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ADDITIONAL DEVELOPMENTS— TRADEMARK LAW

BADEN SPORTS INC. V. MOLTEN USA INC. *556 F.3d 1300 (Fed. Cir. 2009)*

The United States Court of Appeals for the Federal Circuit held that Baden Sports Inc.'s (Baden) claim of false advertising directed toward the use of the word “innovative” by Molten USA Inc. (Molten) must be rejected under Section 43(a)(1)(A) and Section 43(a)(1)(B) of the Lanham Act, which contains the federal trademark law. Specifically, Section 43(a)(1)(A) relates to the origin of the goods and Section 43(a)(1)(B) which relates to the nature, characteristics, or qualities of the goods. The court held that the term “innovative” does not relate to qualities listed under either section but rather to the authorship of an idea.

Baden and Molten both manufacture and sell high-quality basketballs. Baden was, however, first to develop and receive a patent for dual-cushion technology. Thus, it filed a complaint alleging that Molten should be held responsible for patent infringement and false advertising under Section 43(a) of the Lanham Act because Molten undertook advertising that falsely implied that Molten invented dual-cushion technology.

The district court ruled on Baden's motion for summary judgement for patent infringement in Baden's favour, finding that Molten infringed the dual-cushion claim patented by Baden. In a separate opinion, the district court granted in part Baden's false-advertising claims against Molten's use of the term “innovative,” which Baden claimed falsely implied that the dual cushion technology was Molten's innovation. The court awarded Baden \$ 8 million in damages for Molten's intentional false advertising.

Molten then filed an appeal on Baden's false-advertising claims, arguing that the Supreme Court's holding *Dastar Corp. v. Twentieth Century Fox Film Corp.* provides that Section 43(a) has limited application as a remedy for unfair trade practices. Specifically, the Section's use of the term “origin of the goods” does not refer to the author of an idea.

The Court held that Section 43(a)(1)(A) cannot serve as a basis for Molten's liability because Molten's claims do not cause confusion as to the origin of the basketballs. Applying the reasoning of the *Dastar* case, the Court found that Section 43(a)(1)(A) does not permit Baden to claim false advertising because the contested claim does not refer to “the producer of the tangible goods” but to “the author of” the idea.

Next, the Court held that claims based on false designation of authorship are not actionable under Section 43(a)(1)(B). The Court noted that allowing Baden to proceed with a false advertising claim that is fundamentally about the origin of an idea, would be contrary to the Ninth Circuit interpretation of 43(a)(1)(B) in the case *Sybersound Records, Inc. v. UAV Corp.*, 1144, and could create an overlap between the Lanham and the Copyright Acts. In *Sybersound*, the court noted that in order “to avoid overlap between the Lanham and Copyright Acts, the nature, characteristics, and qualities of karaoke recordings under the Lanham Act are more properly construed to mean characteristics of the good itself.” Consequently the Court reversed the district’s court denial of judgement as matter of law and vacated the damages award based on Baden’s claims.

LA RUSSA V. TWITTER INC.

Complaint, No. 02487393 (Cal. Super. Ct. May 6, 2009)

On May 6, 2009, in the San Francisco Superior Court of California, St. Louis Cardinals Manager Tony La Russa filed a complaint against the social media site Twitter for trademark infringement, false designation of origin, trademark dilution, cybersquatting, misappropriation of name, misappropriation of likeness, invasion of privacy, and intentional misrepresentation. This lawsuit was the first complaint regarding impersonation that had been filed against Twitter, raising an interesting issue about trademark infringement. Although the Anti-Cybersquatting Consumer Protection Act of 1999 gave trademark owners the right to sue cybersquatters, it is unclear how the law should apply to false Twitter accounts.

The complaint stemmed from an unknown Twitter user who opened an account under the name, “Tony La Russa.” The Twitter page consisted of unauthorized photo and written statements which included, “lost 2 out of 3, but we made it out of Chicago without one drunk driving incident or dead pitcher.” Upon La Russa’s filing, Twitter removed the account in question.

The majority of La Russa’s claims were problematic under Section 230 of the Communications Decency Act of 1996, which shields websites like Twitter from liability on obscene, lewd, lascivious, filthy, excessively violent, harassing, or otherwise objectionable materials posted by users regardless of whether the material would be constitutionally protected. The Act states that “no provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.” In an attempt to circumvent the Act, La Russa’s attorneys filed a trademark infringement claim.

The trademark infringement claim focuses on statements that appeared on the Twitter site that were generated by Twitter itself such as, “Tony La Russa is using Twitter” and “Join today to start receiving Tony La Russa’s updates.” La Russa’s attorney argued that these statements infringed on La Russa’s trademark, his name, because they were misleading and likely to confuse users by leading them to believe that the Twitter account was endorsed and authored by La Russa.

On June 5, 2009, Twitter filed to remove the case to the United States District Court for the Northern District of California. Soon after, La Russa was quoted as saying that he and Twitter had reached a settlement. The next day, Twitter co-founder, Biz Stone, blogged on the site that Twitter did not settle and had no intention of settling. Stone also stated that Twitter took impersonation seriously, but that Mr. La Russa’s lawsuit bordered on “frivolous.” He noted, however, that Twitter would now begin a system of verifying accounts to prevent impersonation; this service would first be open to public officials, public agencies, famous artists, athletes, and other well known individuals.

On June 26, 2009, La Russa withdrew his lawsuit by filing a notice of dismissal, prompting speculation of a settlement, although neither parties have given official word.

MARY KAY, INC. V. WEBER
601 F. Supp. 2d 839 (N.D. Tex. 2009)

The District Court for the Northern District of Texas held that defendant Amy Weber’s use of the “Mary Kay” trademark online to describe secondhand cosmetics may qualify as nominative fair use only if the advertisements did not suggest a connection with or endorsement by plaintiff Mary Kay, Inc. (Mary Kay).

Defendants are resellers of Mary Kay cosmetic products and had previously been beauty consultants for the cosmetic brand in the past. After terminating their contracts with Mary Kay, they opened an online business in which they bought the manufacturer’s products from other independent beauty consultants and resold those products to consumers. Defendants also paid for 75 search engine terms containing the plaintiff’s trade name that would direct potential customers to the defendants’ website instead.

In May of 2008, Mary Kay filed a complaint asserting eight causes of action including trademark infringement under the Lanham Act. The plaintiff argued that the defendants used the Mary Kay mark to do more than identify the products it sold. The defendants argued that they have used only as much of the Mary Kay mark as necessary to make clear to their customers that their

products were manufactured by Mary Kay; they emphasized that they did not use any registered logos or any distinctive script or pictures, and that they did not mimic the look or feel of the Mary Kay website. The plaintiff further argued that “a defendant may not avail itself of the nominative fair use defense where, as here, it uses the plaintiff’s marks as Internet keywords.”

The court noted, however, that the use of advertising through search terms alone does not make the fair use defense inapplicable and that holding otherwise would prevent all defendants who advertise via search engines from asserting the fair use defense. Applying the reasoning of the *Tiffany (NJ) Inc. v. eBay, Inc.*, the court held that “the fair use doctrine allows second hand sellers to inform customers that it sells a mark holder’s product so long as it conveys the information . . . in a way that uses no more of the mark than necessary to identify the product, and does not suggest affiliation or sponsorship.”

The court also held that defendant’s ad, which read “Mary Kay Sale 50% off: Free Shipping on Orders over \$100 Get up to 50% Off” could suggest affiliation or sponsorship with the plaintiff. With respect to other references to Mary Kay on the defendant’s website, the court observed that six out of the seven factors for likelihood of confusion under *Scott Fetzer Company v. House of Vacuums, Inc.* weighed in favor of confusion. Thus, the court held that there was at least a genuine issue of material fact as to whether the defendant’s website suggested affiliation with or endorsement by Mary Kay and denied defendant’s motion for summary judgment.

VOYAGEURS DU MONDE, TERRES D’AVENTURE V. GOOGLE

Tribunal de grande Instance [T.G.I.] Paris, Jan. 7, 2009

On January 7, 2009, the Tribunal de Grande Instance of Paris held Google liable for business torts and deceptive advertising for selling the names and trademarks of two French travel agencies to their direct competitors as part of its AdWords service.

Voyageurs du Monde is a tour operator and travel agency and owns several trademarks, including “Voyageurs du Monde” and domain names using this term. Terres d’Aventure is a tour operator and traveling agency specializing in adventure trips; it owns the trademarks “Terres d’Aventure,” “Terdav,” and related domain names.

In 2004, Voyageurs du Monde and Terres d’Aventure learned that Google had suggested the trademarks “Voyageurs du Monde”, “Terres d’Aventure,” and “Terdav” to competitors as keywords to be purchased on its AdWords service. Consequently, when the terms “voyageurs du monde” and “terres d’aventure” were entered into Google’s search engine, the user

would see ads of, and links to, the websites of plaintiffs' direct competitors on the Google search results page.

On May 12, 2004, the two companies asked Google to stop infringing their trademarks. Google responded that it would stop displaying the commercial links related to the disputed keywords associated with the trademarks, but did not do so. Consequently on October 20, 2006, the two companies filed suit against Google, alleging trademark infringement, deceptive advertising, and unfair competition.

In its ruling, the Tribunal de Grande Instance of Paris rejected the trademark infringement claims, but held that Google violated the French duty of loyalty and good faith under Article 1382 of the Civil Code by failing to monitor whether the competitors had obtained authorization from Voyageurs du Monde or Terres d'Aventure for use of the companies' trademarks as keywords. In addition, the court held Google liable under Article 20 of the Loi pour la Confiance dans l'Economie Numérique (June 21, 2004) for deceptive advertising and misleading consumers as to the nature of the sponsored links; the court concluded that the commercial links were not distinctive enough to be identified as advertisements because they were displayed in the same font and color as the search results. The court awarded 200,000 € to Voyageurs du Monde and 150,000 € to Terres d'Aventure in damages and interest. Google filed an appeal to the Court of Appeals of Paris on February 2, 2009.

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