is a method of selling advertising. Many of the large search engines sell advertisers the right to an advertisement with a particular keyword in order to target the advertisement to an audience interested in that general area. For example, a mobile phone company can buy the right to have its advertisement pop-up on the search result screen along with the search results whenever a user types in the search term such as 'mobile phone'. In such cases, the search engines take commercial advantage of drawing power and goodwill of the famous marks and hence being

charged for trademark infringement. The trademark infringement claims, normally, alleges that computer users were confused and deceived into thinking that the linking ads were authorized or approved by the company whose trademark they typed into the search engine.⁵⁴ The courts have emphasized that where the source of the banner ads is clearly marked as distinct from the owner of the trademark used as a keyword, there is no actionable harm and no initial interest confusion.⁵⁵ Generally, the issues related to the banner advertising have also been concluded in the same manner by courts as in the case of meta-tagging.

Framing

Another unresolved issue which arose in digital era is related to 'framing'. Framing allows a web site to: (1) pull in the contents of an external site into the local site; (2) 'chop' up the contents of the external site into different 'frames' or parts; and (3) display only the frames that are beneficial to the framing site.⁵⁶ It enables operators to create a new page that may eliminate content, advertising and even the site identifier from the framed page, which in-turn raises legal issues. Apart from the potential copyright issues, the use of framing does raise significant trademark and dilution issues because the linked content pages, with their advertising and trademarks and service-marks visible, are displayed as part of the frame's content, and often in a distorted manner. Here then is a potential for confusion as to source or affiliation, since it is quite conceivable that a user is likely to believe that endorsement of some kind has been required to actually display another's content through the host frame. In *Washington Post Co v Total News Inc*⁵⁷ the defendant's site incorporated links to the plaintiff's website that were framed by Total News' logo and paid advertisements. Moreover, the defendant replaced the advertisements on the plaintiff's original site with his own advertisements. Hence, the plaintiffs alleged misappropriation, copyright and trademark infringement and false advertising. Through settlement the defendant agreed not to frame plaintiffs' content or use non text-based links.

The principle that has emerged is that cutting out advertisements from other sites is unaccepted, and atleast in commercial context framing is generally not permitted.⁵⁸ Framing also presents a potential for trade dress infringement if the web site of the framed party can be considered so distinctive as to constitute protectable trade dress.⁵⁹ If so,

incorporating all or parts of the distinctive external site via framing may be likely to create confusion or mistake.⁶⁰ As this issue has not been settled by Courts yet, the law relating to framing is uncertain. However, it is always better to provide general links than to frame.

Spamming and Phishing

Though traditionally disfavoured and increasingly statutorily regulated, 'spamming' is currently a legal Internet practice. Spamming is sending unsolicited mass e-mail especially for advertising purposes. Civil liability has been imposed on the spammer under the law of tort of trespass to personal property, negligence *per se*, invasion of privacy, unlawful trade practice and computer fraud. However, the trademark issues arise when a spammer uses another party's trademark or domain name without permission in order to identify his own goods. In *America Online Inc v LCGM Inc*⁶¹ defendants had sent approximately 92 million unsolicited bulk e-mail messages to AOL members offering access to pornographic websites for a fee. In the 'from' line of the e-mail, defendants had put 'aol.com' instead of its own name, thus suggesting that the message originated from the plaintiff and thus induced members to open that e-mail. The Court granted summary judgement on its claims of false designation of origin and trademark dilution.

In order to address this issue, several US states have enacted anti-spam legislation, namely, Nevada, Washington, California, Virginia, Texas and Maryland. However, in view of 'the dormant commerce clause' and its interpretation on its applicability to the Internet in few cases, it is doubtful that these state statutes regulating spam will survive constitutional scrutiny. The Dormant Commerce clause may be invoked to limit state attempts to regulate the Internet because it generally prevents states from enforcing state laws or regulations, even those purportedly for health, safety and welfare, which are inimical to interstate commerce.⁶² In *American Library Assn v Pataki*,⁶³ the New York law, which made it illegal to use a computer to disseminate obscene material to minors, held to violate the Dormant Commerce Clause.

'Phishing' is a word coined to denote financial fraudsters who 'fish' the Internet to obtain confidential financial information. It usually consists

of sending Internet communications, such as e-mails, which counterfeit and reproduce the trademarks and logos of well-known companies, especially financial institutions.⁶⁴ It falsely and fraudulently requests the recipient to supply some sensitive information, such as, social security number, passwords or credit card details. Because it uses deception and the fraudulent imitation of another's trademarks as lure to deceive recipients into divulging confidential financial data, it would constitute a form of both trademark infringement and false advertising.⁶⁵

In 2006, Microsoft launched a global anti-phishing initiative, filing cases in nations around the world. In US, Senator Patrick Leahy introduced Section 472, the federal Anti-Phishing Act of 2005, on 1 March 2005. This federal anti-phishing bill proposed that those who create fake web sites and spam bogus emails in order to defraud consumers could receive a fine up to \$250,000 and receive jail terms of up to five years. In 2005, both California and Washington enacted an anti-phishing statute.

Conclusion

While the global advertising and sales activity that the new communication technologies have brought within reach constitutes a considerable potential for business expansion, it also involves considerable legal risks. So far, the most frequent cause of disputes on the Internet has been infringement of another's trademark rights. Since the Internet is accessible from so many countries around the world, and since it would be virtually impossible and commercially non-viable to search each country for similar registered trademarks, the utilization of a trademark on the Internet is still a complex issue, the consequences of which are far from easy to predict.

The assignment of domain names, or Internet addresses, has resulted in disputes between the owners of domain names and the owners of trademarks. Courts have protected the rights of trademark owners as against 'cyber-squatters', those who register domain names for the purpose of selling them to their rightful owners rather than for some *bonafide* use or purpose. Moreover, with a growing number of complaints resorting to the UDRP, the number of instances of cyber-squatting has been decreasing almost proportionately. It has been observed that extensive protection of trademarks sometimes, immediately creates a conflict with the fundamental principle of freedom of speech.⁶⁶ Since the Internet does not recognize traditional territorial

and jurisdictional boundaries, the approach to trademark infringement on the Internet will necessarily have to be different. At present, courts have held that merely providing links to another party's website is permissible. Deep linking, however, is subject to dispute. The practice of embedding another party's trademarks on a website may also constitute trademark infringement. In addition, merely having a passive presence or website on the Internet will likely not subject a party to personal jurisdiction; however, if goods are offered for sale or contracts are entered into through a website, a court may subject the website owner to personal jurisdiction. Finally, use of another's mark on a non-commercial website for the purposes of satire, parody, or consumer commentary is likely permissible as long as there is no likelihood of confusion.

It seems the conflict between various issues regarding trademark infringement and legal protection of trademarks will not be resolved by legislation. Instead, legal focus in the coming years will be on methods of resolving that conflict.

References

- 1 A trademark is a sign, or combination of signs, which is used to distinguish the goods or services of one undertaking from those of another undertaking. The basis of trademarks is that they distinguish goods and services from those of other undertakings, and there is clearly no danger of confusion if the same mark is used by different undertakings for quite different goods and services.
- 2 Dupre Jennifer R, A solution to the problem? Trademark infringement and dilution by domain names: Bringing the cyberworld in line with the 'Real' world, *Trademark Reporter*, 87 (1997) 613, 614-616.
- 3 *Info Edge (India) Pvt Ltd v Sailesh Gupta*, 2002 (24) PTC 355 (Del), per Dr Mukundakam Sharma J.
- 4 Civ No 174388 1999 WL 117760 (Va Cir 12 March 1999).
- 5 The Intersection of Trademarks and Domain Names - Inta 'White-Paper', Internet Subcommittee of the Issues and Policy Committee, International Trademark Association, *Trademark Reporter*, 87 (1997) 668, 676-681.
- 6 Franklyn David J, Owning words in cyberspace: The accidental trademark regime, *Wisconsin Law Review*, 4 (2001) 1251, 1263-1266.
- 7 Solomon Barbara A, Domain name disputes: New developments and open issues, *Trademark Reporter*, 91 (2001) 833.
- 8 Cendali Dale M, Forssander Charlotte E, & Turiello Ronald J Jr, An overview of intellectual property issues relating to the Internet, *Trademark Reporter*, 89 (1999) 485.
- 9 Final report of the WIPO Internet Domain Name Process, Management of Internet Names and Addresses: Intellectual Property Issues (30 April 1999), <http://wipo2.wipo.int>.
- 10 Buchan Ian A, Internet issues in the United Kingdom, *Trademark Reporter*, 87 (1997) 660.
- 11 Currently, the World Intellectual Property Organisation (WIPO), eResolution Consortium, the National Arbitration Forum (NAF), the CPR Institute for Dispute Resolution and the Asian Domain Name Dispute Resolution Centre (ADNDRC) are the only authorized providers.
- 12 *British Telecommunications plc v One in a Million Ltd*, [1999] 1 WLR 903; [1999] FSR 1 CA.
- 13 *Brookfield Communications Inc v West Coast Entertainment Corp*, 174 F 3d 1036 (9th Cir, 1999)-The US Court of Appeals, Ninth Circuit confirmed that a comparison between the alleged infringing domain name and the registered trademark is relevant. The Court emphasized on the eight factor test used for determining whether confusion exists:
 - (i)The similarity of the marks;
 - (ii)The relatedness or proximity of the products or services;
 - (iii)The marketing channels used;
 - (iv)The strength of the claimant's mark;
 - (v)The defendants' intention in selecting its mark;
 - (vi)Evidence of actual confusion;
 - (vii)Likelihood of expansion into other product lines;
 - (viii)The degree of care likely to be exercised by the customers.
- 14 *Bally Total Fitness Holding Corp v Faber*, 29 F Supp 2d 1161 (CD Calif 1998) - In this case, the defendant was allowed to use the plaintiff's registered trademark 'Bally Total Fitness Health Club' in post-domain path of his site 'www.compupix.com/ballysucks', which was dedicated to complaints about the plaintiff's health club.
- 15 Howitt Deborah, War.com: Why the battles over domain names will never cease? *Hastings Communications and Entertainment Law Journal*, 19 (719) (1997) 728-738.
- 16 *Interstellar Starship Services Ltd v Epix Inc*, 983 F Supp 1331: 45 USPQ 2d 1304 (D Ore, 1997) - Court seems to reason that once the user visits the defendant's website and views its content, any confusion will be dispelled. Courts finding of no infringement in this type of case typically focus on the content of the defendant's website and its non-confusing nature, rather than on initial confusion over the domain. See also *Green Products Co v Independence Corn By-Products (ICBP)*, 992 F Supp 1070 (ND Ia 1997) where the Court explained the damage created by such initial interest confusion.
- 17 In US, this doctrine has been concretised under the Federal Trademark Dilution Act, known as the Lanham Act, 1996.
- 18 McCarthy J Thomas, *McCarthy on Trademarks and Unfair Competition* (4th edition, 2003 revised), §24:70.
- 19 *Adidas-Salomon AG v Fitnessworld Trading Ltd* [2004] 1 CMLR 14, at paras. 37-40.
- 20 Lanham Act Section 45, 15 USC 1127; Kera David J & Davis Theodore H Jr, United States: The fifty-fifth year of administration of the Lanham Trademark Act of 1946, *Trademark Reporter*, 93 (2003) 197.
- 21 947 F Supp 1227 (ND Ill 1996); *Hasbro Inc v Internet Entertainment Group Ltd*, 40 USPQ 2d 1479 (WD Wash 1996); *Teletech Customer Care Management (California) Inc v Tele-Tech Co Inc*, 49 USPQ 2d 1893.
- 22 *Citicorp v Internet Entertainment Group*, No. 99 CV 02737 (SDNY, 4th April 1999).
- 23 McCarthy J Thomas, Dilution of a trademark: European and United States law compared in *Intellectual Property in the New Millennium*, 165-166.

- 24 *Bally Total Fitness Holding Corp v Faber*, 29 F Supp 2d 1161 (CD Calif 1998).
- 25 *Mashantucket Pequot Tribe v Redican*, 403 F Supp 2d 184, 196 (D Conn 2005).
- 26 141 F 3d 1316 (9th Cir 1998).
- 27 947 F Supp 1227 (ND Ill, 1996).
- 28 McCarthy J Thomas, *McCarthy on Trademarks and Unfair Competition*, 4th edition, 2003 revised, §25:78.
- 29 *Ford Motor Co v Greatdomains.Com Inc*, 177 F Supp 2d 635, 653-656, (2001).
- 30 The post-domain path of a URL appears after the domain name in the URL as a user delves further into the pages of a website. It shows how the website's data is organised within the host computer's files. For example, in 'www.abc.com/path=xyz/', 'path=xyz' is the post-domain name path.
- 31 No C 96-2703 THE, 1997 US Dist Lexis 20877 at 11 fn 6 (ND Calif, 17th December 1997).
- 32 *Playboy Enterprises Inc v Universal Tel-a-Talk Inc*, No Civ A 96-CV-6961, 1998 US Dist Lexis 17282 (ED Penn 2nd November 1998).
- 33 *1-800-FLOWERS Inc v Phonenames Ltd*, [2002] FSR 12 CA, [2000] FSR 697 at first instance.
- 34 [2001] FSR 20.
- 35 *Tatasons v Ghassan Yacoub & Ors*, Suit No 1672/1999 (Del).
- 36 (2003) (27) PTC 501 (Del); *Dow Jones & Co Inc v Gutnic*, (2002) HCA 56.
- 37 *Cybersell Inc v Cybersell Inc*, 130 F 3d 414 (1997, 9th Cir).
- 38 [2002] FSR 12 CA 136-139.
- 39 *Zippo Manufacturing Company v Zippo.com Inc* (1997) 42 USPQ 2d 1062 (DC).
- 40 43 USPQ 2d 1356 (ND Ga 1997).
- 41 Weinberg Steven M, Cyberjinks: Trademark hijinks in cyberspace through hyperlinking and meta-tags, *Trademark Reporter*, 87 (1997) 576, 580- 83.
- 42 *Knight-McConnell v Cummins*, 2004 WL 1713824 (SD NY 2004).
- 43 No Civ A 96-CV-6961, 1998 US Dist Lexis 17282 (ED Penn 2nd November 1998).
- 44 No 97-3055 (DDP) (CD Calif filed 28 April 1997).
- 45 54 USPQ 2d 1344, 2000 WL 525390 (CD Cal 2000).
- 46 *Viaticum v Google France*, [2004] ETMR 63; *VNU Business Publications BV v Monster Board BV* [2002] ETMR 111, Hague District Court; *Estee Lauder v Fragrance Counter Inc*, [2000] ETMR 843, Hamburg District Court; *Trieste e Venezia Assicurazioni Genertel SPA v Crowe Italia* [2001] ETMR 66, Tribunal of Rome.
- 47 *Playboy Enterprises Inc v Welles*, 47 USPQ 2d 1186 (SD Calif 1998), affd 162 F 3d 1169 (CA 9 1998).
- 48 Providing the use is deemed to be in relation to goods or services in the same country, *Pfizer Ltd v Eurofood Link Ltd*, [2001] FSR 17; *Playboy Enterprises Inc v Calvin Designer Labels*, 985 F Supp 1220 (ND Cal, 1997).
- 49 This includes cases when it misleads consumers as to the site's affiliation, or an association between the claimant's and defendant's trade, or where the material available on the defendant's website tarnishes the claimant's trademark; See *Institutform Technologies Inc v National Envirotech Group*, No 97-2064 (ED La 27 August 1997).
- 50 174 F 3d 1036 (9th Cir 1999).
- 51 Dogan S L & Lemley M A, Trademarks and consumer search costs on the Internet, *Houston Law Review*, 41 (777) (2004) 822 (The courts erred by finding initial interest confusion merely because the ads in question 'might divert potential customers from plaintiff' on the basis of proximity in space and the subject matter of the advertisements, absent any proof of actual confusion. In short, they were not prohibiting 'initial interest confusion', but the mere fact of 'initial interest' itself).
- 52 [2004] RPC 40.
- 53 As required by *Ansul v Ajax*, [2003] ECR I-2439 (C40/01).
- 54 *Google Inc v American Blind & Wallpaper Factory Inc*, 74 USPQ 2d 1385, 2005 WL 832398 (ND Cal 2005); *Government Employees Ins Co v Google Inc*, 77 USPQ 2d 1841, 2005 WL 1903128 (ED Va 2005); Saunders K M, Confusion is the key: A trademark law analysis of keyword banner advertising, *Fordham Law Review*, 71 (101) (2002) 543, 576-577 (Keyword banner advertising does not confuse consumers and does not abate or denigrate famous marks; rather it offers them more choices based on keywords used and this ultimately encourages competition in the electronic marketplace).
- 55 *Playboy Enterprises Inc v Netscape Communications Corp*, 354 F 3d 1020, 1025, 69 USPQ 2d 1417 (9th Cir 2004); Glzaer D C & Dhamja D R, Revisiting initial interest confusion on the Internet, *Trademark Reporter*, 95 (2005) 952, 972.
- 56 Chan Raymond, Internet framing - Complement or hijack? The 'what if' scenario to the *TotalNews* case, *Trademark Reporter*, 89 (1999) 577, 579-580.
- 57 No 97 Civ 1190 SDNY filed 20 February 1997.
- 58 *Futuredontics Inc v Applied Anagramic Inc*, 45 USPQ 2005 (CD Calif, 24th November 1997), affirmed by the Court of Appeal 52 F3d 925 (CA 9 1998).
- 59 Berne J R, All dressed up and no place to go: The need for trade dress protection of Internet sites, *AIPLA Quarterly Journal*, 27 (1999) 265; Nguyen X N, Should it be a free for all? The challenge of extending trade dress protection to the look and feel of web sites in the evolving Internet, *American University Law Review*, 49 (2000) 1233.
- 60 However, it is probable that few web sites have an appearance that is so unusual or distinctive that it can constitute protectable 'web dress' or 'site dress'.
- 61 No Civ A 98-102-A, 1998 WL 940347 (ED Va 10 November 1998).
- 62 *Southern Pacific Co v Arizona*, 325 US 761 (1945).
- 63 969 F Supp 160 (SDNY 1997).
- 64 McCarthy J Thomas, *McCarthy on Trademarks and Unfair Competition*, (4th edition, 2003 revised), §25:68.50.
- 65 *America Online Inc v IMS*, 24 F Supp 2d 548, 48 USPQ 2d 1857, 107 ALR 5th 781 (ED Va 1998).
- 66 Indeed, this conflict has already come before the US courts when the Georgia Computer Systems Protection Act, 1996 (OCGA §16-9-93.1) criminalized unauthorized trademark use on the Internet. The Act was heavily criticized and finally in June 1997 it was held void and unconstitutional in *ACLU of Georgia v Miller*, 977 F Supp 1228 (ND Ga, 1997); Landau Michael B, Problems arising out of the use of 'www.trademark.com': The application of principles of trademark law to Internet domain name disputes, *Georgia State University Law Review*, 13 (1997) 455-520.