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ADDITIONAL DEVELOPMENTS— TRADEMARK

GOOGLE INC. v. AMERICAN BLIND & WALLPAPER FACTORY, INC.
2007 WL 1159950 (N.D. Cal. April 17, 2007)

BOSTON DUCK TOURS, LP v. SUPER DUCK TOURS, LLC
527 F.Supp.2d 205 (D. Mass. 2007)

The results in American Blind, from the Northern District of California, and Boston Duck, from the District of Massachusetts, suggest a potential circuit split over the issue of whether the sale of keywords by search engines for advertising purposes is a “use in commerce” within the meaning of the Lanham Act.

When a person uses a search engine, such as Google, advertisements triggered by the search keywords are displayed as “sponsored links” near the search results. Through its AdWords service, Google sells keywords to parties who wish to be shown as “sponsored links.” Google’s competitors, like Yahoo!, offer similar services.

Both American Blind and Boston Duck concerned whether the sale of trademarked keywords is a “use in commerce” under the Lanham Act. To prevail on a trademark infringement claim, a plaintiff must establish that defendant used the mark in commerce in connection with the sale or advertising of goods or services. Some courts have required that defendant’s “use” of plaintiff’s mark be in a trademark way—that is, identifying a product’s source.

In American Blind, Google sold the keywords “American Blind,” “Decoratetoday,” and other terms used as trademarks by American Blind & Wallpaper Factory (“ABWF”). After ABWF threatened litigation for trademark infringement, Google filed a complaint, asking for a declaratory judgment of non-infringement. ABWF then counterclaimed for trademark infringement. In a motion for summary judgment, Google asked the court to declare that its sale of trademarked keywords does not constitute “use in commerce.”

The American Blind court expressly disagreed with district court cases from the Second Circuit that held that the sale of trademarks as keywords for sponsored links is not “use” for the purpose of the Lanham Act. In Merck & Co., Inc. v. Mediplan Health Consulting, 431 F. Supp. 2d 425 (S.D.N.Y. 2006), the court held that defendants, who paid Google and Yahoo! to post links to their websites as sponsored links when consumers typed “Zocor,” is not a “use” of the plaintiff’s trademark “Zocor” for purposes of the Lanham Act. Similarly, in Rescuecom Corp. v. Google, Inc., 456 F. Supp. 2d 393 (N.D.N.Y. 2006), another district court within the Second Circuit ruled that Google’s sale of the term “Rescuecom” to plaintiff’s competitors as a keyword was not a “use in commerce” within the meaning of the Lanham Act.

Like the court in American Blind, the court in Boston Duck Tours, LP v. Super Duck Tours, LLC, 527 F.Supp.2d 205 (D. Mass. 2007), concluded that the defendant’s purchase of sponsored links for the phrase “boston duck tours” was a “use in commerce,” reasoning that “[b]ecause sponsored linking necessarily entails the “use” of the plaintiff’s mark as part of a mechanism of advertising, it is ‘use’ for Lanham Act purposes.”
However, the court found that because the defendant had (as a result of an earlier injunction), changed its trademark to “Boston Duck Excursions,” the keyword purchases created an insufficient likelihood of consumer confusion to make the use infringing.

If the First, Second, and Ninth Circuits adopt the approaches taken by the district courts within their respective territories, this would create a circuit split with respect to the issue of whether sales of search keywords constitute a “use in commerce.”
TRADEMARK ADDITIONAL DEVELOPMENTS

**IN RE REED ELSEVIER PROPERTIES, INC.**

482 F.3d 1376 (Fed. Cir. 2007)

The United States Court of Appeals for the Federal Circuit affirmed the decision of the U.S. Patent and Trademark Office rejecting Reed Elsevier’s application for a trademark for its website “lawyers.com” on the basis that the mark was generic.

Reed operates “lawyers.com,” a website providing locating tools for finding lawyers as well as legal news, basic legal information, and message boards. Reed filed a trademark application in 1998, seeking to register the mark for providing “an online interactive database featuring information exchange in the fields of law, lawyers, legal news, and legal services.” The examining attorney rejected the mark on the grounds that “lawyers.com” was generic. Reed removed the word “lawyers” from its application and, following the examiner’s final rejection, appealed to the Trademark Trial and Appeal Board (TTAB). The TTAB affirmed the examiner’s rejection because it found that “information about lawyers and information from lawyers” constituted “a central and inextricably intertwined element” of the services on Reed’s revised application—a website providing “information exchange concerning the law, legal news and legal services.” The Federal Circuit affirmed the rejection of Reed’s application because it was generic.

Under the Lanham Act, the PTO may not register marks that are generic—merely descriptive and incapable of designating a source. Whether a mark is generic is determined by a two-part inquiry: (1) the genus of goods or services at issue, and (2) whether the term sought to be registered is understood by the relevant public primarily to refer to that genus of goods or services.

Reed argued that the TTAB improperly expanded the genus of its services by considering its entire web site rather than focusing on the services Reed specifically identified in its revised trademark application, which Reed argued were discrete from the services concerning “lawyers” rejected during prosecution of its mark. Reed conceded that the relevant public could readily understand the “lawyers.com” to refer to a commercial site about lawyers.

Reviewing the TTAB’s decision under a sufficient evidence standard, the Federal Circuit rejected Reed’s narrow definition of the genus at issue, holding that the Board’s definition of the genus of Reed’s services was proper because “for better or worse, lawyers are necessarily an integral part of the information exchange for legal services.” The court thus affirmed the TTAB’s rejection of Reed’s application for “lawyers.com” as generic, remarking that it was “abundantly clear that LAWYERS.COM is generic for the services identified in Reed’s application.”
ITC, LTD. v. PUNCHGINI, INC.

482 F.3d 135 (2d Cir. 2007)

The United States Court of Appeals for the Second Circuit affirmed the summary judgment decision that defendant Punchgini did not infringe on plaintiff ITC's "Bukhara" trademark because ITC had abandoned it three years prior. The court also affirmed in part the summary judgment that Punchgini had not practiced unfair competition under federal law, but withheld judgment on whether state unfair competition law was violated pending the state court's response. Lastly, the court affirmed the U.S. District Court for the Southern District of New York's decision that ITC lacked the standing necessary to pursue a false advertising claim.

ITC operated the Bukhara restaurant in Manhattan until 1991, and in Chicago until 1997. Punchgini, Inc. was formed in 1999 and opened a restaurant called "Bukhara Grill" in New York. In February 2003, ITC brought action against Punchgini under sections 32(1)(a), 44(h), and 43(a) of the Lanham Act for trademark infringement, unfair competition, and false advertising. Parallel actions were brought under New York state law. ITC argued that since it had continued to maintain restaurants outside the United States during the intermittent time, it maintained control of the Bukhara mark. The district court granted summary judgment on all three counts, holding that ITC had abandoned the Bukhara mark as applied to U.S. restaurants, and that even if the "famous marks" doctrine applied, ITC had not presented enough evidence for a jury to determine if "Bukhara" had enough recognition to trigger the doctrine.

The abandonment doctrine states that if a trademark is abandoned, it returns to the public domain. The Lanham Act states that a lack of use of a mark for three consecutive years is prima facie evidence of abandonment. To overcome the presumption of abandonment, the Second Circuit had previously held that the plaintiff needs to present evidence of an intent to resume use of the mark that would convince a jury that the mark had not been abandoned. The Second Circuit affirmed the district court's decision, rejecting evidence presented by ITC that the Bukhara restaurants in the United States were only closed because of Indian regulations. The court also rejected ITC's arguments that the Bukhara mark was going to be used to market packaged food products, that tentative plans existed to expand Bukhara restaurants to other U.S. cities, and that maintaining Bukhara restaurants outside the United States created an intent to reuse the mark within the United States.

A trademark has a separate legal existence under each country's laws. The famous marks doctrine prevents the registration and use of marks likely to cause confusion with highly recognized marks, and has been recognized in New York common law. The Ninth Circuit is the only federal appeals court to recognize the doctrine under federal law. The Second Circuit rejected the argument that the famous marks doctrine can be inferred from the language of the Lanham Act since it does not reference it, despite Congress's willingness to amend the Act. The Second Circuit certified the state unfair competition claim to a New York state court, asking the court to determine whether New York law recognizes the famous marks doctrine, and how famous a mark must be to come within the scope of the doctrine.

ITC argued that Punchgini falsely implied an affiliation between the Bukhara restaurants. Section 43(a)(1)(B) of the Lanham Act states that to establish standing for a false advertisement claim, one must demonstrate a reasonable interest to be protected from the claims and a reasonable basis to believe that this interest will be damaged by the false
advertising. The court held that ITC failed to produce evidence that Punchgini made statements of comparison between the Bakhara grill and ITC’s packaged food products, which launched in 2003. The Court also held that ITC only presented speculation that the Bukhara grill would damage ITC’s remaining restaurants, which did not meet the burden required by the Lanham Act. Finally, the court held that ITC failed to produce evidence of well-developed plans for re-entry into the U.S. market, for which protection from false advertising would be sought.