

Evolution of Internet Trademark Infringement in the U.S.

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미국 인터넷상표권 침해관련 법률의 변화에 관한 연구

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Abstract Global commerce is apparently here to bind Korean firms as well as Koreans. The advertising, buying and selling of goods and services recognizes no borders. As a result, enforcing territorially based trademark rights has become ever more challenging. Remote trademark owners who peacefully coexisted in a time before the internet and increasing globalism are now bumping heads. The internet also has made it easier for unscrupulous operators to deceive consumers and divert customers from established businesses by misappropriating trademarks on web-sites and in domain names. U.S. federal courts have been willing to help American businesses halt trademark infringements that reaches outside the United States. This is particularly true for e-business, via the internet, and the trend toward enforcement seems to be in favor of the trademark owner. This article discusses this trend as well as the extraterritorial enforcement of trademark rights by U.S. courts under the Lanham Act. It also offers suggestions for protecting valuable trademark rights worldwide. This paper will contribute to global Korean firms and Koreans who carefully read arguments in this valuable literature.

Key Words : Internet, Trademark infringement, Likelihood of confusion, Intellectual property, Paris Convention

요약 인터넷의 등장에 따른 사이버스페이스의 확장이 많은 변화를 야기하고, 특히 법 영역에서 현실세계의 법체계와 충돌하면서, ‘사이버스페이스와 법’에 관련된 문제는 우리나라 뿐만 아니라 세계 각지에서 21세기의 가장 중요한 이슈 가운데 하나로 부상하고 있다. 인터넷이나 컴퓨터와 관련된 기술발전의 속도가 빨라지고, 디지털화와 그 결과물인 디지털콘텐츠의 중요성이 증대되고, 전자상거래가 현실세계의 거래에 버금가는 영향력을 갖게 되면서 지적재산권 관련분야의 환경도 급변하고 있다. 특히, 상표, 저작권 등 지적재산권 이용형태의 다양화와 정보 유통형태의 혁신적 발전은 더 많은 정보의 자유로운 이용을 요구하는 이용자와 그러한 환경변화에 부응하는 보호를 요구하는 지적재산권자간의 충돌을 야기하고 있으며, 새로운 유형의 정신적 창작물에 대한 보호와 규율에 대한 논의가 활발히 이루어지고 있다. 이런 상황에서 세계 정치, 경제, 법률을 이끌고 있는 미국의 지적재산권관련 법제의 전개상황을 면밀히 살펴보는 것은 우리의 이익을 지키기 위하여 필수 불가결한 활동이다.

주제어 : 인터넷, 상표권침해, 혼동가능성, 지적재산권, 파리조약

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1. Introduction

Trademark infringement is a violation of the exclusive rights attached to a trademark without the authorization of the trademark owner or any licensees (provided that such authorization was within the scope of the license). Infringement may occur when one party, the 'infringer,' uses a trademark which is identical or confusingly similar to a trademark owned by another party, in relation to products or services which are identical or similar to the products or services which the registration covers. An owner of a trademark may commence civil legal proceedings against a party which infringes its registered trademark. In the United States, the Trademark Counterfeiting Act of 1984 criminalized the intentional trade in counterfeit goods and services[2].

Trademark infringement involves the determination of the probability of confusion by consumers between two marks. Similarity of appearance, phonetics, and meaning as well as channels of trade, direct competitiveness, strength of the famous mark, and evidence of actual confusion can determine trademark infringement[1]. The ACTA trade agreement, signed in May 2011 by the United States, Japan, Switzerland, and the EU[3], requires that its parties add criminal penalties, including incarceration and fines, for copyright and trademark infringement, and obligated the parties to active police for infringement[4].

In many countries (but not in countries like the United States, which recognizes common law trademark rights), a trademark which is not registered cannot be 'infringed' as such, and the trademark owner cannot bring infringement proceedings. Instead, the owner may be able to commence proceedings under the common law for passing off or misrepresentation, or under legislation which prohibits unfair business practices. In some jurisdictions, infringement of trade dress may also be actionable. Where the respective marks or products or services are not identical,

similarity will generally be assessed by reference to whether there is a likelihood of confusion that consumers will believe the products or services originated from the trademark owner.

Likelihood of confusion is not necessarily measured by actual consumer confusion, though normally one of the elements, but by a series of criteria Courts have established. A prime example is the test announced by the Ninth Circuit Court of Appeals in *AMF, Inc v. Sleekcraft Boats*[6]. The Court there announced eight specific elements to measure likelihood of confusion: (i) Strength of the mark, (ii) Proximity of the goods, (iii) Similarity of the marks, (iv) Evidence of actual confusion, (v) Marketing channels used, (vi) Type of goods and the degree of care likely to be exercised by the purchaser, (vii) Defendant's intent in selecting the mark, (viii), Likelihood of expansion of the product lines[6]. Other Courts have fashioned their own tests for likelihood of confusion like those announced in *In re E.I. du Pont de Nemours & Co.*[10], known collectively as the DuPont factors.

If the respective marks and products or services are entirely dissimilar, trademark infringement may still be established if the registered mark is well known pursuant to the Paris Convention. In the United States, a cause of action for use of a mark for such dissimilar services is called trademark dilution. In some jurisdictions a party other than the owner (e.g., a licensee) may be able to pursue trademark infringement proceedings against an infringer if the owner fails to do so. The party accused of infringement may be able to defeat infringement proceedings if it can establish a valid exception (e.g., comparative advertising) or defense (e.g., laches) to infringement, or attack and cancel the underlying registration (e.g., for non-use) upon which the proceedings are based. The main goal of this article is to articulate how the U.S. courts treat trademark infringement via the internet and offer suggestions on how Korean companies can protect their valuable trademark rights worldwide by reading

the arguments in this article.

2. Paris Convention for the Protection of Industrial Property

The Paris Convention for the Protection of Industrial Property, signed in Paris, France, on March 20, 1883, was one of the first intellectual property treaties. It established a Union for the protection of industrial property. The Convention is still in force as of 2014 all over the world.

2.1 Brief history

After a diplomatic conference in Paris in 1880, the Convention was signed in 1883 by 11 countries: Belgium, Brazil, France, Guatemala, Italy, the Netherlands, Portugal, El Salvador, Serbia, Spain and Switzerland. Guatemala, El Salvador and Serbia denounced and reapplied the convention via accession. The Treaty was revised at Brussels, Belgium, on 14 December 1900, at Washington, United States, on 2 June 1911, at The Hague, Netherlands, on 6 November 1925, at London, United Kingdom, on 2 June 1934, at Lisbon, Portugal, on 31 October 1958, and at Stockholm, Sweden, on 14 July 1967, and was amended on 28 September 1979.*

2.2 National treatment

According to Articles 2 and 3 of this treaty, juristic and natural persons who are either national of or domiciled in a state party to the Convention shall, as regards the protection of industrial property, enjoy in all the other countries of the Union, the advantages that their respective laws grant to nationals. In other words, when an applicant files an application for a patent or a

trademark in a foreign country member of the Union, the application receives the same treatment as if it came from a national of this foreign country. Furthermore, if the intellectual property right is granted (e.g., if the applicant becomes owners of a patent or of a registered trademark), the owner benefits from the same protection and the same legal remedy against any infringement as if the owner was a national owner of this right.

2.3 Priority right

The "Convention priority right," also called "Paris Convention priority right" or "Union priority right," was also established by Article 4 of this treaty. It provides that an applicant from one contracting State shall be able to use its first filing date (in one of the contracting State) as the effective filing date in another contracting State, provided that the applicant files a subsequent application within 6 months (for industrial designs and trademarks) or 12 months (for patents and utility models) from the first filing.

3. Notable Cases Study

Here are several notable cases: 1. Facebook, Inc. v. Power Ventures, Inc., case still pending, 2. Google, Inc. v. American Blind & Wallpaper Factory, Inc., in which Google's AdWords program was alleged to be in violation of trademark. 3. Rescuecom Corp. v. Google Inc., in which the use of trademarks in Google's AdWords program was found to be a 'use in commerce' under the Lanham Act.** 4. Network Automation, Inc. v. Advanced Systems Concepts, Inc., in which the use of a competitor's trademark as an Internet advertisement search keyword was found to not constitute trademark infringement. 5. College Network, Inc. v. Moore Educational Publishers, Inc., in

* Contracting Parties to the Paris Convention, WIPO. The Paris Convention members, as of September 2013, has 175 contracting member countries, which makes it one of the most widely adopted treaties in the world.

** Also known as the Trademark Act, 15 U.S.C.A. §§1501 et seq. (1994).

which the use of a competitor's trademark does not qualify as a 'use in commerce' is upheld.

Trademark practitioners have received irate messages from clients about sponsored links on search engines that appeared in response to a search for the clients' trademarks. The 'culprits' are online advertising programs such as Google's AdWords and similar programs by Yahoo! and Bing. The search engines sell keywords to customers and provide 'sponsored links' to the customers' web-sites in response to searches that include these keywords. The keywords are often trademarks belonging to competitors.

Starting around 2003, several trademark infringement lawsuits based on sponsored links have been brought against the competitor, the search engine, or both. The plaintiffs faced an uphill battle on a preliminary yet potentially dispositive issue whether keyword use of the plaintiff's trademark is 'use in commerce' under the Lanham Act. If not, the Lanham Act would not apply. This issue was largely resolved with *Rescue.com Corp. v. Google, Inc.*[20], which found that keyword use qualifies as use in commerce under the Lanham Act. But this did not answer the ultimate issue of trademark infringement law: Was there a likelihood of confusion?

3.1 Brookfield

Things were simpler in the days before keywords, when metatags controlled the ranking of web-sites on search result lists. Spotting a client's trademark as a metatag in a competitor's web-site provided solid ground for a trademark infringement lawsuit. The seminal case was *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*[8]. Brookfield eschewed the traditional multi-factor test for likelihood of confusion, substituting a new and simplified test in domain name and metatag cases the famed 'Internet Troika.' The plaintiff merely had to show (1) similarity of its trademark to the defendant's domain name, (2)

relatedness of the parties' goods or services, and (3) use by both parties of the Internet as a marketing channel. The initial interest confusion doctrine would take care of the rest. According to that doctrine, the defendant infringes the plaintiff's trademark if the defendant uses it to attract consumers' 'initial interest' in the defendant's goods or services, even if any confusion is dispelled by the time the consumer actually makes the purchase.

Brookfield's doctrinal innovation substantially eased the plaintiff's burden of proof in domain name and metatag cases, giving rise to a significant body of case law imposing liability under the Internet Troika and the initial interest confusion doctrine in the Internet context.

3.2 Playboy and the Berzon Concurrence

Within a few years, the doctrinal underpinnings of Brookfield were being applied to a new technology: keywords. Keywords are functionally similar to metatags (which were technologically superseded by 2003) both operate unseen by the ordinary Internet user and present the user with advertisements for the defendant's web-site in response to the user's search for the plaintiff's products. In 2004 the Ninth Circuit decided *Playboy Enterprises, Inc. v. Netscape Communications Corp.*[19], an early keyword case. At issue were third-party banner ads for adult entertainment triggered by a consumer's use of the plaintiff's mark (such as PLAYBOY) as a search term. The court, relying on Brookfield, found that this practice created initial interest confusion under the Internet Troika: The plaintiff's marks were strong, the parties' services were related, and both parties used the Internet as a marketing channel.

In her concurrence in *Playboy*, Judge Marsha Berzon noted a possible overbreadth in Brookfield's analysis. According to Judge Berzon, the combination of the Internet Troika and the initial interest confusion doctrine served to impose liability for trademark

infringement almost automatically and without a showing of any cognizable likelihood of consumer confusion. This criticism was to bear fruit several years later, in the Ninth Circuit's *Tabari* and *Network Automation* decisions.

3.3 *Tabari*

Toyota Motor Sales, U.S.A., Inc. v. Tabari[23] addresses the issue of domain names that are allegedly confusingly similar to the plaintiff's trademark. Toyota objected to buy-a-lexus.com and buyorleaselexus.com domain names used by professional car brokers Farzad and Lisa Tabari. The district court enjoined them from using 'any . . . domain name, service mark, trademark, trade name, meta tag or other commercial indication of origin that includes the mark LEXUS'[23]. The Court of Appeals reversed the injunction as 'plainly overbroad[23].' and resolved the case via the nominative fair use doctrine. 'The Tabaris are using the term Lexus to describe their business of brokering Lexus automobiles; when they say Lexus, they mean Lexus. We've long held that such use of the trademark is a fair use, namely nominative fair use. And fair use is, by definition, not infringement[23].'

Tabari is premised on the assumption that the Internet is no longer novel, and that users have a robust understanding of search engines, domain names, sponsored links, and online advertisements. The court, heeding the advice of Judge Berzon in *Playboy*, invalidated Brookfield's premise that the Internet is a strange and alien place where both consumers and trademark owners have to be carefully protected.

3.4 *Network Automation*

Network Automation, Inc. v. Advanced Sys. Concepts, Inc.[15] continues *Tabari*'s theme of an Internet that has become part of everyday life and, importantly, part of most companies' marketing efforts. The facts of the case are analogous to the facts of the metatag portion of *Brookfield*. *Network Automation*

and *Advanced Systems Concepts* are direct competitors in the job scheduling and management software market. *Network* purchased *Advanced*'s trademark ACTIVEBATCH as a keyword for its own sponsored advertising on Google and Bing. The district court, relying on Brookfield's 'Internet Troika' of confusion factors, issued a preliminary injunction against *Network*'s use of that mark as a keyword.

Relying in substantial part on Judge Berzon's *Playboy* concurrence, the Ninth Circuit rejected Brookfield and the Internet Troika. 'We did not intend Brookfield to be read so expansively as to forever enshrine these three factors ... as the test for trademark infringement on the Internet[15].' The court instead offered a new 'Internet quartet' of confusion factors, customized for sponsored links and ads: (1) the strength of the mark; (2) the evidence of actual confusion; (3) the type of goods and degree of care likely to be exercised by the purchaser; and (4) the labeling and appearance of the advertisements and the surrounding context on the screen displaying the results page. The fourth factor in particular is intended to permit a realistic assessment of the actual risk of consumer confusion, thereby avoiding Brookfield's near-automatic imposition of trademark infringement liability that Judge Berzon criticized so effectively in her 2004 concurrence in *Playboy*.

4. Trademark Infringement: Likelihood of Confusion in the Internet

The United States Patent and Trademark Office (USPTO) refuses registration of a trademark or service mark that is likely to conflict with a mark or marks already registered or pending before the USPTO, according to Trademark Act Section 2(d), 15 U.S.C. §1052(d). When there is a conflict on whether a trademark is likely to create confusion with an already registered or pending mark, parties usually seek declaratory judgment before U.S. courts[5]. California

courts apply the so-called Sleekcraft factors to determine whether a likelihood of confusion exists. This research provides information on the Sleekcraft factors and, from those, which are the most relevant for internet trademark infringement cases.

The California courts have used the Sleekcraft factors to determine whether there is likelihood of confusion when deciding declaratory judgments or trademark infringement cases. These factors emerged in the Ninth Circuit case of *AMF Inc. v. Sleekcraft Boats*[6]. In *Sleekcraft*, the court held that to decide whether customers are likely to be confused as to the origin or source of products, these factors must be considered:

(1) the strength of the mark; (2) proximity or relatedness of the goods; (3) the similarity of the marks; (4) evidence of actual confusion; (5) the marketing channels used; (6) the degree of care customers are likely to exercise in purchasing the goods; (7) the defendant's intent in selecting the mark; and (8) the likelihood of expansion into other markets.

Further, in *Interstellar Starship Servs., Ltd. v. Epix, Inc.*[11], the court held that (1) the similarity of the marks, (2) the relatedness of the goods and services, and (3) the parties' simultaneous use of the Web as a marketing channel are the most relevant factors for internet trademark infringement cases. In *Epix*, the court held that if the three-element analysis does not provide an answer to the likelihood of confusion question, the district courts will have to balance all Sleekcraft factors within the context of each case.

Perfumebay.com Inc. v. eBay Inc.[18], is an example of how California courts have applied the 'trinity' test from *Sleekcraft* to internet trademark controversies. *Perfumebay* sold perfumes in *eBay*. After many years and million of dollars in sales, *Perfumebay* tried to register the trademark 'perfumebay.' *eBay* opposed this registration claiming likelihood of confusion with

eBay's trademark. *eBay* claimed its site did not sale any products; instead, it is a platform for sellers. Customers may get confused by the mark *perfumebay* and the fact that it was sold in *eBay's* site. The parties reached an agreement before the USPTO, in which *perfumebay* would refrain from using this mark. Yet, *Perfumebay* continued using its mark and *eBay* filed a lawsuit for trademark infringement claiming likelihood of confusion.

The District court held *Perfumebay* infringed upon *eBay's* trademark and this use was likely to confuse consumers as to the origin or source of products. The court of appeals affirmed. It held that *Perfumebay* mark was similar to *eBay's* trademark even when *Perfumebay* attempted to advertise its products as 'perfume' 'bay.' This was supported by search engine results showing both marks when people searched for 'perfumes' and 'eBay.' Regarding the other two factors of the trinity test, the court held they weighed equally in favor of *eBay*. Even though *eBay* did not sell perfumes itself, it was an auction platform for many other products. 'Related goods are generally more likely than unrelated goods to confuse the public as to the producers of the goods,' the court stated. Finally, in addressing the third factor, the court held that both companies used the internet to advertise their products and they were likely to create consumer confusion because the marks were going to be encountered at the same time, on the same screen.

This is an interesting case for e-commerce sellers in California. The use of the term 'bay' as prefix or suffix to a mark may rise trademark infringement claims from the well-known auction site.

5. Extraterritorial Application and Jurisdiction

5.1 Subject Matter Jurisdiction

The issue is when does the U.S. Trademark Statute

apply to infringement in other countries? The U.S. Supreme Court held over 50 years ago that certain acts of infringement of U.S. trademarks would not escape liability under our federal trademark law (the Lanham Act) even though they take place in foreign countries. In that case an American defendant had made and sold spurious Bulova-labeled watches in Mexico, and the real Bulova Watch Co. sued in a U.S. court and won. But the assertion of extra-territorial Lanham Act jurisdiction is still regarded as an extraordinary act, and it is not entirely clear what circumstances will justify such jurisdiction. Note that there does not appear to be similar extraterritorial jurisdiction over patent and copyright infringement.

The most recent case to mark the bounds of such jurisdiction in a trademark case is *McBee v. Delica Co.*[14]. In that case the plaintiff was Cecil McBee, who lives in the U.S. and is a jazz bassist with a distinguished career spanning over forty-five years. He has recorded over 200 albums, and has released six albums under his own name (including in Japan). He won a Grammy Award in 1989, was inducted into the Oklahoma Jazz Hall of Fame in 1991, and teaches at the New England Conservatory of Music in Boston. He has performed worldwide, has toured Japan several times, beginning in the early 1980s, and has performed in many major Japanese cities, and continues to tour in Japan. McBee has never licensed or authorized the use of his name to anyone, except in connection with his musical performances, as for example on an album.

The defendant Delica Co. is a Japanese clothing retailer. In 1984, Delica adopted the trade name 'Cecil McBee' for a line of clothing and accessories primarily marketed to teen-aged girls. Delica holds a Japanese trademark for 'Cecil McBee,' in both Japanese and Roman characters, for a variety of products. Delica owns and operates retail shops throughout Japan under the brand name 'Cecil McBee.' Delica's line of 'Cecil McBee' goods has experienced steady growth in sales, and in 2002 Delica sold \$112 million worth of 'Cecil

McBee' goods.

There are no 'Cecil McBee' retail shops outside of Japan. No 'Cecil McBee' goods have been shipped outside of Japan, except for some token shipments engineered by McBee's own investigators. Delica's policy is to decline orders from the U.S. Delica operates a web-site, <http://www.cecilmcbee.net>, which contains pictures and descriptions of 'Cecil McBee' products, as well as locations and telephone numbers of retail stores selling those products. The web-site is created and hosted in Japan, and is written almost entirely in Japanese, using Japanese characters (although it contains some English words for special effect). The site does not allow purchases of 'Cecil McBee' products to be made online, but it can be viewed from anywhere in the world.

When searches on Internet search engines (such as Google) are performed for the phrase 'Cecil McBee,' Delica's web-site generally comes up as one of the first few results, and occasionally comes up first, ahead of any of the various web-sites that describe the musical accomplishments of the plaintiff. Certain other web-sites associated with Delica's 'Cecil McBee' product line also come up when such searches are performed. It is evident from the search results page that all these web-sites are written primarily in Japanese characters.

McBee retained a Japanese attorney, who asked Delica to cease using the 'Cecil McBee' name. When Delica declined, McBee petitioned the Japanese Patent Office to invalidate Delica's English-language trademark on 'Cecil McBee.' The Japanese Patent Office at first ruled Delica's trademark in Japan invalid. However, Delica appealed to the Tokyo High Court, which vacated the decision of the Japanese Patent Office. On remand to the Japanese Patent Office, that Office reinstated Delica's registration of the 'Cecil McBee' trademark. McBee then appealed that ruling to the Tokyo High Court and lost. The trademark reinstatement has become final.

The Japanese court's rationale for finding in favor of Delica was (1) while Japanese law protects a person's full name from exploitation, McBee's full name, including his middle name, was 'Cecil Leroy McBee,' and thus the 'Cecil McBee' line of products was not an exact copy of McBee's full name; and (2) McBee received no protection for the abbreviated version of his name, 'Cecil McBee,' because the name had not received sufficient recognition in general Japanese society.

McBee then brought the present suit in a U.S. federal court, hoping to take advantage of the Bulova doctrine to assert extraterritorial jurisdiction over Delica. He sought an injunction against sales into the United States and against the transmission of Delica's web-site into the United States. He conceded that U.S. courts lacked jurisdiction to enjoin Delica's sales in Japan, but he argued that the U.S. court had jurisdiction over damage claims based on those same sales, assuming he could prove that he had suffered some economic damage therefrom. But McBee's U.S. lawsuit also failed.

The U.S. court first noted that in the Bulova case, the mere fact that the defendant was an American citizen would have been sufficient to confer jurisdiction over his conduct, notwithstanding that it occurred in a foreign country. But in the McBee case the defendant was Japanese, not American.

Also, in the Bulova case there was evidence that American tourists had brought some of the defendant's phony Bulova watches back home from Mexico, thus establishing a risk of harm to Bulova's domestic reputation. But in the McBee case there was virtually no evidence of the Delica's 'Cecil McBee' brand of goods entering the United States after being sold in Japan.

In the absence of U.S. citizenship on the part of the defendant, the McBee court ruled that the Lanham Act grants subject matter jurisdiction over extraterritorial conduct only where the conduct has a substantial effect

on United States commerce. Absent a showing of such a substantial effect, at least as to foreign defendants, the court lacked jurisdiction over the Lanham Act claim. The court then went on to apply this substantial effect test to the facts of the Delica case.

It held that the mere existence of a website that is visible in the U.S., and that gives information about a company and its products, is not enough, by itself, to subject a defendant to jurisdiction in the U.S. If Delica's website had permitted on-line sales, the result might have been different, but that was not the case here.

As to McBee's claim for damages due to Delica's sales in Japan, the court ruled that it had no jurisdiction because these sales have no substantial effect on commerce in the United States. McBee argued that Delica's Japanese clothing sales have confused Japanese consumers, thus hindering McBee's recording sales and his touring career in Japan, and that American courts have an interest in protecting American commerce, i.e., in protecting McBee from lost income due to the tarnishing of his trademark in Japan. But the court ruled that McBee had presented no evidence of such harm.

Finally, the court ruled that it did have jurisdiction over the token shipments of Delica merchandise which landed on these shores, but it found no trademark infringement with respect to these few shipments because they were all made to McBee's own investigators, who were brought in to assist in this litigation and therefore fully understood McBee's lack of relationship to Delica.

The American trademark law has always been too insular to protect foreign trademarks from domestic appropriation by American businesses, unless those marks were 'famous' in our country (and there is even some doubt about the vitality of the 'famous marks' doctrine). Now perhaps that chicken has come home to roost.

5.2 Extraterritorial Application of the Lanham Act

The foundation for extraterritorial application of the Lanham Act by U.S. courts was first addressed by the U.S. Supreme Court in 1952 in *Steele v. Bulova Watch Co., Inc.*[22] In *Steele* the Court held that a U.S. district court had jurisdiction to award relief under the Lanham Act for infringement of a U.S. firm's U.S. trademarks, when the infringer was a U.S. citizen operating in Mexico. The plaintiff owned a U.S. trademark registration for BULOVA for watches. The defendant registered the identical mark in Mexico. He then assembled watches in Mexico from parts obtained from the United States, applied the Bulova trademark and sold the watches exclusively in Mexico. While the defendant did not sell watches in the United States, U.S. Bulova dealers received complaints from consumers about defective watches they had purchased in Mexico and brought back across the border.

The Court first noted the Lanham Act was designed to regulate "all commerce which may lawfully be regulated by Congress," a scope which subsequent courts have read expansively[24]. The Court based its ruling on three factors: the defendant's conduct had an effect on U.S. commerce; the defendant was a U.S. citizen, and international law does not bar the United States from governing the conduct of its own citizens abroad; and because the plaintiff had succeeded in canceling the defendant's Mexican trademark registration by the time the case reached the U.S. Supreme Court, there was no conflict with any trademark right granted under Mexican law.

Most federal appeal courts have had an opportunity to apply and interpret *Steele* in the more than 50 years since it was decided[9][21][16][7][13][26][12]. The influential U.S. Courts of Appeal for the Second and Ninth Circuits initially established quite different standards for jurisdiction under *Steele*. The Second Circuit's test was fairly strict, while the Ninth Circuit's

approach was more flexible. Differences remain, but the Second Circuit has eased its requirements for extraterritorial application of the Lanham Act over the years and now tends to mirror the national trend toward expansive enforcement of the Lanham Act.

5.3 An International Trademark Strategy Is the Best Offense and Defense

Although the foregoing precautions may decrease the likelihood of a Korean firm being subjected to foreign jurisdiction outside of the Korea, it remains important to have an international trademark strategy to secure the right to use a mark in other countries.

While Korean courts have been willing to help Korean trademark owners protect their rights against extraterritorial infringement, the decision to exercise jurisdiction is often made on a fact-specific, case-by-case basis. In addition there is always a risk that a business may find itself a defendant in trademark litigation abroad. Therefore, businesses should put themselves in the most advantageous position possible to both enforce their own trademarks and minimize the potential for third-party infringement allegations on an international level. Doing so requires a carefully crafted trademark strategy in which appropriate international trademark protection and domain name registrations are pursued in tandem with Korean rights and not as an afterthought. Korea-based trademark owners should also carefully craft overseas license agreements to ensure a business will retain rights to its marks overseas if the relationship sours.*

Establishing, implementing and enforcing such an international trademark strategy, together with accompanying measures such as web-site disclaimers and trademark notices, is a "best practice" for any company. Such an approach helps to effectively protect

* For an example of extraterritorial Lanham Act litigation arising from a licensing agreement gone bad, see *Vsoske, Inc. v. Vsoske.com*, Case No. 00-cv-6099, 2003 U.S. Dist. LEXIS 5025 (S.D.N.Y. 2003).

trademark owners's property rights in global markets and safeguard against costly international litigation while preserving all options for future market expansion.

6. Conclusion

Intangible rights protecting the products of human intelligence and creation, such as copyrightable works, patented inventions, trademarks, and trade secrets. Although largely governed by federal law, state law also governs some aspects of intellectual property.

Intellectual property describes a wide variety of property created by musicians, authors, artists, and inventors. The law of intellectual property typically encompasses the areas of copyright, patents, and trademark law. It is intended largely to encourage the development of art, science, and information by granting certain property rights to all artists, which include inventors in the arts and the sciences. These rights allow artists to protect themselves from infringement, or the unauthorized use and misuse of their creations. Trademarks and service marks protect distinguishing features (such as names or package designs) that are associated with particular products or services and that indicate commercial source.

Trademark laws allow businesses to protect the symbolic information that relates to their goods and services, by preventing the use of such features by competitors. To receive trademark protection, a mark usually must be distinctive. Distinctiveness generally applies to any coined or fanciful word or term that does not closely resemble an existing mark. A mark generally will not receive trademark protection if it is a common or descriptive term used in the marketplace.

To receive trademark protection, a mark must be used in commerce. If two or more marketers claim ownership of a certain mark, the first user of the mark will usually receive the protection. When the mark is known to consumers only in a limited geographic area,

though, it may not receive protection in areas where it is unknown.

Infringement occurs if a mark is likely to cause confusion among consumers. In determining whether confusion is likely, the court examines a number of factors, including the similarity between the two marks in appearance, sound, connotation, and impression; the similarity of the goods or services that the respective marks represent; the similarity of the markets; whether the sale of the goods or services is inspired by impulse or only after careful consideration by the buyer; the level of public awareness of the mark; whether shoppers are actually confused; the number and nature of similar marks on similar goods or services; the length of time of concurrent use without actual confusion on the part of shoppers; and the variety of goods or services that the mark represents.

Remedies for infringement of a protected trademark consist of damages for the profits lost owing to the infringement; recovery of the profits realized by the infringer owing to the infringement; and attorneys' fees. A trademark holder also may obtain injunctive relief to prevent infringement. The bulk of intellectual Property Law is contained in federal statutes. Trademark protection is provided by the Lanham Act.

As previously mentioned, the Court of Appeals for the Ninth Circuit has recently provided clear guidance on the legal standards for internet related trademark infringement such as sponsored advertisements and domain names using another's trademark. This has put into reverse the standpoint of trademarks owners as they were highly successful in court in earlier years. The legal standards that have resulted from these recent cases is important because they show how trademark infringement on the web will be decided in the future. This not only concerns the legal field but also the educational and business realms. With this in mind, this article is a drop in the bucket for giving insight to academia, corporations, and all other interested parties who will learn, teach, and litigate these legal issues.

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