

Trademark Law

University of Houston Law Center
Digital Transactions
Week #2

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In General

- Trademarks can be used in:
 - Software Applications;
 - Domain Names;
 - Online Advertisements (*e.g.*, banners and popup ads); and
 - Web Pages.

What is a Trademark?

- A trademark is a word, phrase, symbol or design, or a combination of words, phrases, symbols or designs, that identifies and distinguishes the *source* of the goods or services of one party from those of others.
- The value of a trademark is the *premium* that a consumer will pay to know that the good came from a particular manufacturer.

Statutory Foundation

- Federal
 - Lanham Act (15 U.S.C. § 1051, et. Seq.)
 - Under the auspice of the Commerce Clause (thus typically requiring either *interstate* commerce or affect on interstate commerce)
- State
 - Individual State Laws

Categories of Trademarks

- Arbitrary or Fanciful
 - *“Exxon,” “Kodak,” “Apple,”* the Nike *“swoosh”*
- Suggestive
 - *“Coppertone”*
- Descriptive
 - *“Holiday Inn,” “All Bran,” “Vision Center”*
- Generic
 - *“Escalator,” “Computer,” “Car”*

Potential Causes of Action

- Trademark Infringement
- Dilution
- Anti-Cybersqatter Protection Act
- Unfair Competition

Trademark Infringement

- Trademark infringement is the act of using a trademark in connection with the sale of a good when it is likely to cause a consumer confusion as to the source of those goods or as to the sponsorship or approval of such goods.

Trademark Infringement

- When deciding whether a consumer is likely to be confused, the court will weigh the *Polaroid* factors.

Polaroid Factors

- The strength of the mark
- The proximity of the goods
- The similarity of the marks
- Evidence of actual confusion
- The degree of caution practiced by the typical purchaser
- The defendant's intent

Dilution

- Where defendant's use “dilutes the distinctive quality of the mark” or otherwise reduces its value.
- Can include “blurring” (weakening through identification with dissimilar goods) and “tarnishment” (putting the mark in a bad light).
- Under federal law, a dilution claim can be brought only if the mark is “famous”.
 - State laws may differ

Dilution claims

- Under 15 U.S.C. §1125(c) the courts will consider:
 - The degree of inherent or acquired distinctiveness;
 - the duration and the extent of use;
 - the amount of advertising and publicity;
 - the geographic extent of the market;
 - the channels of trade;
 - the degree of recognition in trading areas;
 - any use of similar marks by third parties; and
 - whether the mark is registered.

Dilution under State Law

- May not need to be “famous”.
- Typically, a dilution claim is available when:
 - The mark has “selling power” or, in other words, a distinctive power; and
 - The two marks are substantially similar.

Defenses to Infringement

- Fair Use

- *Cereal manufacturer that describes product as “all bran” does not infringe Kellogg's trademark for “All Bran” because the latter's mark is merely descriptive.*

- Normative Use

- *Ad in local paper selling a “Chevrolet Corvette.”*

- Parody (*First Amendment protection for certain uses of a trademark*). Note, the parody defense doesn't cover satire.

Remedies for Infringement

- Injunctions (for infringement or dilution)
- Monetary relief for infringement
 - Defendant's profits
 - Damages sustained by the plaintiff
 - Costs
 - Treble damages if showing of bad faith
- Damages only available under a dilution claim if the defendant *willfully* traded on the plaintiff's goodwill in using the trademark.

Unfair Competition

- Palming Off (passing your product as someone else's product)
- Contributory Palming Off (helping someone pass off another's product as the someone else's product)
- Reverse Palming Off (passing off the trademark owner's product as your own)
- Misappropriation

Software Applications

Software Application

- Four main mechanisms:
 - Copyrights
 - Patents
 - Trademarks / Trade Dress
 - Trade Secrets
- Applies to software running on a remote servers as well as a client application running on the user's PC.

Trademarks in Software

- Typically enabled by embedding the image of mark in the binary executable.
- Show mark in “splashscreen” or window.
- Useful when plaintiff contemplates:
 - Direct copying (e.g., Reverse Palming Off)
 - Reverse engineering (*Sony v. Accolade*)

Trademarks in Software

- Several Advantages
 - Quick ticket into Federal Court
 - Easy to identify the defendant
 - Hard for the defendant to claim fair use
 - Especially if there is a well crafted End User License Agreement (“EULA”) that comes with the software which the defendant must violate in order to achieve his end.

Trademarks in Web Pages

- Can appear in the web pages themselves
 - Straight text
 - `<p>Chevrolet</p>`
 - In “meta” tags
 - `<meta context=“Chevrolet”>`
 - In images rendered with the page
 - In hyperlinks within the page
 - ``

Infringement in Web Page

- Attempt to palm off the defendant's goods;
- Use the plaintiff's goodwill to make a sale;
- Comparison of plaintiff's goods to the defendant's goods;
- Get a higher ranking in search engine results.

Infringement in Web Page

- Why it is a bad idea to be careless with competitor's trademarks in your web pages:
- If your customer can see the trademark, so can the plaintiff;
- Even if you take the web page down (to avoid the plaintiff's eye) the search engine owners will have evidence;
- Your own web page hit count can count against you – server logs are discoverable.

Infringement in Web Page

- Causes of action, defenses, remedies are all the same for trademarks in web pages.
- Standard trademark law applies in determining the strength of the plaintiff's case;
- Damages may be expensive if the court orders defendant to pay for the search engines to make the plaintiff whole in the search rankings.

Questions?