TRADEMARK USE ISSUE

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EDITOR’S NOTE

From time to time in the course of human events, The Trademark Reporter (TMR) publishes a theme issue. This is one such time. The theme is trademark use.

As the TMR has become increasingly international in focus in recent years, it gives us special pleasure to include in this issue articles focusing on not only United States law but also European law, Chinese law, Brazilian law, and Canadian law, as well as the unique insights and perspectives that come from comparing and contrasting the differing legal regimes. The issue includes articles addressing practical considerations arising from new methods of using trademarks in new media environments; comparing the differing legal structures (common law and use-based on the one hand and civil law and non-use-based on the other) in the United States and Europe; examining the ways in which these differing legal systems have regulated (or not) often highly controversial keyword advertising that forms the backbone of Internet commerce; describing emerging trends in China, particularly regarding what is fair use; elucidating use and registration requirements under Brazilian trademark law (including new developments there); defining trademark use and how the manner of use affects registration, enforcement, and cancellation in Canada (again including new legal developments); analyzing the leveling effects of the Internet in establishing trademark use and trademark rights under U.S. law and the consequences of non-use—namely, abandonment. How “use in commerce” is treated by the Trademark Trial and Appeal Board as distinct from the United States district courts is even at the heart of a case currently pending before the United States Supreme Court.

This summary barely scratches the surface of the use-related issues presented on these pages. On behalf of all of the editors, I hope it sparks timely and topical insights and is, of course, eminently useful.

Jonathan E. Moskin
Editor-in-Chief
PROVING OWNERSHIP ONLINE . . .
AND KEEPING IT:
THE INTERNET'S IMPACT ON
TRADEMARK USE AND COEXISTENCE∗

By Anne Gilson LaLonde∗∗ and Jerome Gilson∗∗∗

I. INTRODUCTION

Ben Warner, a young associate at York, Sandalow and Griffin, sits in front of his computer.

I scrolled down the colorful images of three-gallon aquariums—two and a half stars, three stars, one star—there, four stars and free shipping. Good enough. Add to cart. I'll also need some bright blue gravel, a little net on a handle, fish food, maybe a little treasure chest for my theoretical new friends.

Does Amazon sell live fish too? I wondered, as the sharp knock on my door was quickly followed by it swinging open abruptly. I only knew one person that abrupt.

“You've got that online shopping look,” snapped Managing Partner Molly York, her eyebrows creasing together. “Not billable, Ben. How many times do I have to tell you?”

I made a noncommittal noise, minimized the browser window and turned to face her. Her pearls and suit looked like she was ready for court but her wild hair made me think she had snuck into the office at noon and hadn’t had a chance to groom herself.

“I've got someone in the lobby with some complicated Internet issue. And who better to handle it than my associate who's the world’s record holder in online shopping, huh, Ben?” She glared at me. “Get me a memo by close of business.” And she turned and flounced away.

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I ripped pages off of a nearby pad of paper until I got down to a blank one, then wrote “Internet issues” on the top along with the date.

“Caramel Cushman,” intoned Tammy, the perpetually bored receptionist at York, Sandalow and Griffin.

A young woman entered, long blonde hair and dressed all in black with “Believe” and “Try Harder” tattooed on the backs of her hands. She stuck out the “Believe” hand as Tammy wandered off. “You must be Ben Warner,” she said as we shook hands. “I have tons of questions for you.”

“Oh, okay,” I said. “Have a seat, Ms. Cushman. I’ll try to answer them.”

She moved my how-to-care-for-your-new-fish printouts off of the chair across from my desk and perched on the edge of the seat. “So, here’s the deal. I love hedgehogs. They’re super cute. So I started selling cute baby stuff with hedgehogs on them. Blankies, rattles, bath toys, decals for nursery walls. I’m hoping to move up to toddler things too—puzzles, stacking toys, utensils, night lights, you know.”

“Sure,” I said, though I didn’t. “So what kinds of trademark questions do you have?”

“Well, my website is live at hedgethosehogs.com and hedgethosehogs.us, and I have pre-registered hedgethosehogs.clothing. I’m going to register hedgethosehogs.baby, .shop, .family and maybe .shoes, .toys and .jewelry when I can. Just in case. And I’ve done some reading online. Now that I’ve registered at least two domain names, I have all the trademark rights I need, don’t I?”

“Um, not exactly. You need to get a federal registration of your trademark if you want the most rights possible, not a domain name registration. The federal registration gets you nationwide constructive notice, and it’s evidence that your mark is valid, that you own it and that you have the exclusive right to use it.”

“But I’m on the Internet—aren’t I nationwide already? Heck, I ship anywhere! I’m worldwide! Why would I bother getting a federal trademark registration when I have domain name registrations and a website?”

“Hmm. Well, have you sold anything?”

“I sure have. I’ve made shipments to four different states, in fact: New York, Massachusetts, Vermont and Maine. And everyone can find me when they search the web under my name, so isn’t that good enough notice?”

“Nice point. I’ll have to do a little research on that and get back to you.”

“Oh, and there’s a company that just put up a website last week at www.hedgemyhogs.com. They’re selling lots of hedgehog merchandise, too. I think they’re based in Texas. They might’ve been around in real life for a while and only just got around to having a
website. But if I was online first, can’t I stop them from using the Internet?”

“Uh, probably not. But we can think about writing them a letter and getting them to change their name. They might be able to get a concurrent use registration with the Patent and Trademark Office, though, and restrict you to the states where you’ve made sales.”

“But,” Caramel cried, “won’t people come across me and that Texas company online and think we’re the same? Although my products are much cuter.”

“You really do have a ton of questions,” I responded.

Our befuddled young associate is facing some difficult real-life issues about trademark rights on the Internet. His client, while unversed in trademark law, has some valid questions about her rights from her hedgehog-centric online presence. What geographic trademark rights does an Internet-based company have? Are concurrent geographic rights no longer possible now that the Internet communicates nationwide?

II. LAYING OUT THE ISSUES

By definition, a trademark designates source and distinguishes one producer from another. It is a standard of quality, a symbol of business goodwill, and sometimes a status symbol or statement of taste. It protects the public from confusion and enables consumers to choose from a vast array of available products and services without their heads exploding. The underpinning of all of those functions is trademark use.

Territorial use has long been the basis of enforceable trademark rights in the United States. Even an intent-to-use application cannot mature into a federal registration until the owner has actually made commercial use of the trademark. In order to own a trademark, one must use it for selling products or on services. No one can have rights in gross to a phrase, logo or other symbol. And the owner of an unregistered trademark owns the mark only in the geographic area where it uses the mark.

1. For more on trademark functions and rationales for protection, see Anne Gilson LaLonde, 1 Gilson on Trademarks § 1.03.
3. United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918) (“The law of trade-marks is but a part of the broader law of unfair competition; the right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another’s product as his; and it is not the subject of property except in connection with an existing business.”).
Over the past twenty-five years, give or take, the reality of trademark use has changed. Trademarks are no longer seen only on store shelves, shop windows, billboards and print media. They’re used on the Internet, in connection with websites, domain names, sponsored search engine ads, auction sites, e-mails, Tweets, Facebook posts, mobile apps and much more.

The *Dawn Donut* and *Tea Rose-Rectanus* doctrines and the concurrent use proceedings of the United States Patent and Trademark Office (USPTO) depend on geographic remoteness, which these days seems to be more and more of a fiction. Are 1Ls entering law school in the United States going to learn about those doctrines only as remnants of history? Will the USPTO need to abandon its concurrent use proceedings?

In this article, we ask how the vast communication system of the Internet has changed the concept of trademark use (or not) in a variety of contexts: the development of trademark rights, concurrent use, channels of trade in the likelihood of confusion analysis, and use in interstate commerce.

### III. RIGHTS ACQUIRED FROM USE

Before addressing the Internet in particular, we begin with perhaps the most basic tenet in United States trademark law: The right to a trademark comes from its use. Without public exposure, no mark can symbolize the good will of a business. Actual use of a mark that identifies the source of goods or services and distinguishes it from others creates ownership of a common law trademark. If the user makes bona fide use in adopting sells its products, renders its services, establishes recognition of its mark, or draws its trade."

5. *E.g.*, United States v. Steffens (Trade-mark Cases), 100 U.S. 82, 94 (1879); Sengoku Works Ltd. v. RMC Int’l, Ltd., 96 F.3d 1217, 1219 (9th Cir. 1996) ("To acquire ownership of a trademark it is not enough to have invented the mark first or even to have registered it first; the party claiming ownership must have been the first to actually use the mark in the sale of goods or services."); Humanoids Grp. v. Rogan, 375 F.3d 301, 305 n.3 (4th Cir. 2004) ("[A]ll ownership rights in a mark flow from prior use."); General Healthcare Ltd. v. Qashat, 364 F.3d 332, 335 (1st Cir. 2004) ("Trademark rights may arise under either the Lanham Act or under common law, but in either circumstance, the right is conditioned upon use in commerce."); Restatement (Third) of Unfair Competition § 18 ("Rights can be acquired in a designation only when the designation has been actually used as a trademark . . . or when an applicable statutory provision recognizes a protectable interest in the designation prior to actual use.").

6. *See, e.g.*, Crystal Entm’t & Filmworks, Inc. v. Jurado, 643 F.3d 1313, 1321 (11th Cir. 2011) ("Common-law trademark rights are ‘appropriated only through actual prior use in commerce.’") (citation omitted); Allard Enters. v. Advanced Programming Resources, Inc., 249 F.3d 564, 571 (6th Cir. 2001) ("At common law, ownership of trademark or service mark rights is obtained by actual use."); Chance v. Pac-Tel Teletrac, Inc., 242 F.3d 1151, 1156 (9th Cir. 2001) ("[C]ommon law rights are acquired . . . by adopting and using the mark in connection with services rendered.").
interstate commerce, it may also apply for federal trademark registration. 7

So, can use on the Internet furnish the user with substantive rights? If so, how and to what extent? Can someone simply place a trademark on a web page and acquire protectable trademark rights?

Here we explore how courts and the Trademark Trial and Appeal Board (Board) have interpreted use standards in the Internet context. This section discusses how common law rights in a mark may be created through use on the Internet, how online use may be relied upon to obtain trademark registration, and what Internet use may constitute use analogous for purposes of priority in a USPTO opposition or cancellation.

A. Establishing Common Law Rights through Internet Use

1. The Lanham Act Is Not the Answer

The text of the Lanham Act gives no help at all, either with respect to Internet use or any other. Unlike the type and quantum of use necessary to register a trademark, discussed in the next subsection, there are simply no statutory rules on how to establish common law rights in a mark. 8

Section 43(a) of the Lanham Act protects unregistered trademarks, but gives no hint on the use required to create enforceable common law trademark rights in an unregistered mark. For example, it expressly prohibits the use in commerce by a person of “any word, term, name, symbol or device” that “is likely to cause confusion . . . as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 9 But it does not mention the plaintiff’s unregistered trademark or lay out any particular requirements for a plaintiff to prove use. The “word, term, name,
symbol or device” language and the requirement for “use in commerce” both describe a defendant’s use.\(^\text{10}\)

The one provision that does mention a plaintiff’s unregistered mark tells us nothing about establishing common law rights. Section 36 allows for destruction of infringing materials that violate Section 43(a), in particular materials that bear “the word, term, name, symbol, device, combination thereof, designation, description, or representation that is the subject of the violation, or any reproduction, counterfeit, copy, or colorable imitation thereof . . . .”\(^\text{11}\) However, this language comes nowhere near prescribing requirements for an unregistered mark to be valid and protectable.

In fact, the Lanham Act nowhere refers to an unregistered “trademark” as such. Therefore, the definition of “trademark” in Section 45 does not strictly apply to plaintiffs suing under Section 43(a), nor do the provisions specifying the standard for “use in commerce” of goods and services. There is no statutory obligation, then, that the “use in commerce” requirement for federal registration applies to unregistered marks, mandating certain placement of a mark for goods or for services. The Supreme Court stated in *Taco Cabana* that “the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a),” but did not base its comment on any statutory language.\(^\text{12}\)

There is no explicit use requirement for unregistered marks in the Act, even though one may sue under it for infringement of unregistered marks. The authors, of course, do not suggest that one need not make use of a trademark in order to have common law rights in a mark.\(^\text{13}\) United States case law has held for decades that enforceable trademark rights require prior actual use.\(^\text{14}\)

\(^{10}\) The rest of the Act is similarly unilluminating. Section 32 limits the remedies available under Section 43(a), Section 34 gives courts the power to grant and enforce injunctions to prevent violations of Section 43(a), and Section 35 covers damages for a violation of Section 43(a). 15 U.S.C. §§ 1114(2), 1116, 1117(a). Section 40(c) describes the remedies available against the United States and individual states, or any agent or instrumentality thereof, including in an action under Section 43(a). 15 U.S.C. § 1122(c). Again, these provisions do not mention anything about a plaintiff’s unregistered mark.


\(^{13}\) E.g., Rosenruist-Gestao E Servicos LDA v. Virgin Enters. Ltd., 511 F.3d 437, 440 n.1 (4th Cir. 2007) (noting “the fundamental principle in American trademark law that ownership rights flow from actual use of the mark in commerce”); General Healthcare, 364 F.3d at 335; Sengoku Works, 96 F.3d at 1219 (“It is axiomatic in trademark law that the standard test of ownership is priority of use.”); Homeowners Grp., Inc. v. Home Mkts. Specialists, Inc., 931 F.2d 1100, 1105 (6th Cir. 1991) (holding that service mark “ownership rights flow only from prior appropriation and actual use in the market”).

\(^{14}\) In an infringement action to enforce an unregistered trademark, the plaintiff must establish its right to exclusive use. Registration shifts the burden of proof away from the plaintiff, and the defendant must rebut the presumption of plaintiff’s right to use. 15 U.S.C. §§ 1057(b), 1115(a). See generally 1 Gilson on Trademarks § 4.04[3].
Therefore, in protecting unregistered trademarks, one must look to common law standards governing the nature and type of use of a mark required to establish protectable rights.

2. The Common Law in General

In general, courts require evidence that the party claiming common law rights has used its mark in a sufficiently open manner such that the relevant public would associate its goods or services with the mark. According to the Restatement, “[a] designation is ‘used’ as a trademark . . . when the designation is displayed or otherwise made known to prospective purchasers in the ordinary course of business in a manner that associates the designation with the goods, services, or business of the user . . . .”

Courts look at a combination of the volume of sales (if any), growth trends, proportion of actual to potential purchasers, and the amount and character of advertising. They look at whether the use of the mark was bona fide or merely intended to reserve rights, whether the use was sufficiently public, and whether it was consistent and continuous. Courts will look at the totality of the circumstances to determine whether rights have in fact accrued, and evidence of very few sales may be insufficient to create common law trademark rights.

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15. E.g., Crystal Entm’t & Filmworks, 643 F.3d at 1321 (To prove prior use and ownership, a party must show it adopted the mark and that it made “use in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark.”); Brookfield Commc’ns, Inc. v. West Coast Entm’t Corp., 174 F.3d 1036, 1051 (9th Cir. 1999) (“The purpose of a trademark is to help consumers identify the source, but a mark cannot serve a source-identifying function if the public has never seen the mark and thus is not meritorious of trademark protection until it is used in public in a manner that creates an association among consumers between the mark and the mark’s owner.”); Maritec Indus. v. Sterling Powerboats, Inc., 75 U.S.P.Q.2d 1145 (M.D. Fla. 2004) (“For a party to establish that it has superior rights to a mark based on the party’s prior use of the mark, the party must present evidence demonstrating adoption of the mark and, second, evidence of use of the mark in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark.”).


18. Allard Enters., 249 F.3d at 571.

19. E.g., Rearden LLC v. Rearden Commerce, Inc., 683 F.3d 1190, 1203 n.5 (9th Cir. 2012) (noting that the district court correctly acknowledged that “courts have begun to accord protection to a particular trademark where the totality of the circumstances suffices to establish a right to use that trademark”); Crystal Entm’t & Filmworks, 643 F.3d at 1321 (using “totality of the circumstances” test); Johnny Blastoff, Inc. v. L.A. Rams Football Co., 188 F.3d 427, 433 (7th Cir. 1999) (“The determination of whether a party has established protectable rights in a trademark is made on a case by case basis, considering the totality of the circumstances.”).

20. E.g., Zazu Designs v. L’Oreal S.A., 979 F.2d 499, 503-04 (7th Cir. 1992). But see Allard Enters., 146 F.3d at 358 (“As long as there is a genuine use of the mark in commerce, . . . ownership may be established even if the first uses are not extensive and do not result in deep market penetration or widespread recognition.”).
Though evidence of actual sales under the mark will be more persuasive, some courts have found common law use of a mark based solely on advertising or promotion. Promotional activity may be taken into account as part of the overall circumstances to determine if and when trademark rights have vested, if the activity is sufficiently public. In fact, even hairstyling services provided free to four customers was found by the Board to be sufficient for an opposer to prove proprietary rights.

Despite “use in commerce” not being mentioned in the Act in connection with protectable unregistered trademarks, courts also ask whether there has been a use in commerce, meaning interstate commerce. While it is touted as a requirement for federal jurisdiction over the entire matter, it is the defendant’s use that must be in commerce for the court to have jurisdiction.

21. *E.g.*, Planetary Motion, Inc. v. Techplosion, Inc., 261 F.3d 1188, 1195-96 (11th Cir. 2001) (“A party may establish ‘use in commerce’ even in the absence of sales. . . . [T]he existence of sales or lack thereof does not by itself determine whether a user of a mark has established ownership rights therein.”); *Johnny Blastoff, Inc.*, 188 F.3d at 434 (“The party who first appropriates the mark through use, and for whom the mark serves as a designation of source, acquires superior rights to it. Evidence of actual sales is not necessary to establish ownership.”) (citation omitted). *See also* Restatement (Third) of Unfair Competition § 18 cmt. d (“The use of a designation in pre-sales solicitations, presentations, or other advertising can result in the creation of good will symbolized by the designation even before any actual sales. . . . [S]uch pre-sales activity can qualify as a trademark use if the use is calculated to produce the required association between the mark and the user’s goods and is done in the user’s ordinary course of business.”).

22. *See* Rearden LLC, 683 F.3d at 1206 (“Even if a party completes the initial sale of its services only after its opponent has done so, that party still could establish prior use of the contested mark based on its prior non-sales activities.”).

23. Blast Blow Dry Bar LLC v. Blown Away LLC, 2014 TTAB LEXIS 1 (T.T.A.B. 2014) (banner placed on retail store location and provision of hair styling services along with handing out promotional material was use in commerce) (not citable as precedent).

24. *E.g.*, Allard Enters., 146 F.3d at 357 (“In the absence of registration, rights to a mark traditionally have depended on the very same elements that are now included in the statutory definition: the bona fide use of a mark in commerce that was not made merely to reserve a mark for later exploitation.”); Burns v. Realnetworks, Inc., 359 F. Supp. 2d 1187, 1192-93 (W.D. Okla. 2004) (requiring a party to show “use in commerce” as defined in 15 U.S.C. § 1127 in order to establish its common law rights); ARGOS v. Orthotec LLC, 304 F. Supp. 2d 591 (D. Del. 2004) (deciding whether plaintiff owns a common law trademark by using the “use in commerce” definition of 15 U.S.C. § 1127).

For a discussion of the effect of the Internet on interstate commerce analysis, see Part VI infra.

25. *E.g.*, Planetary Motion, 261 F.3d at 1194-95 (“The distribution of the Software for end-users over the Internet satisfies the ‘use in commerce’ jurisdictional predicate.”); Rescuecom Corp. v. Google, Inc., 562 F.3d 123, 134 (9th Cir. 2009) (“The [Lanham] Act frequently employs the term ‘in commerce’ for the distinct purpose of invoking Congress’s Commerce Clause jurisdiction and staying within its limits.”); McBee v. Delica Co., 417 F.3d 107, 111 (1st Cir. 2005) (“We hold that subject matter jurisdiction under the Lanham Act is proper only if the complained-of activities have a substantial effect on United States commerce.”) (holding made in the context of deciding whether the court had extraterritorial jurisdiction over foreign activity).
3. Internet Use in Particular

The fundamental question, then, is what type of Internet use, if any, constitutes common law use of a mark? As is true in the physical world, there is no such thing as rights in gross on the Internet. A trademark cannot exist or be protected apart from use on products or services, use that is seen by consumers. Trademarks communicate with people, and consumers doing online shopping are all located somewhere, in living rooms, basements, coffee shops and airplanes. Trademarks used online thus exist as source indicators in actual locations, analogous to purchases in retail stores.

As an initial matter, domain name registration—obtaining a domain name from a registrar like GoDaddy or NameCheap—plainly does not confer trademark protection in the United States.28 As one federal court declared emphatically: “The law is clear that the mere registration of a domain name does not constitute the use of the domain name as a trademark.” Domain

26. Note that the kerfuffle over use in commerce in keyword buy cases is largely inapposite to this discussion. See 2 Gilson on Trademarks § 7A.09[1]. A plaintiff claiming likely confusion from a defendant’s purchase of plaintiff’s trademark as a keyword triggering sponsored ads on a search engine results list had to show, among other elements, that the defendant used the mark “in commerce.” The issue in the keyword buy cases centered on whether the defendant advertiser’s use in purchasing the mark as a search engine keyword was sufficiently public. For academic discussion of the question of the defendant’s use of a trademark, see, e.g., Stacey L. Dogan & Mark A. Lemley, Grounding Trademark Law Through Trademark Use, 98 TMR 1345 (2008) (arguing that a trademark use requirement for defendants is critical in stopping plaintiffs from overreaching and stopping legitimate uses of their marks); Dinwoodie & D. Janis, Confusion Over Use, 98 TMR at 1087 (finding the “trademark use” theory flawed: “that an unauthorized user of a mark is only liable, and should only be liable, when it uses the plaintiff’s mark ‘as a mark’”). Here, we have focused instead on how a plaintiff establishes protectable rights via Internet use, rather than how a defendant can avoid liability by claiming its use was insufficiently public.

27. See 1 Gilson on Trademarks § 3.02[4]; United Drug, 248 U.S. at 97 (“There is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed.”).

28. E.g., Brookfield Comm’ns, 174 F.3d at 1051 (“In the literal sense of the word, [defendant] ‘used’ the term ‘moviebuff.com’ when it registered that domain address . . . . Registration with [a domain name registrar], however, does not in itself constitute ‘use’ for purposes of acquiring trademark priority.”); Newborn v. Yahoo!, Inc., 391 F. Supp. 2d 181, 190 (D.D.C. 2005) (granting defendant’s motion to dismiss where plaintiff’s only use was via domain name registration; “[T]he mere registration of a domain name with a domain name registrar, by itself, is simply insufficient to confer trademark protection under the Lanham Act.”); Pure Imagination, Inc. v. Pure Imagination Studios, Inc., 72 U.S.P.Q.2d 1432 (N.D. Ill. 2004) (evidence of purchasing a domain name did not show trademark use); Washington Speakers Bureau, Inc. v. Leading Authorities, Inc., 33 F. Supp. 2d 488, 491 n.3 (E.D. Va. 1999) (“Anyone may register any unused domain name upon payment of a fee. Of course, this registration in no way trumps federal trademark law; registration of a mark or name with [a domain name registrar] does not itself confer any federal trademark rights on the registrant.”).

name registration is no more than a lease for a virtual storefront, and does not constitute public use of a trademark.

Simply putting up a website, without more, is not trademark use either, if there is no evidence of page visits or the physical locations of visitors. In one case, for example, when evidence failed to show that anyone had viewed plaintiffs’ websites during the relevant time period, a court found that no one knew of plaintiffs’ existence, much less associated the mark at issue with plaintiffs’ services.30 Plaintiffs, therefore, lacked ownership rights in the mark they sought to enforce. Launching a website without evidence of visitors is much like opening a store with no evidence that there has been any foot traffic.

Starting a Facebook page, Twitter account or Etsy store under a mark is likewise no guarantee of public association. Just because millions of people could easily view the mark does not mean that anyone has done so. However, showing that users have joined or liked a Facebook page, followed a Twitter account or marked an Etsy store as a favorite could, in combination with other evidence, help convince a court that there is public association between the mark and the goods or services.31

One court has nevertheless found sufficient public association from a party putting up a website. The Eleventh Circuit found use to have been sufficiently public for ownership rights, where the party claiming rights had made its product “available not merely to a discrete or select group (such as friends and acquaintances, or at a trade show with limited attendance), but to numerous end-users via the Internet.”32 It is true that the mark was also used in the subject line and text of e-mail announcements as well as in the product’s user manual. However, mere accessibility of a website should not constitute use of trademarks on that site, even if there is the potential for millions of page views, far more than any potential viewers in physical retail stores.

In another case, despite the existence of “a very limited number of consumers,” a party that had “established an internet home page—or set of pages—from which typical users” could

30. Burns, 359 F. Supp. 2d at 1192-93 (“Not only is there a complete absence of evidence of visitors to Plaintiffs’ site, where they could begin to associate the SureStream name with the services provided by SureStream, Inc., but also the evidence indicates that any actions taken by Burns to rectify this situation were (1) unsuccessful and (2) irrelevant to the prior use inquiry because they occurred sometime after September 1998, at least a month or more after RealNetworks filed their intent-to-use application.”).
31. See Part III.D infra for more on special cases of trademark use on the Internet, such as on Etsy and Twitter.
32. Planetary Motion, 261 F.3d at 1196 (software posted on a site “accessible to anyone who had access to the Internet”). See also Crystal Entm’t & Filmworks, 643 F.3d at 1321 (use was sufficient to show ownership when the mark was “accessible to anyone with access to the Internet” and evidence showed that the relevant consumers actually associated the mark with the product and the source).
access its services was found to have made sufficiently public use of its mark. The court, in holding that the web pages constituted public use of the mark, emphasized the fact that they were “universally available.” In that case, evidence of actual sales combined with the availability of the website, and made it more feasible to find public trademark use than it would through online posting alone.

Online sales should be just as relevant as physical store sales in demonstrating trademark use. Online promotion can also enable consumers to associate a mark with its user. For goods and services offered online, potential trademark owners should ideally:

- Offer an e-mail newsletter or e-mail updates and ask those signing up for their zip codes;
- Document website hits as well as sales and other inquiries from Internet users by location;
- Keep copies of e-mails sent externally that include the trademark; and
- Keep records of any attempts at search engine optimization.

Google Analytics, for example, is a tool that allows website owners to see where their visitors are located, by city.

As with proof of use in the physical world, the mark owner should be able to put these pieces of information in context, with a showing of market share or what proportion of relevant consumers were exposed to the mark. Showing hits for a website may not be effective in proving trademark use without providing context.

34. The owner of a mark that lacks inherent distinctiveness could also rely on the Internet to support a claim of secondary meaning. E.g., GamerModz, LLC v. Golubev, 2011 U.S. Dist. LEXIS 116608 (M.D. Fla. 2011) (finding expenditure of $100,000 in Google AdWords search engine optimization was relevant to establishing secondary meaning; mark owner provided evidence that the Google program brought over 250,000 consumers to its website); Blumenthal Distrib. v. Exec. Chair, Inc., 2010 U.S. Dist. LEXIS 142193 (E.D.N.Y. 2010) (online customer reviews indicate that products “have developed a presence and favorable reputation on the Internet and weigh in favor of a finding of secondary meaning”). See also Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research, 527 F.3d 1045, 1052 (10th Cir. 2008) (suggesting that a party could have supported a claim of secondary meaning if it accompanied evidence of number of search engine hits on its mark with evidence that the relevant consumers had visited the search engines giving those hits).
35. See https://support.google.com/analytics/answer/1144408?hl=en&ref_topic=1007027.
36. In a case involving acquired distinctiveness of the term CASINO INFO for provision of casino games online, the Board was dismissive of evidence showing the number of visitors to the site: “[W]e cannot tell from this record whether 28,570 hits on its website in a year represents anything more than some passing interest in the content of applicant’s website, as opposed to wide recognition of the words CASINO INFO as an indication of source.” In re Nortech Invn., Ltd., 2013 TTAB LEXIS 387 (T.T.A.B. 2013) (not citable as precedent). The Board found that number of hits to indicate “some modest interest,” but found nothing in the record to put the number of hits into context.
Internet sales may not be concentrated geographically, and thus may be sporadic and/or de minimis in a given area.

**B. Relying on Internet Use to Obtain a Federal Trademark Registration**

The USPTO has grappled with the registrability of terms used on the Internet, although the use requirement is a given. In the United States, a trademark must be used in commerce to be federally registered. The Lanham Act defines “use in commerce” as “the bona fide use of a mark in the ordinary course of trade . . . .” Well before the advent of the Internet, trademark law required trademarks to be directly affixed to the goods or used on services to be offered for sale. But “[c]hanges in commercial practices eventually made the requirement of physical affixation impractical.”

Affixation is, of course, impossible on the Internet. Still, for registration purposes, the Act requires a mark used in commerce on goods to be “placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto,” or if that is impracticable, then “on documents associated with the goods or their sale.” In addition, the goods must be “sold or transported in commerce.” A mark is used in commerce on services when it is “used or displayed in the sale or advertising of services and the services are rendered in commerce,” or when the services are rendered in more than one state and the person rendering the services is engaged in commerce in connection with them. How does the Office interpret these requirements to fit the Internet?

If an applicant asserts that it has made use of its mark in commerce, the USPTO will typically not challenge the representation or inquire into the extent of use. However, applications claiming actual use in commerce under Section 1(a)

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37. See 15 U.S.C. § 1051(a)(1) (“The owner of a trademark used in commerce may request registration of its trademark on the principal register . . . .”).


39. Restatement (Third) of Unfair Competition § 18 cmt. d.

40. 15 U.S.C. § 1127. For more on the manner of use in commerce required for registration, see 1 Gilson on Trademarks § 3.02[6].


43. TMEP § 901.04 (“The validity of an applicant’s assertion of use in commerce generally does not arise in ex parte examination. The examining attorney will normally accept the applicant’s verified claim of use in commerce without investigation into whether the use referred to constitutes ‘use in commerce.’”).
must be accompanied by a specimen showing that use. It turns out that it is in the context of specimens that the USPTO has adapted its use guidelines for the Internet.

Web-based specimens must show that the mark is associated with the goods and acts as a source indicator. Thus, a web page displaying a product for sale is acceptable as proof of use in commerce, though with some caveats: “A web page that displays a product can constitute a ‘display associated with the goods’ if it: (1) contains a picture or textual description of the identified goods; (2) shows the mark in association with the goods; and (3) provides a means for ordering the identified goods.” If the site using the mark merely advertises goods rather than enabling their purchase as a point-of-sale display in a store would, the website is not a display “associated with the goods” and is therefore unacceptable. The Trademark Manual of Examining Procedure (TMEP) states that “a web page that merely provides information about the goods, but does not provide a means of ordering them, is viewed as promotional material, which is not acceptable to show trademark use on goods.” The web page must also show the trademark itself in a manner that associates it with the goods.

The TTAB further considers the mere appearance of a trademark on a website insufficient to show use in commerce, though, without proof of sales or transportation of goods. Similarly, proof of the existence of a website without proof of any sales in commerce falls short.

What about domain names and e-mail addresses? The outlook for showing use with those is bleak. For example, use of a term or phrase in or as a domain name is unlikely to qualify as trademark use for purposes of federal registration by virtue of

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44. 15 U.S.C. § 1051(a)(1). Specimens must also be filed with amendments to allege use and statements of use. 15 U.S.C. § 1051(c), (d). See 4 Gilson on Trademarks Chapter 23 for more on specimens of use.

45. In re Sones, 590 F.3d 1282, 1288 (Fed. Cir. 2009) (“[T]he test for an acceptable website-based specimen, just as any other specimen, is simply that it must in some way evince that the mark is ‘associated’ with the goods and serves as an indicator of source.”).

46. TMEP § 904.03(i) (“Electronic Displays”).

47. TMEP § 904.03(i).

48. Clorox Co. v. Salazar, 108 U.S.P.Q.2d 1083 (T.T.A.B. 2013) (“Applicant’s proposition that the depiction of his applied-for mark on the website he describes in his declaration constitutes ‘use in commerce’ is . . . unavailing. The mere use of a trademark in the advertising or promotion of goods in the United States is insufficient to constitute use of the mark in commerce, within the meaning of the Trademark Act, where the advertising or promotion is unaccompanied by any actual sale or transport of the goods in commerce . . . .”).

49. Isaco Int’l Corp. v. EZ, Inc., 2013 TTAB LEXIS 427 (T.T.A.B. 2013) (mere fact that sales were “available” through website in United States did not suffice to show use in commerce where there was no showing that any sales were made in the U.S. or that goods bearing the mark traveled in U.S. commerce) (not citable as precedent).
that use alone.\textsuperscript{50} Similarly, use in an e-mail address is not trademark use.\textsuperscript{51}

Nevertheless, trademark recognition of domain names themselves by consumers holds some promise. In order for a web address to function as a trademark, the user “must first take the necessary actions to use it as such or to use the web address in such a manner that the [relevant] portion would be perceived as a mark.”\textsuperscript{52} So, for example, if the domain name is displayed on top of a web page, perhaps in a stylized font, or in an advertisement that is customary for trademark use, consumers may perceive a domain name to be a source indicator.\textsuperscript{53}

If a website is labeled “beta,” or unfinished and preliminary, proof of use of a mark in commerce depends on the circumstances. Where the site is active, the specimen should be accepted, but if not, the examining attorney will refuse registration based on a lack of use in commerce.\textsuperscript{54}

\section*{C. Internet Use Analogous to Trademark Use for Purposes of Priority}

Since before the advent of the Internet, a party has not been required to make actual use of a mark in interstate commerce to

\textsuperscript{50} E.g., Schreiber v. Dunabin, 938 F. Supp. 2d 587, 598-99 (E.D. Va. 2013) (“[T]he mere registration of Plaintiff’s \textit{Landcruise.com} domain name is insufficient to confer trademark protection under the Lanham Act.”); Intellogy Solutions, LLC v. IntelliGolf, Inc., 2013 TTAB LEXIS 390 (T.T.A.B. 2013) (“Despite applicant’s arguments to the contrary, the purely technological function of the intellology.com URL directing users to applicant’s IntelliGolf website is not evidence of trademark use.”) (not citable as precedent); \textit{In re Supply Guys, Inc.}, 86 U.S.P.Q.2d 1488 (T.T.A.B. 2008) (“Internet addresses, even when used separately from a website, do not necessarily show service mark use much less trademark use for goods sold on the website. . . . Obviously, a website can be used for multiple purposes and the simple fact that a term is used as part of the internet address does not mean that it is a trademark for the goods sold on the website.”); \textit{In re Eilberg}, 49 U.S.P.Q.2d 1955 (T.T.A.B. 1998) (“As shown, the asserted mark identifies applicant’s Internet domain name, by use of which one can access applicant’s Web site. In other words, the asserted mark WWW.EILBERG.COM merely indicates the location on the Internet where applicant’s Web site appears. It does not separately identify applicant’s legal services as such.”).


\textsuperscript{52} \textit{See also} TMEP § 904.03(i)(B)(2) (“When a mark appears in the computer browser area as part of the URL, Internet address, or domain name of the website that houses the web page, consumers generally do not recognize this as trademark use. Instead, this use merely identifies the Internet location of the website where business is conducted and goods or services are offered.”).

\textsuperscript{53} \textit{See also} TMEP § 904.03(i)(B)(2) (“[T]he use of the mark embedded in an e-mail address would be viewed as part of the website address where applicant may be contacted, rather than as a trademark.”).

\textsuperscript{54} \textit{See}, e.g., \textit{AMAZON.COM} (U.S. Reg. No. 2078496) (registered July 15, 1997).
oppose an application or petition to cancel a registration.\textsuperscript{55} It can instead base its case on use analogous to trademark use.\textsuperscript{56}

While the party claiming use analogous need not provide “direct proof of an association in the public mind,” still, “the activities claimed to create such an association must reasonably be expected to have a substantial impact on the purchasing public before a later user acquires proprietary rights in a mark.”\textsuperscript{57} Advertising and promotion alone can establish sufficient rights to show priority, but only if it is “of such a nature and extent that the mark has become popularized in the public mind so that the relevant segment of the public identifies the marked goods with the mark’s adopter.”\textsuperscript{58}

The “use analogous” theory survives in the Internet era, but the threshold is high. For example, featuring a trademark on a website may qualify and establish trademark priority rights,\textsuperscript{59} but

\textsuperscript{55} Section 2(d) of the Lanham Act states that a trademark shall be refused registration when it is confusingly similar to a registered mark or “a mark or trade name previously used in the United States by another.” 15 U.S.C. § 1052(d).

\textsuperscript{56} See 1 Gilson on Trademarks § 3.03[4] for more on use analogous to trademark use.

\textsuperscript{57} \textit{Herbko} \textit{Int’l}, 308 F.3d at 1162. See also, e.g., Pleasant Travel Serv. v. Marisol, LLC, 2009 TTAB LEXIS 413 (T.T.A.B. 2009) (“Use analogous to trademark use is proven by advertising of sufficient clarity and repetition to create the required identification by a substantial portion of the public that might be expected to purchase the service.”) (not citable as precedent).

\textsuperscript{58} Am. Express Co. v. Goetz, 515 F.3d 156, 161-62 (2d Cir. 2008). \textit{See also} \textit{Herbko} \textit{Int’l}, 308 F.3d at 1162 (“Before a prior use becomes an analogous use sufficient to create proprietary rights, the petitioner must show prior use sufficient to create an association in the minds of the purchasing public between the mark and the petitioner’s goods.”); New Look Party, Ltd. v. Louise Paris, Ltd., 2012 U.S. Dist. LEXIS 9539 (S.D.N.Y. 2012) (“Cases that have found use analogous to trademark use adequate to establish priority have generally involved an active attempt to target the relevant market, but even such purposeful marketing may be insufficient if not of significant breadth and penetration.”) (citations omitted).

\textsuperscript{59} \textit{E.g.}, Gange v. Agility Sports LLC, 2013 TTAB LEXIS 627 (T.T.A.B. 2013) (“In the absence of a registration, a party must establish its prior proprietary rights in a mark through actual use or through use analogous to trademark use, such as use in advertising brochures, trade publications, catalogues, newspaper advertisements and Internet web
mere registration of a domain name or ownership of a website is insufficient to prove use analogous.\textsuperscript{60} The Board has found that a party’s “mere presence on the Internet quite simply does not result in sufficient exposure of the . . . mark to create the required association in the minds of potential purchasers between the mark . . . as an indicator of . . . source.”\textsuperscript{61}

A party relying on website use should be able to meet daunting requirements, with evidence “pertaining to whether the various IP addresses visiting its website reflected unique or repeat visitors, how long each visitor spent browsing its website, or any other information that would be relevant, to determining whether the website may have had ‘a substantial impact on the purchasing public.’”\textsuperscript{62} A party may also need evidence of how many different visitors viewed the particular version of the webpage that displayed the mark.\textsuperscript{63} And if United States consumers are unable to purchase from a site, its existence will definitely not constitute use analogous.\textsuperscript{64}

Proof of consumer contact is critical, as long as it is not insignificant. In one case where a product launch on an opposer’s

\textsuperscript{60} Blast Blow Dry Bar LLC, 2014 TTAB LEXIS 1 (“The parties’ mere registration of their marks as domain names is not enough to establish service mark use or use analogous to service mark use where neither party operated an active website accessible through its domain name.”); PNC Fin. Servs. Grp., Inc. v. Ashe, 2013 TTAB LEXIS 549 (T.T.A.B. 2013) (“Applicant’s securing of the spendology.net web domain from hostgator.com on July 24, 2010 does not by itself establish use analogous to trademark use in connection with the services.”) (not citable as precedent); Starfield Grp., Inc. v. Ergostar, Inc., 2009 TTAB LEXIS 414 (T.T.A.B. 2009) (holding that “opposer’s evidence of use and registration of ERGOSTAR as a domain name is not evidence of use of ERGOSTAR as a trademark or use analogous to trademark use or in connection with any goods or services”); Rocin Labs., Inc. v. SurgiJet, Inc., 1999 TTAB LEXIS 458 (T.T.A.B. 1999) (“The mere existence of a website in opposer’s name does not establish use of this particular mark for these goods, nor that the website reaches the intended relevant purchasers of the involved goods. The record before this Board falls far short of showing that there is public identification of the term LIPOTOME with opposer’s product . . . .”) (not citable as precedent).

\textsuperscript{61} Parametric Tech. Corp. v. PLMIC, LLC, 2010 TTAB LEXIS 64 (T.T.A.B. 2010) (existence of a single purchaser from the website within a year and a half showed that site “had no impact whatsoever on the perception of the purchasing public”) (not citable as precedent).

\textsuperscript{62} New Look Party, 2012 U.S. Dist. LEXIS 9539, citing Herbko Int’l, 308 F.3d at 1162. See also PNC Fin. Servs. Grp., 2013 TTAB LEXIS 549 (printouts of website pages failed to establish use analogous to trademark use “as no declaration testimony has been provided regarding how many persons viewed or were exposed to the website”); Parametric Tech. Corp., 2010 TTAB LEXIS 64 (finding no use analogous from website use without “evidence as to how long the website was made available to the public and how many, if any, discrete hits the website received on a daily, weekly, monthly basis”).

\textsuperscript{63} Pleasant Travel Serv., 2009 TTAB LEXIS 413 (unclear how many hits on website actually occurred when the page used the trademark at issue).

\textsuperscript{64} New Look Party, 2012 U.S. Dist. LEXIS 9539 (despite the site having been viewed by “several hundred thousand U.S. IP addresses,” U.S. customers had been unable to purchase goods from the site; no use analogous).
website drew only ten e-mails, the Board found that no “more than a negligible segment of the marketplace was impacted by its online pre-sale activities.” In another case, the Federal Circuit agreed that use analogous “must involve more than an insubstantial number of potential customers,” and underscored the importance of such contacts by stating that “the actual number of potential customers reached . . . is the focal point of the analogous use inquiry.” A party attempting to prove use analogous from online trademark use is well advised to show examples of how its mark is used on the site, as well as the frequency of hits to the site, any advertising responses and any business done by it during the relevant time.

D. Special Cases of Trademark Use on the Internet

The Internet facilitates promoting trademarks to consumers, supplementing the more traditional way of affixing directly to products. Besides use on a web page or in e-mails, there are other exclusively Internet era-methods of trademark use.

Some companies will adopt new brand name TLDs, such as .capitalone, .xbox, .allstate and .ferrari. Such companies surely have federal trademark registrations already and do not need to establish trademark rights based on the existence of these TLDs. Still, there is no reason why use as a TLD should not constitute legitimate trademark use.

Names of stores on auction sites or other online marketplaces can also serve as trademarks, if they are otherwise used as such and there is sufficient public exposure. The owner of the hypothetical Chocolate Monkey store on eBay, Etsy or Storenvy could certainly use that phrase to distinguish itself from other sources of goods. The sale of products under a username on sites that print designs on demand on various products, such as Redbubble, Zazzle or CafePress, could also constitute trademark use of the username. Usernames or trademark mentions on sites like Twitter, Tumblr or Instagram could promote a trademark as well, depending on content, but should be accompanied by proof of actual sales under the mark.

66. T.A.B. Sys., 77 F.3d at 1377.
67. Transcend Logistics, Inc. v. Transflo Corp., 2006 TTAB LEXIS 70 (T.T.A.B. 2006) (holding that, without examples of the party’s use on the websites, “it is not possible to know whether such advertising was of sufficient clarity and repetition to create or meaningfully assist in the creation of the required identification of the designation . . . with opposer’s services among a substantial portion of the public that might be expected to purchase those services”) (not citable as precedent).
68. But cf. Play Club by Cipriani, S.L. v. Identity Protection Serv., WIPO Case No. D2013-1883 (holding that a Tweet mentioning the phrase LA BOMBA IBIZA was “insufficient evidence of unregistered trademark rights” to show the complainant’s rights under the UDRP).
The ubiquity of hand-held mobile devices allows consumers anywhere to rely heavily on mobile apps, application software designed to run on smartphones and tablet computers. Owners of mobile apps may use names and icons as traditional source indicators, so that, for example, when a consumer sees ANGRY BIRDS SEASONS, ANGRY BIRDS SPACE or ANGRY BIRDS STAR WARS, he or she can be confident they all come from the maker of the original ANGRY BIRDS game.69 If it is sufficiently distinctive, use of a word mark or logo for a mobile app can also lead to trademark rights.

IV. CONCURRENT USE AND GOOD FAITH REMOTE USE

The geography of trademark law was fairly straightforward before the Internet era, when an overlap of common law principles and the Lanham Act governed trademark coexistence.70 Here is a brief primer of this facet of the law, followed by an Internet era update that explores the shifting ground beneath our feet. In this section, we discuss the common law on geographic coexistence and federal concurrent use registrations that contain geographic limitations.

Under the common law, good will, and therefore trademark ownership, extended geographically only so far as the trademark was used. Good will simply did not exist for a mark that no consumer had heard of. As the Supreme Court held:

Into whatever markets the use of a trade-mark has extended, or its meaning has become known, there will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress. But this is not to say that the proprietor of a trade-mark, good in the markets where it has been employed, can monopolize markets that his trade has never reached and where the mark signifies not his goods but those of another.71

In sum, at common law, a trademark owner had rights only where it used its mark.72 Even the rights inherent in a federal

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69. See 2 Gilson on Trademarks § 7A.16 on mobile app infringement; Bulman v. 2BKC, Inc., 882 F. Supp. 2d 551 (S.D.N.Y. 2012) (granting a preliminary injunction to a mobile app owner against a defendant who owned a website with a similar name).

70. See 2 Gilson on Trademarks § 5.16[3][b].


72. When we mention “the mark” that the parties are both using, we mean a trademark that, if it were used by both parties in the same place for their goods or services, would clearly provoke likely confusion. Cf. TBMP § 1103.01(e) (“In specifying a concurrent use applicant’s extent of its knowledge of the concurrent rights of others, it is not necessary that it list, as exceptions to its claim of exclusive use, every entity known to it to be using the same or similar mark for the same or similar goods or services. Rather, applicant’s duty is to list any entity known to it to be a senior user of a clearly conflicting mark, as well as
registration today may not be truly nationwide where another party uses the mark in a region not reached by the registered mark.

A. Tea Rose-Rectanus and Common Law Good Faith Remote Use

The owner of a trademark was not entitled to exclusive rights in geographic markets its trademark had not reached, according to the pre-1920 common law Tea Rose-Rectanus doctrine. The doctrine was based on a pair of United States Supreme Court cases decided in 1916 and 1918. The senior user of a trademark generally had rights superior to subsequent users of that mark, or one that was confusingly similar. However, under Tea Rose-Rectanus, that senior user could not obtain an injunction against the later good faith use of the mark by another party in a remote territory.
In *Hanover Star Milling*, the case involving the TEA ROSE trademark, the Allen & Wheeler Company had sold flour under that mark in Ohio, Pennsylvania and Massachusetts, with a first use as early as 1872. The Hanover Star Milling Company had begun selling TEA ROSE brand flour in 1904, in territory that covered all of Alabama and part of Mississippi, Georgia and Florida. Hanover Star Milling had adopted its mark “in perfect good faith, with no knowledge that anybody else was using or had used those words in such a connection.” The Supreme Court found that because the parties were using the same mark on the same goods but in remote markets, and Hanover Star Milling had not intended to harm Allen & Wheeler’s interests, it could continue using the TEA ROSE trademark.

Two years later, in *United Drug*, the Supreme Court applied the *Hanover Star Milling* holding to a case where the senior user had attempted to expand its trademark into a good faith junior user’s territory. It held that the senior user lacked good will in the junior user’s territory and could not claim rights in that territory simply because it had first appropriated the mark elsewhere. The Court found:

"[T]he adoption of a trade-mark does not, at least in the absence of some valid legislation enacted for the purpose, project the right of protection in advance of the extension of the trade, or operate as a claim of territorial rights over areas into which it thereafter may be deemed desirable to extend the trade. . . . [W]herever the trade goes, attended by the use of the mark, the right of the trader to be protected against the sale by others of their wares in the place of his wares will be sustained."

This is known today as the “good faith remote user” or “innocent remote user” defense to a charge of infringement. The courts are split over whether the senior user can prove that it acted in good faith when it had actually known of the junior user’s prior use.

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77. *United Drug*, 248 U.S. at 98.
78. *Emergency One, Inc.*, 332 F.3d at 271.
79. For more on the common law innocent remote use defense, see 3 Gilson on Trademarks § 11.08[3][e][v].

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These same principles still apply in typical infringement cases. If a company does not use its mark in a certain geographic area, consumers in that area are unlikely to be confused by another’s use of the same or a similar mark. Because those consumers will not be exposed to both marks, they will not experience confusion. However, today it is often difficult to define the parties’ respective markets with surgical precision, and in determining likelihood of confusion, courts must examine the parties’ channels of trade and marketing areas as well as their methods and scope of advertising.80 In the end, if a senior user’s mark is known in the junior user’s trading area, consumers will have the opportunity to be confused.

**B. Dawn Donut and the Geographic Extent of Rights Gained from Federal Registration**

The *Dawn Donut* case was the early landmark in applying the then-recently enacted Lanham Act to the common law on geographic trademark use. Dawn Donut Company had used the mark DAWN on the doughnut mix it sold to bakers in several states, including New York, since 1922. It also licensed the mark for the retail sale of doughnuts in some locations. Dawn Donut federally registered its mark in 1927 and renewed the registration in 1947. Hart Food Stores sold doughnuts and baked goods under the DAWN mark in grocery stores in six New York counties starting in 1951. Dawn Donut’s DAWN doughnuts were sold in units more than 60 miles from Hart Food’s DAWN doughnuts units, and Hart Food had adopted the DAWN mark “without any actual knowledge of plaintiff’s use or federal registration of the mark.”

The Second Circuit handed down its *Dawn Donut* decision in 1959.81 Because Hart Foods had adopted its mark after Dawn Donut’s registration had been renewed, it had constructive notice of the mark and thus no defense under the *Tea Rose-Rectanus* doctrine. However, because Dawn Donut had not been using its mark in the same market as Hart Foods, the court refused to grant an injunction. It did state, though, that an injunction would be appropriate in the future if Dawn Donut could show that it intended to expand its use to the Hart Foods market. Thus, under

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80. See 2 Gilson on Trademarks § 5.06[1] (“In general, where the parties’ channels of trade and advertising methods are different, there is less opportunity for consumer confusion, and where they are the same, there is more opportunity for consumer confusion.”).

Dawn Donut, a junior user can continue using a trademark in its geographic area unless or until a senior user and federal registrant is prepared to expand into that area with its mark. Overall, the decision stands for the proposition that a court should only enjoin a concurrent use that creates a likelihood of confusion.

C. Tea Rose-Rectanus, Dawn Donut and the Impact of the Internet

A great deal has happened in the last century to the scale and geographic reach of American businesses, with dramatic advances in transportation, communications and marketing. Changes from the Model T Tea Rose-Rectanus days have been dizzying, and the Internet era with its all-encompassing impact on trademarks has been confounding. The common law doctrines of yesteryear still have vitality, but their reliance on geographic remoteness and good faith adoption has been called into question. While trademark law continues to evolve, there are unanswered questions galore. It is ironic, though, that the earlier remoteness and good faith concepts may even be strengthened by the recent trademark law trend requiring specific proof of irreparable harm before preliminary injunctive relief is available.

1. Geographic Remoteness, Common Law Territoriality and the Internet

Both the Tea Rose-Rectanus and Dawn Donut doctrines depend on the axiom that trademark rights extend only as far as trademark use. But with international Internet use and national rights from federal trademark applications and registrations, what can possibly be left of local use rights? The Tea Rose-Rectanus/Dawn Donut remoteness rules are surely limited today, and at least one modern commentator suggests that the Dawn Donut compromise is dead. The First Circuit issued a strong warning in 2001: “In the past, confusingly similar trademarks

82. See also John R. Thompson Co. v. Holloway, 366 F.2d 108, 114 (5th Cir. 1966) (“Where the unauthorized use of a conflicting mark is confined to a distinct and geographically separate market by the junior user, there may be no present likelihood of public confusion. . . . A registrant’s remedies are thus limited, and it has no presently enforceable rights in an area to which there is no presently provable probability of such expansion of the registrant’s services or reputation as will create a likelihood of confusion.”) (original emphasis).

83. Dawn Donut, 267 F.2d at 364 (“[T]he registrant may enjoin only that concurrent use which creates a likelihood of public confusion as to the origin of the products in connection with which the marks are used.”).

could exist simultaneously in different geographical areas or in different business sectors without creating consumer confusion. The internet has drastically changed this situation because a domain name is both unique and global in scope.85

The question is whether it is possible in the twenty-first century for businesses to operate in separate markets with no overlap. Despite the astonishing technological progress of the Internet and the huge popularity of online research and shopping, the answer, without qualification, remains: Yes. And Dawn Donut still has a pulse.

On the one hand, some courts have indeed questioned the viability of the common law territoriality doctrines in the Internet era and enjoined remote trademark uses. In a 1999 case involving credit unions whose members were “not confined to any particular geographic region,” the court explicitly rejected Dawn Donut.86 Both parties marketed their financial services on the Internet, “a medium in which geography is largely irrelevant,”87 according to the court. It found that the distances between the respective branch offices did not eliminate consumer confusion. Instead, it applied the circuit’s multifactor likelihood of confusion test despite the parties’ remote markets.88 And another court declared in dicta: “Many businesses, especially those accessible over the internet, may transcend local boundaries. In such cases, this court agrees that a traditional Dawn Donut analysis would be inappropriate.”89

One circuit judge notably questioned the modern applicability of Dawn Donut, though the Internet was not a factor in the case. Plaintiff Circuit City had registered CARMAX for used car superstores.90 Defendants used the same trademark for a used car business in Northeast Ohio, but began their use only after Circuit City’s federal registration issued. The appeals court affirmed injunctive relief against defendants, concluding that “once there is a finding of infringement, as in this case, the District Court was not required to find that Circuit City was about to enter the defendants’ market in order to grant injunctive relief.” A judge

87. Id.
88. See also Synergistic Int’l, LLC v. Korman, 470 F.3d 162, 175-76 (4th Cir. 2006) (weighing fact that plaintiff had not entered defendant’s marketplace in its consideration of whether to award damages for infringement); Brennan’s, Inc. v. Brennan’s Rest., LLC, 360 F.3d 125, 135 (2d Cir. 2004) (weighing geographic separation in likelihood of confusion factors; “We . . . note that, in the absence of actual confusion or bad faith, substantial geographic separation remains a significant indicator that the likelihood of confusion is slight.”).
concurring in the case made the commentary on *Dawn Donut* explicit:

The *Dawn Donut* Rule was enunciated in 1959. Entering the new millennium, our society is far more mobile than it was four decades ago. For this reason, and given that recent technological innovations such as the Internet are increasingly deconstructing geographical barriers for marketing purposes, it appears to me that a re-examination of precedents would be timely to determine whether the *Dawn Donut* Rule has outlived its usefulness.91

The Sixth Circuit in that case used geographic remoteness as only one of many factors to be taken into account in determining whether confusion is likely, rather than serving as a per se barrier to injunctive relief.92

On the other hand, some courts still use *Dawn Donut* in denying relief to senior users. Where a party is performing services locally rather than selling products, geographic separation may well eliminate likelihood of confusion. For example, in a case where customers had to apply in person for an online account at a local bank, the court followed the *Dawn Donut* rationale that “geographic boundaries limited overlap in [the] competitors’ consumer bases . . . thereby limiting the potential for confusion.”93 It skirted the argument that technological advances allowed consumers to view similar marks anywhere, any time, emphasizing that “geographic boundaries still play an important role in this and other cases.”

Another court enthusiastically applied *Dawn Donut* in a strip club trademark case. The owner of Ohio clubs (“Crazy Horse Cleveland” and “Crazy Horse Men’s Club”) claimed infringement by a club in Las Vegas (“Crazy Horse III”).94 The Ohio owner also had a federal registration. Holding that “territorial divisions may prevent confusion,” the court ruled that a geographically remote registrant should not (as the court suspected he was attempting to do) demand licensing fees where it had no plan to expand into Las Vegas. The Court then made a folksy observation: “Russell Road’s Crazy Horse is located in Las Vegas, ‘one of the country’s most

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91. *Id.* at 1057 (Jones, J., concurring).

92. *See id.* (“If a plaintiff can otherwise demonstrate a likelihood of confusion by a strong showing on the other seven factors, it seems an odd result that the same plaintiff cannot obtain an injunction against an infringer simply because the parties operate in different geographical regions.”).


popular tourist destinations,’ frequented by ‘bachelor party-goers’ and ‘sophisticated connoisseurs of exotic dance’ alike. The same cannot be said, this court is confident, about Ohio.”

The *Dawn Donut* rule equating geographic remoteness with a lack of confusion can still apply where one or both parties have an Internet presence. True, where a party sells physical goods over the Internet, it is more likely to expand its business geographically because consumers from across the country can potentially make purchases. As one court noted: “Marks on goods . . . may freely travel in the stream of commerce. Service marks are often more constrained in their territorial ranging.” But some products, like the baked goods in *Dawn Donut*, are typically purchased locally for consumption and are unlikely to travel to remote areas.

As for services, those that are entirely online, such as e-mail or music providers or gaming servers, are less likely to have sufficient remoteness to bar an injunction. However, services that are purely local, such as non-chain restaurants or piano or ballroom dance lessons, are more likely to be truly remote. The Second Circuit affirmed the denial of a preliminary injunction in favor of Brennan’s Restaurant in New Orleans against the New York “Terrance Brennan’s Seafood and Chop House.” The court explained that the “plaintiff faces a high hurdle to demonstrate that a single restaurant in New Orleans and a single restaurant in New York City compete for the same customers.”

Even the most local of businesses may have a website. Consumers may check a store’s hours of operation on their mobile phones before heading over, look at the biographies of service providers online before booking a service or send an e-mail with an order or inquiry. Nevertheless, the fact that anyone could learn about the business does not mean that just anyone will. A local business can remain local even if it has a website.

2. The Current Standard for Preliminary Injunctive Relief in Trademark Cases

A trademark preliminary injunction requires a showing of probable ultimate success by the plaintiff, as well as irreparable injury to it. For years, a showing of likelihood of success on the merits in trademark infringement cases led courts to presume that

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95. *Id.* (citations omitted).

96. *Cf.* Boldface Licensing + Branding v. By Lee Tillett, Inc., 940 F. Supp. 2d 1178, 1194 (C.D. Cal. 2013) (declining to apply the *Dawn Donut* rule in case where the registrant sold its products “over the internet and across the country” and had promoted them in national media; finding a “present likelihood” that the party would expand nationally).

97. Russell Rd. Food & Bev., 2013 U.S. Dist. LEXIS 11034, n.4 (“[G]eographic separation is especially important where service marks . . . are at issue.”).

98. *Brennan’s*, 360 F.3d at 134-35.
there was irreparable injury. The theory was that infringement would probably injure intangible assets such as reputation and good will. Over the past decade, however, there has been a dramatic change in the trademark law of irreparable injury.99

Courts began questioning the presumption of injury after the Supreme Court in a 2006 patent case, eBay v. MercExchange, rejected the frequently applied rule that if patent infringement is proved, an injunction will issue.100 It held that lower courts should apply the full standard, four-part equitable relief test for injunctive relief, rather than follow any shortcuts.

Since then, several lower courts have embraced the Supreme Court approach in trademark cases as well. The Ninth Circuit has expressly held that a plaintiff must separately establish irreparable harm in order to obtain a preliminary injunction in a trademark infringement case.101 The court declared: “Gone are the days when ‘[o]nce the plaintiff in an infringement action has established a likelihood of confusion, it is ordinarily presumed that the plaintiff will suffer irreparable harm if injunctive relief does not issue.”102 The First and Eleventh Circuits have also disapproved of the presumption, though in dicta. According to the First Circuit, “eBay has threatened the continued validity of the irreparable injury presumption in trademark cases.”103 And the Eleventh Circuit has held that “a strong case can be made that eBay’s holding necessarily extends to the grant of preliminary injunctions under the Lanham Act.”104 Several district courts have found that the presumption did not survive eBay.105

The steady erosion of the presumption of irreparable harm could well play a role in cases featuring territoriality issues.106 In the past, where a court presumed the existence of irreparable harm in an infringement case, it could issue a preliminary injunction without a showing that the senior user was going to enter the junior user’s territory. The Sixth Circuit, for example,

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99. See generally 3 Gilson on Trademarks § 14.02[3][b][ii].
101. Herb Reed Enters. v. Fla. Entm’t Mgmt., 736 F.3d 1239 (9th Cir. 2013).
102. Id. at 1250, quoting Rodeo Collection Ltd. v. W. Seventh, 812 F.2d 1215, 1220 (9th Cir. 1987).
held in 1999 in the *Circuit City* case that “no particular finding of likelihood of entry or irreparable harm is necessary for injunctive relief in trademark infringement or unfair competition cases.”107 Then it went on to grant injunctive relief despite the geographic remoteness of the parties.

A trademark plaintiff facing a remote alleged infringement today will likely have to make a showing of irreparable harm due to this shift in the law in order to obtain preliminary injunctive relief. In such cases, it should show how the defendant’s actions would harm its reputation and good will if left unchallenged, and the defendant would have to rebut that showing by claiming that its remoteness eliminated those threats to the plaintiff.

3. The Internet as Geographic Territory

One intriguing possibility is that, for trademark purposes, the Internet is its own, separate geographic space. While it would not qualify for sovereignty, this concept would replace the rubric that trademark rights are confined to on-the-ground areas of use in commerce. Under this theory, the party that first uses its mark on the Internet would have exclusive rights on the Internet.

One district court went out on this limb, declaring in dicta that it “may be possible to view cyberspace as its own distinct market. As such, it could be evaluated separately from any geographic territory to determine the level of ‘cyber-market’ penetration and, possibly, establish common law rights for internet sales using a mark even though such rights could not be established as to any physical geographical area.”108 The court went on, though, to find that the plaintiff had not established sufficient market presence anywhere, including on the Internet, to prove trademark use.

Nevertheless, the view has virtually no support elsewhere. For example, the Sixth Circuit vacated an injunction barring a party from using its mark at all on the Internet.109 There, the defendant had been found to have superior rights in central Ohio, and the appeals court refused “to affirm the district court’s conclusion that an injunction prohibiting [plaintiff’s] use of the mark in a specific geographic area necessarily precludes any use of the mark by [plaintiff] on the internet.” One district court put it more succinctly and emphatically: “By claiming exclusivity to [its] mark on the internet, the Plaintiff assumes that the internet is a territory in which he can establish exclusive rights. The internet is not, however, a geographic territory to be subdivided; instead, it is a

107. *Circuit City Stores*, 165 F.3d at 1056.
global communication medium that is accessible from anywhere on the planet.”

Treating the Internet as its own territory, and effectively granting exclusive online rights in a mark to a single business, is dangerous. Use of the Internet for sales, marketing, and consumer information is vital to most businesses today. For a small company that has one primary trademark, an injunction forbidding use of the Internet as a marketing channel could be tantamount to closing the business altogether. However, a coexisting Internet user should not be permitted to “target internet advertisements to consumers within another user’s exclusive territory or to advertise on locally focused web sites that target that market.”

D. Coexistent Use: Lanham Act Provisions Governing Geographic Coexistence of Trademarks

The Lanham Act adds some important twists to the common law geographic rules. For example, principal register registrations carry a form of nationwide use, concurrent registrations connote geographic limitations, and good faith prior use bars enforcing even incontestable rights to use a mark.

1. Federal Registration as Nationwide Constructive Notice

Where the senior user owns a federal trademark registration on the principal register, the Lanham Act sharply limits the effect of the *Tea Rose-Rectanus* doctrine. The Act provides that such a registration constitutes nationwide constructive notice of the registrant’s claim of ownership of the mark. Thus, if a junior user adopts a mark after a senior user has registered it, it cannot defend on the ground that it adopted the mark in good faith. Even just the filing of the senior user’s application means that no other use of that mark (or a confusingly similar one) is considered geographically remote. This substantial advantage frees the registrant from having to prove its good will in the junior user’s


111. Id. (The ability to sell and advertise goods and services online is “crucial for businesses of all sizes, whether they operate locally or nationally. . . . The rights of concurrent users would be substantially harmed if one user were able to monopolize the internet to the exclusion of other lawful users of the same mark.”).

112. Id. at 395 (finding that the defendants in that case had “taken reasonable measures” to be sure they were not using their mark online so that it would “intrude into the Plaintiff’s territory”).

113. 15 U.S.C. § 1072 (“Registration of a mark on the principal register . . . shall be constructive notice of the registrant’s claim of ownership thereof.”).

114. 15 U.S.C. § 1057(c); see 1 Gilson on Trademarks § 4.02.
territory or to disprove the junior user’s good will. The fiction of nationwide use stands as a strong incentive to obtain federal registration.

On the other hand, today an Internet-based company could conceivably establish common law rights nationwide without a federal registration.\(^{115}\) A business with an online presence could well sell trademarked products in all fifty states, and do so much more easily than a business with no online presence. One court did “recognize that the operation of an active web site on the Internet could constitute nationwide trademark use,” but ultimately found the record unclear as to which party was first to use the mark.\(^{116}\) An Internet-only company, the defendant had failed to show that it had used its mark in any specific market.

Why, then, would a common law user apply for federal registration if it can gain nationwide trademark rights simply by using the mark online to sell goods or services?\(^{117}\) To start, the user would have to make non-de minimis sales throughout the country, in each state. It would be a far-fetched business plan indeed that assumed no one else would use a conflicting mark in areas not yet reached. And the cost of an application is a small price to pay for ensuring nationwide protection, through nationwide constructive notice of its rights; prima facie evidence of validity, ownership and the exclusive right to use the mark in interstate commerce; the possibility of achieving incontestability; and the ability to record its mark with the United States Bureau of Customs and Border Protection.\(^{118}\) Besides, the amount of evidence the common law user would need in court to show nationwide use and such broad common law rights would be extraordinary.\(^{119}\)

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117. Adam V. Burks & Dirk D. Lasater, Comment, Location? Location? Location?: A New Solution to Concurrent Virtual Trademark Use, 11 Wake Forest J. Bus. & Intel. Prop. L. 329, 343 (2010-2011) (“[T]he implications of a nationwide common law right due to Internet-only use could be the exception that eats the rule—if a mark user can effectively get nationwide protection through Internet use, what purpose would registering with the USPTO serve?”).

118. Dudley, 883 F. Supp. 2d at 394 (“A user of a mark who does not seek federal registration risks the possibility that another user will independently adopt the same mark and establish exclusive rights to use the mark in a remote area.”). See 1 Gilson on Trademarks § 4.01 for the attributes of a federal registration.

119. See Glow Indus. v. Lopez, 252 F. Supp. 2d 962, 985 (C.D. Cal. 2002) (holding that senior user did not have nationwide rights despite sales on Internet cosmetics site and sales of product in fifty states where party failed to proffer any evidence “as to the volume or level of sales in any location, nor how [its] market penetration compares with that of its competitors”).
2. Concurrent Registration Proceedings

a. Concurrent Use Proceedings in General

The Lanham Act also authorizes the USPTO to issue concurrent use registrations to different parties. In theory, two businesses may use the same or confusingly similar marks in different areas of the United States under circumstances where the respective uses are unlikely to cause confusion. Section 2(d) of the Act provides:

[If the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to . . . [a given date, typically] the earliest of the filing dates of the applications pending or of any registration issued under this Act . . . .]

A concurrent use proceeding is “an inter partes proceeding in which the Board determines whether one or more applicants is entitled to concurrent registration.” This arrangement is not exclusive to the USPTO, however, because a court may also determine concurrent rights of two or more parties to use the same or similar marks. A concurrent registration is a restricted one

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120. See generally TMEP § 1207.04, TBMP Chapter 1100, and 3 Gilson on Trademarks § 9.01[2][a][iii]. Concurrent use registration proceedings are not available for registrations and applications to register marks on the supplemental register, or for applications based solely on Section 44 or Section 66(a). TMEP § 1207.04(a), (b); TBMP § 1105.

121. See, e.g., Nobelle.com LLC v. Qwest Commc'ns Int'l Inc., 66 U.S.P.Q.2d 1300 (T.T.A.B. 2003) (“A concurrent use registration, by its very nature, contemplates that the registered mark can and does function to identify more than one source. The registered mark can identify more than one source because each source's use of the mark is subject to conditions and limitations which eliminate likelihood of confusion . . . .”); Tamarkin Co. v. Seaway Food Town Inc., 34 U.S.P.Q.2d 1587 (T.T.A.B. 1995) (“The purpose of a concurrent use proceeding is to provide a forum for determining whether an applicant, whose right to an unrestricted registration is barred by the main clause of Section 2(d) due to the likelihood of confusion which would result from his unrestricted use of the mark on the identified goods, might nonetheless be entitled to a specially restricted 'concurrent' registration which imposes conditions and limitations on the applicant's use of the mark.”).


123. TMEP § 1506; TBMP § 1100.01.

124. 15 U.S.C. § 1052(d)(3); 37 C.F.R. § 2.99(f); TMEP § 1207.04(f) (“The USPTO may issue a concurrent use registration pursuant to the final determination of a court of competent jurisdiction that more than one person is entitled to use the same or similar marks in commerce.”).
onto which the Board has grafted conditions and limitations as to “the mode or place of use of the mark or the goods.”

An applicant may claim concurrent use if such use already exists when it applies for registration. Instead of claiming nationwide rights, the concurrent use applicant will typically request registration only in a specific geographic area and will name any other parties, known as “excepted users,” who have rights in other areas. It must specify any concurrent use of the mark by others, including the goods or services on which the mark is used concurrently, the areas of concurrent use, the periods of concurrent use, and the goods and the geographic area for which the applicant seeks registration. The other party may own a federal registration for the mark (even an incontestable one), an application to register it, or simply common law rights in the mark.

The concurrent use applicant must allege that it has used its mark in commerce before the relevant date, usually the earliest filing date of the other involved application or registration. That requirement is jurisdictional. A concurrent use proceeding may turn into major litigation and may place a significant burden on the USPTO, sorting out the respective rights and restrictions. The goal is to arrive at a sensible solution that protects the public, and the key question is whether the applicant’s use of the mark concurrently with that of the other parties will trigger likelihood of confusion.

Before the Internet era, geographic separation could often eliminate likelihood of consumer confusion and allow for coexistence. But today, even with physical separation, can

125. 15 U.S.C. § 1052(d); TMEP § 1506; TBMP § 1101.01.
126. TMEP § 1207.04(a).
127. See TBMP § 1106.05 (“It is the responsibility of the concurrent use applicant . . . to provide information . . . concerning each user’s use of its particular mark in its particular area or mode of use.”).
128. 15 U.S.C. § 1051. See TMEP § 1207.04(d); TBMP § 1102.01 (“A concurrent use application is an application in which applicant concedes that its use of the mark is not exclusive and provides the USPTO with all the information applicant has regarding others who are using the same or similar mark.”).
129. TMEP § 1207.04(a).
130. TBMP § 1103.01(a), (b). Unless the senior user consents to the applicant’s concurrent use registration, the applicant must show that its first use in commerce is before the filing date of the excepted user’s pending applications or issued registrations. TMEP § 1207.04(c).
132. Id. at 473-74 (“The touchstone . . . is the requirement that there be no likelihood of confusion, mistake or deception in the market place as to the source of the goods resulting from the continued concurrent use of the trademark. Only in satisfying this standard, can the Patent Office be sure that both the rights of the individual parties and those of the public are being protected.”); TBMP § 1101.01. See TBMP § 1103 for all of the requirements for a concurrent use application.
simultaneous users of the same mark for the same or related goods or services exist on the Internet without likely consumer confusion? And what happens when a trademark owner restricted by a concurrent use registration uses its mark on the Internet, a medium that is accessible to consumers worldwide?

In a 2005 opinion, the Board found “troubling” the fact of Internet trademark use combined with a request for concurrent use registration.133 “Indeed,” declared the Board, “in the age of the Internet, concurrent use registrations premised on geographically distinct uses appear to be a legal fiction as the Internet is accessible not only nationwide but world-wide.” Nevertheless, it overcame its discomfort and refused to issue a blanket prohibition on geographically restricted concurrent uses where one or both parties used their marks online. Businesses with websites, it concluded, were not necessarily nationwide, and consumers would understand that fact.

Since that opinion, the Board has become firmly convinced that geographic concurrent use is possible in the Internet era.134 It has followed a pre-Internet Federal Circuit decision that determined that “overlapping advertising and customer solicitation does not require a determination that there is a likelihood of confusion.”135 Applying that principle, it has allowed concurrent registrations in two different cases involving companies with presences online.

In the CDS case, the Board granted a concurrent use registration to CDS, Inc. for the state of Kansas and part of Missouri within fifty miles of Lanexa, Kansas, and restricted the registration of I.C.E.D. Management, Inc. to the remainder of the United States.136 Both parties used COPY CLUB for photocopying services. The registrant, I.C.E.D., argued that confusion would be inevitable even with the restrictions because both parties advertised their marks on the Internet. The Board declared definitively: “We do not believe that the creation of the Internet has rendered the concurrent use provision of the Trademark Act moot.”137 A fortuitous disclaimer on the applicant’s website stating that it did business only in seven states led the Board to conclude that, “in the context of a concurrent use proceeding, and because . . . advertising on the Internet does not automatically preclude


136. Id.

137. The Board found most of that use was de minimis and did not grant rights in the mark there.
concurrent use registration, we find that the presence of a disclaimer . . . is . . . helpful in avoiding confusion in this case.”

In a later case, *America’s Best Franchising*, the applicant sought concurrent use registration for these marks for hotel and motel services:

![Image of hotel and resort logos](image)

Applicant, America’s Best, sought registration covering the marks nationally, except in Arizona, where it conceded that Roger Abbott used the following mark for hotel services:

![Image of 3 Palms hotel logo](image)

Abbott owned the 3 PALMS hotel in Scottsdale, Arizona. He was senior user of the mark with a first use date in April 2004; America’s Best began using its marks in March 2008. Abbott had not used the mark outside Arizona, though he had made “fairly extensive” use of it online, promoting his hotel with ads on search engines and travel websites and in online directories. He testified that all his business came from online marketing. However, the Board found that America’s Best had acted in good faith and without knowledge of Abbott’s prior use, and found that confusion would be avoided by a geographic restriction in the registrations.

Abbott had argued that the trademark uses could not be divided geographically because both parties marketed online, and claimed that the relevant territory had to be the entire United States. The Board disagreed, finding that hotel services “are by definition rendered in a particular geographic location,” even if they are also sold elsewhere. Consumers, it found, search for hotels online by location and would not be presented with America’s Best’s hotels when looking for Arizona hotels. It continued: “[W]hile the record establishes that both parties make extensive use of the Internet, and that the Internet is a vitally important channel of trade and distribution for the parties’ hotel services, we

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do not believe that this renders the Act’s concurrent use proviso moot in this case.”

In these two cases, the Board found that “confusion, mistake, or deception [was] not likely to result from the continued use by more than one person of the same or similar marks under . . . limitations as to the . . . place of use of the marks . . . .”139 Although these cases were correctly decided, in a future case involving both parties’ Internet use it is surely conceivable that the Board would have to deny registration because geographic restrictions would be insufficient to avoid confusion.

Both of these cases involved services—photocopying and hotels—that were advertised online but were offered only locally. It will be more difficult to find acceptable concurrent use in cases involving the online sale of goods. For example, assume that the USPTO grants concurrent use registrations to two companies selling cat hammocks under the mark FELINE SWINGERS in disparate areas of the country. Perhaps consumers hear of one when it sells its goods on Amazon or through Wal-Mart, or was written up in O, THE OPRAH MAGAZINE. Consumers looking up “cat hammocks” or “feline swingers” on a search engine could easily encounter both companies and assume they were in fact the same or connected. Even if, when purchasing, they are told that one company sells only in certain states, they may have already been confused.

Each trademark case is decided on its particular facts, or, put more colloquially, no trademark case has a twin brother. So a case involving services could also generate confusion. For instance, two parties using OUT FROM UNDER YOUR MATTRESS for online banking services could cause consumers to be confused. With a mark so distinctive, consumers looking online for either bank by mark are quite likely to experience source confusion. Services that are not actually provided online are probably less likely to generate confusion from online coexistence, however.

Concurrent use proceedings are rare, but it seems only a matter of time before the Board must squarely question the viability of the concurrent use doctrine in an Internet case. The parties may have some geographic separation in their uses of a conflicting mark, but in many situations involving simultaneous Internet marketing under such marks, confusion may well be inevitable.

b. Natural Expansion

The concurrent use applicant’s area of use need not be limited to the area of its actual use. The USPTO will allow a registration only as far as the subsequent user “can establish that no likelihood

of confusion exists and that it has concurrent rights in its actual area of use, plus its area of natural expansion.”140 If the applicant was the prior user, it may seek registration for the entire United States “except for the subsequent user’s area of actual use and (possibly) natural expansion.”141 The concurrent use applicant must show “a strong probability of future expansion” into an area for it to be recognized as a natural expansion.142 The extensive inquiry focuses on “the party’s (1) previous business activity; (2) previous expansion or lack thereof; (3) dominance of contiguous areas; (4) presently-planned expansion; and, where applicable (5) possible market penetration by means of products brought in from other areas.”143

Selling goods or services online could arguably be within a brick-and-mortar company’s zone of natural expansion, but the question is to what geographical extent. A district court in Indiana began, at least, to grapple with this question. There, the plaintiff shopping mall claimed that Internet comparison shopping, the defendant’s service, lay in the plaintiff’s zone of natural expansion.144 The court ultimately did not decide whether online shopping was in the zone of natural expansion of plaintiff’s physical shopping mall, but instead granted a new trial based on evidence that online shopping was directly competitive with plaintiff’s shopping mall and therefore not an area into which it would reasonably expand. Nevertheless, it seems possible for many if not most offline businesses to expand online, if only by providing information to consumers. The expansion at issue would not be geographic or new product expansion but instead expansion into new ways of selling a product.

Another issue is whether a mark used online is likely to penetrate geographic markets beyond the owner’s area of actual

140. Pinocchio’s Pizza v. Sandra, Inc., 11 U.S.P.Q.2d 1227 (T.T.A.B. 1989) (emphasis added). See 3 Gilson on Trademarks § 11.08[3][e][iv][B] for more on the zone of natural expansion. The doctrine of natural expansion also applies to a party’s logical expansion of the goods or services it offers, though that application is not relevant here.

141. TBMP § 1103.01(d)(2).

If the applicant was a subsequent user, and it is not claiming that the prior user has abandoned its rights, “the concurrent use applicant normally will seek registration not only for its area of actual use but also for its area of natural expansion.” TBMP § 1103.01(d)(2). If the right to use of the other party to the proceeding has become incontestable, the concurrent use applicant’s registration will be limited to its area of actual use of the mark before it had actual or constructive notice of the prior registrant’s rights. TBMP §§ 1103.01(d)(2), 1105.

142. In re Beatrice Foods, 429 F.2d at 475.

143. Weiner King, Inc. v. The Weiner King Corp., 615 F.2d 512 (C.C.P.A. 1980). See also, e.g., Spartan Food Sys., Inc. v. HFS Corp., 813 F.2d 1279, 1283 (4th Cir. 1987) (following these factors); Natural Footwear, Ltd., 760 F.2d at 1398 (same); Diamonds Direct USA, Inc. v. BFJ Holdings, Inc., 104 U.S.P.Q.2d 1865 (E.D. Va. 2012) (same).

use. There cannot be a generalized answer to this problem. Is the product a localized service, like snow plowing, or a physical good to be sent to the consumer, like a piece of clothing? If it is the former, then an Internet presence is not likely to expand the geographic area much, if at all, as a zone of natural expansion; if it is the latter, then consumers from all over the United States might potentially make a purchase. There will always be the unknown factor of Internet users surfing around and happening upon a site, but offline advertising would be relevant as would whether the trademark owner has used various search engine optimization options to try to get its site higher up on search engine result lists.

In order to constitute commercial use, sales have to be more than sporadic and de minimis. Even if it has made Internet sales dotted around the country, the trademark owner does not necessarily have rights in those areas. Thus, a simple Internet presence does not suggest natural expansion of a business into the entire United States, even if there is the potential for nationwide sales.

c. Mode of Use Restrictions

A concurrent use applicant could conceivably request restrictions on the mark’s “mode of use” rather than geographic restrictions. These could include the form in which a mark is used, such as a requirement that it be used adjacent to a house mark or certain trade dress, or even with a “not connected with” disclaimer.

The authority of the Board and the courts to condition modes of use of a mark could well reduce confusion online. Mode of use restrictions that can be incorporated into the parties’ goods identifications, such as limiting channels of trade, do not require a

145. See W. Scott Creasman, Establishing Geographic Rights in Trademarks Based on Internet Use, 95 TMR 1016, 1030-31 (2005) (“A test for the zone of market penetration is easily articulated and can be covered in a single factor. A simple examination of the number and distribution of sales that have been made over the Internet will illustrate, like pins in a map, the specific geographic points where an Internet business has penetrated the market…. [However, a] zone of reputation is more difficult to accurately determine…. For example, ten buyers scattered widely across an urban area of one million persons would likely be insufficient to infer any geographic area of reputation … between these points.”).

146. 15 U.S.C. § 1052(d) (“In issuing concurrent registrations, the Director shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons.”); 37 C.F.R. § 2.42. See generally TBMP § 1103.01(d)(3).

147. TBMP § 1103.01(d)(3). See also Nobelle.com LLC, 66 U.S.P.Q.2d 1300 (mode of use restrictions in nine concurrent use registrations allowing registrants to use mark only with geographic modifier); Tamarkin Co., 34 U.S.P.Q.2d 1587 (“Mode of use’ refers to the manner of displaying the mark, e.g., where the mark is displayed only in a certain stylization, or only in conjunction with a particular trade dress or house mark, or only in conjunction with a disclaimer of affiliation.”).
concurrent use proceeding.\textsuperscript{148} For those, the applicant can agree to incorporate them into its drawing or identification of goods. If it cannot obtain a registration in this way, or if it is unwilling to make such an amendment, then it may file an opposition or petition for cancellation.\textsuperscript{149} The Board has power under Section 18 of the Lanham Act to “restrict or rectify . . . the registration of a registered mark,”\textsuperscript{150} though the USPTO considers geographic limitations exclusively in concurrent use proceedings.\textsuperscript{151} The Board may restrict channels of trade in cancellations or opposition proceedings, as it did in one case, confining the opposer’s registration to certain computer programs sold primarily to medical professionals and the applicant’s registration to those sold primarily to elementary and secondary schools and families.\textsuperscript{152}

Typically, “[c]oncurrent registrations involving ‘mode of use’ conditions and limitations . . . only arise as a result of a court’s order or decision, wherein the court, as part of its equitable resolution of the parties’ dispute, imposes conditions and limitations on a party’s right to use and register its mark.”\textsuperscript{153} Indeed, courts have considerable flexibility in ordering conditions of concurrent use. For example, in one of the more bizarre trademark cases, a district court in New York faced a series of unappetizing trademarks for menu items.\textsuperscript{154} The defendants, in their Las Vegas restaurant, the Heart Attack Grill, offered the Single Bypass Burger, Double Bypass Burger, Triple Bypass Burger and Quadruple Bypass Burger. Plaintiffs, owners of a New York deli, sold the Instant Heart Attack Sandwich and proposed to add a Triple Bypass Sandwich. In its decision, the court issued a Solomonic order, though it did appear that protection of the public was not uppermost. It accepted the parties’ agreement that the plaintiffs could sell their Instant Heart Attack Sandwich in Manhattan with menu advertising, online and on signs. As for the Triple Bypass Sandwich, the court “authorize[d] a concurrent use scheme” whereby the plaintiffs could use the name of the sandwich only in its menus, without using any images of the sandwich, and

\begin{itemize}
\item \textsuperscript{148} Id.
\item \textsuperscript{149} TBMP § 1103.01(d)(3) (“Usually, ‘mode of use’ cases arise before the federal district courts, which, for equitable reasons, may permit a continuation of concurrent use even if there is some resulting confusion. . . . In contrast, when concurrent registration is sought by way of a concurrent use proceeding before the Board, the Board cannot allow registration if it finds that there would be a likelihood of confusion from the continued concurrent use of the trademarks.”).
\item \textsuperscript{150} 15 U.S.C. § 1068.
\item \textsuperscript{151} 37 C.F.R. § 2.133(c); TBMP § 309.03(d).
\item \textsuperscript{153} Tamarkin Co., 34 U.S.P.Q.2d 1587.
\item \textsuperscript{154} Lebewohl v. Heart Attack Grill, LLC, 890 F. Supp. 2d 278 (S.D.N.Y. 2012).
\end{itemize}
no signs could refer to the sandwich. With the level of detail in this decree, the court has likely not seen the last of this case.

3. Innocent Local Use as Defense to Incontestable Right to Use Mark

The Lanham Act also treats innocent local use of a trademark as a possible defense to infringement. Where a junior user adopts a mark in good faith after a senior user has adopted its mark but before the senior user files an application for registration, the junior user can still qualify as a concurrent user.\textsuperscript{155} Section 1115(b)(5) provides that even conclusive evidence of the right to use an incontestable registered mark may be subject to the following defense: “[T]he mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant’s prior use and has been continuously used by such party . . . from a date prior to . . . the date of constructive use of the mark . . . .”\textsuperscript{156} Geographic remoteness is not, though, an element of the innocent use defense under Section 1115(b)(5),\textsuperscript{157} which only applies “for the area in which such continuous prior use is proved.”\textsuperscript{158}

This version of the innocent local use defense freezes the junior user’s rights in its market area when the senior user’s registration issues.\textsuperscript{159} In order to determine that area in a case involving Internet use, a court would have to examine evidence submitted by the junior user in which physical sales that resulted from an Internet presence were sufficiently continuous and not de minimis.\textsuperscript{160}

E. Relief in Cases of Internet Coexistence

Limiting concurrent use registrations geographically is only one remedy a court has to prevent consumer confusion. Where the coexistence of two similar domain names causes confusion, parties

\textsuperscript{155} See Part IV.A \textit{supra} for the common law version of this defense, and see generally 3 Gilson on Trademarks § 11.08[3][e].

\textsuperscript{156} 15 U.S.C. § 1115(b)(5).

\textsuperscript{157} Quiksilver, Inc. v. Kymsta Corp., 466 F.3d 749, 761-62 (9th Cir. 2006) (finding no remoteness element in the text of the Act, though it was an element of the common law defense); \textit{Emergency One, Inc.}, 332 F.3d at 272 n.4 (finding that the Lanham Act “appears to have eliminated ‘remoteness’ as a requirement for the defense”). However, geographic remoteness would be relevant to a showing of good faith in adopting the mark.

\textsuperscript{158} 15 U.S.C. § 1115(b)(5).

\textsuperscript{159} See \textit{Thrifty Rent-A-Car Sys., Inc. v. Thrift Cars, Inc.}, 831 F.2d 1177, 1181 (1st Cir. 1987) (“A pre-existing good faith user’s rights are frozen to the geographical location where the user has established a market penetration as of the date of registration. Such users are unable thereafter to acquire additional protection superior to that obtained by the federal registrant.”).

\textsuperscript{160} For more on establishing common law rights through Internet use, see Part III.A \textit{supra}.
have several alternatives tailor-made for such situations. They can proceed under the Anticybersquatting Consumer Protection Act (ACPA), the Uniform Domain Name Dispute Resolution Policy (UDRP) or, for a domain name under the new TLDs, the Uniform Rapid Suspension System (URS).\(^\text{161}\) The ACPA and UDRP provide for either cancellation of the offending domain name or its transfer to the prevailing plaintiff, and the ACPA also allows for statutory damages.\(^\text{162}\) However, a successful complainant under the URS will only be granted suspension of the offending domain name for the remainder of its registration term.\(^\text{163}\) These solutions are all or nothing, with clear winners and losers, although the parties can always enter into a settlement agreement providing for some type of concurrent use.

There are other remedies, however, that are less heavy-handed and better suited to non-domain name disputes. Take disclaimers, for instance. Although courts are typically skeptical of disclaimers of affiliation,\(^\text{164}\) the Board has a more sanguine view of them. For example, approving a disclaimer in the concurrent use \textit{CDS} photocopying case that specified the states in which a party could use its mark,\(^\text{165}\) the decision is echoed in the Trademark Trial and Appeal Board Manual of Procedure (TBMP) for parties considering concurrent use settlement agreements:

\begin{quote}
[M]easures may be taken to reduce the possibility of consumer confusion with respect to [Internet] advertising. Examples include: a statement on each party’s website that it is not affiliated with the other party or parties; a statement on the website indicating the party’s specific geographic area of use;
\end{quote}

\(^{161}\) See generally 2 Gilson on Trademarks § 7A.06 for more on actions under the ACPA and UDRP and § 7A.02[1][b] for more on the URS.


\(^{163}\) URS Procedure 10.

\(^{164}\) Some courts disapprove of online disclaimers because they believe that initial interest confusion has already occurred when a consumer arrives at the incorrect website. See, e.g., PACCAR, Inc. v. TeleScan Techs., 319 F.3d 243, 253 (6th Cir. 2003) (“An infringing domain name has the potential to misdirect consumers as they search for web sites associated with the owner of a trademark. A disclaimer disavowing affiliation with the trademark owner read by a consumer after reaching the web site comes too late. This ‘initial interest confusion’ is recognized as an infringement under the Lanham Act.”). Or they find disclaimers irrelevant under the ACPA, which simply requires a domain name to be identical or confusingly similar to the plaintiff’s mark and does not take site content into account. See, e.g., Newport News Holdings Corp. v. Virtual City Vision, Inc., 650 F.3d 423, 437 (4th Cir. 2011) (“Given that [defendant’s] domain name was identical to [plaintiff’s] mark, we find that the district court correctly held that [defendant] created a likelihood of confusion as to the source of the site.”); Web-adviso v. Trump, 927 F. Supp. 2d 32, 42 (E.D.N.Y. 2013) (finding that the wrongs the ACPA was intended to prevent “would hardly be prevented if individuals could register domain names similar or identical to protectable marks, so long as there is a disclaimer somewhere on the website itself”).

\(^{165}\) CDS, Inc., 80 U.S.P.Q.2d 1572. See Part IV.D.2.a \textsuperscript{supra}.
and displaying the subject mark on the website in close association with another mark or trade name or in a certain form.\footnote{166}

Indeed, it makes sense for applicants for concurrent use registrations to address these points in their initial filings to assist the Board and streamline the proceedings.\footnote{167}

Issues remain as to the acceptability of disclaimers, however. If one is placed only on a site’s homepage, consumers entering the site through an internal page may not encounter it. Consumers may also not notice a disclaimer on an information-filled web page when clicking on the site casually.

A court could also order one party to use a hyperlinked redirection on its home page or other relevant web pages connecting a user to the other party’s website.\footnote{168} Or it could require the existence of a neutral web page that would contain hyperlinks to both parties’ websites,\footnote{169} as a district court in Massachusetts did in 2000.\footnote{170} After finding that plaintiff Northern Light Technology, Inc. would be likely to win its infringement suit against defendants Northern Lights Club, the court ordered defendants to black out the screen of their website and replace it with text directing consumers to plaintiff’s and defendants’ sites:\footnote{171}

\begin{itemize}
\item \footnote{166} TBMP § 1110.
\item \footnote{167} See Part IV.D.2.c supra on the mode of use of goods and services in a concurrent use proceeding.
\item \footnote{168} Robert Nupp, Concurrent Use of Trademarks on the Internet: Reconciling the Concept of Geographically Delimited Trademarks with the Reality of the Internet, 64 Ohio St. L.J. 617, 655 (2003) (“[A] court could order concurrent users to place links on their respective websites pointing to the other party’s website. This link would undoubtedly need to be accompanied by a description or disclaimer explaining the other party’s interest (e.g., describing the other party’s market or expressly disclaiming the other party’s market).”); Burks & Lasater, 11 Wake Forest J. Bus. & Intell. Prop. L. at 346 (suggesting having coexisting trademark owners link to each other’s sites).
\item \footnote{169} Nupp, 64 Ohio St. L.J. at 655-56 (“Another remedy option for a court would be to order the concurrent users to place links pointing to their websites on a single website located at the domain name in dispute and order them further to provide a description next to their links to provide a websurfer with information regarding the identity and market area of the concurrent user.”); Dale M. Cendali et al., An Overview of Intellectual Property Issues Relating to the Internet, 89 TMR 485, 522 (1999) (“One possibility is for companies to share a domain name. Thus, using the Apple.com example of Apple Records, Apple Computers, and the New York State Apple Growers Association, whenever an Internet user would type in “Apple.com,” it would arrive at a website on which all three “Apple entities” would be listed. The user would then simply click on the icon for the “Apple entity” about which it was seeking information.”); Burks & Lasater, 11 Wake Forest J. Bus. & Intell. Prop. L. at 346 (A “neutral site could serve as a clearinghouse for both sites, with links to both pages . . . .”).
\item \footnote{170} N. Light Tech., Inc. v. N. Lights Club, 97 F. Supp. 2d 96 (D. Mass. 2000), aff’d, 236 F.3d 57 (1st Cir. 2001).
\item \footnote{171} This image, from March 2000, is copied from the Internet Archive Wayback Machine at https://web.archive.org/web/20000303142502/http://www.northernlights.com/.
\end{itemize}
This approach, however, could allow more attention to be given to the lesser-known entity at the expense of the more successful party.\textsuperscript{172}

Courts could also require concurrent Internet users to utilize regionalized TLDs. One commentator writing in 2002 suggested .north, .south, .east and .west.\textsuperscript{173} Those do not appear on ICANN’s list of new TLDs; the only relevant choices on that list would be .nyc and .boston, which are unlikely to work for many cases of concurrent use.\textsuperscript{174} This solution, even if technically feasible, would only alleviate some confusion due to domain name similarity. Consumers searching for goods and services on search engines may not even be aware of the domain names of the sites they reach.\textsuperscript{175}

Commentators have further suggested Internet Protocol (IP) geolocation restrictions, meaning that the physical location of a consumer requesting access to a website would determine whether

\textsuperscript{172} Cendali, 89 TMR at 523 (“Although this solution may help to resolve competing rights cases, especially where the interested parties’ marks are of roughly the same fame, it will likely not be an effective compromise where one party derives a disproportionate advantage from being on the same portal page as a more famous entity (although additional compensation from the lesser-known entity or a more prominent placement for the more famous entity could address that issue) or in the cybersquatter context where one party has no legitimate right to use the name.”).

\textsuperscript{173} Nupp, 64 Ohio St. L.J. at 666. \textit{See also} Benjamin Prevas & Xiaoyong Yue, \textit{Digital Turf Wars: Issues and Solutions Relating to Concurrent Use in a Cyberspace Context}, 9 Wake Forest Intel. Prop. L.J. 177, 202-03 (2008-2009) (suggesting the creation of “new region specific TLDs”); Burks & Lasater, 11 Wake Forest J. Bus. & Intell. Prop. L. at 347 (“[T]he sites could be required to purchase and sustain a regional or generic top-level domain name, which would help to distinguish the sites, while still allowing concurrent use of the marks. With the modern release of 1000 new generic top-level domain names each year . . . , this seems like a possibility for the avoidance of confusion.”) (footnote omitted).

\textsuperscript{174} \textit{See generally} http://newgtlds.icann.org/en. There is an application for .vegas, but ICANN’s Geographic Names Panel determined that it does not fall within the criteria for a geographic name contained in the Applicant Guidebook Section 2.2.1.4.

\textsuperscript{175} \textit{E.g.}, Prevas & Yue, 9 Wake Forest Intell. Prop. L.J. at 202 (“[T]he effectiveness the domain name would have on dispelling confusion . . . would depend upon whether or not the consumer who reaches the web-page through a search engine or hyperlink looks at the domain name.”).
or not he or she could actually reach it. ID. at 203-05 (A “concurrent user who chooses to have a website could restrict users from outside her realspace territory from accessing the website.”).

176 There are definitely clever, creative solutions that could limit confusion due to concurrent Internet use. Although the Internet and concurrent trademark users have been around for two decades, courts are extremely reluctant to implement any of these solutions. Whether or not they are viable is presently irrelevant because courts have shown no enthusiasm for such particularized decrees. It is not just a matter of waiting for courts to become more familiar with the Internet; they are apparently not in favor of extreme relief in the form of, say, regionalized TLDs or IP geolocation restrictions. And though disclaimers may be within courts’ comfort zones, many are unconvinced of their effectiveness.

V. CHANNELS OF TRADE

Courts also focus on trademark coexistence when they analyze the parties’ channels of trade in determining likelihood of confusion. See generally 2 Gilson on Trademarks § 5.06.

Channels of trade are a basic component the courts of appeals review in their determinations, though they describe the factor variously. The Restatement (Third) of Unfair Competition includes in the market factors to be considered “the degree of

177 See also TMEP § 1207.01 (listing factors including “the similarity or dissimilarity of established, likely-to-continue trade channels” as possibly relevant in an ex parte likelihood of confusion determination).
similarity in the . . . channels of distribution used for the respective goods or services.”¹⁷⁹ The trade channels factor asks where and how the parties sell their goods or services, and generally tracks the relationship of the goods or services. Those that are related are often sold together.¹⁸⁰

How does the channels of trade factor relate to the basic likelihood of confusion determination? In general, where the channels are the same or overlapping, there is more opportunity for consumers to encounter the two products, and there is thus more opportunity for confusion and therefore a greater overall likelihood of confusion if the marks and products are similar.

Consumers may also be more likely to believe that two products sold in the same retail outlets are made by the same producer, in the same way they could be more likely to believe that related goods are made by the same producer. As the Restatement declares, “similar marks used on goods sold through single-brand distributors may be less confusing than when used on goods sold through multi-brand outlets, and goods sold only at discount outlets might not be confused with goods sold only in specialty shops.”¹⁸¹

In the Internet context, courts should be asking whether consumers will come across both parties’ goods or services when they are online. This could be on the same page or related pages in a website or in search engine results (sponsored or not). Even if they are not for sale on the same site, both products could be reviewed on a site such as Yelp or discussed near each other on an online forum. If the parties only sell their goods or services on their own official websites, for example, or if one sells to retail customers and the other to wholesale customers, those facts would tilt this factor against a likelihood of confusion.

Moreover, the ease of surfing around the Internet makes it at least somewhat more likely that consumers will come across non-identical products than they would in a typical retail store. One court rejected a defendant’s argument that consumers would not be exposed to his hip-hop and Latin dance music along with plaintiff’s reggae music, saying:

[D]efendants’ attempt to minimize the effect of the internet and paint the music marketplace as a divided world where consumers ignore cross-genre marketing is unpersuasive. Moreover, defendants’ legal support for this characterization

¹⁷⁹. Restatement (Third) of Unfair Competition § 21(b).
¹⁸⁰. Barton Beebe, An Empirical Study of the Multifactor Tests for Trademark Infringement, 94 Cal. L. Rev. 1581, 1643 (2006) (“The factors relating to the similarity of the parties’ advertising, marketing, and sales facilities all tended to be redundant of the proximity of the goods factor in the circuits that consider these issues separately from the proximity factor.”).
¹⁸¹. Restatement (Third) of Unfair Competition § 21 cmt. g.
pre-dates the widespread commercialization of the internet, and is therefore distinguishable. Gone are the days when music consumers went to the neighborhood record store to browse an aisle carefully organized into genres by a music aficionado. Tower Records has been replaced by iTunes, traditional marketing campaigns by Facebook banner ads and YouTube videos, and both plaintiff and defendants make substantial use of these online tools. Both also make substantial use of traditional marketing, such as live concerts, and do so at identical or similar venues. Thus, this factor weighs in favor of plaintiff.182

This assumption may not be true with all non-identical products and services, but it is true for some, and it goes to the heart of why shopping on the Internet differs from shopping in physical stores.

**A. The Trademark Trial and Appeal Board on Channels of Trade**

The Board has not been consistent in its views of whether Internet sales by the parties are made in the same channel of trade. In a few opinions, it espouses the oversimplified view that when the simultaneous sales of goods or services are made on the Internet, they are offered in the same channel of trade and thus tilt in favor of finding a likelihood of confusion.183

Other Board opinions are more nuanced, however. In one nonprecedential case, although the applicant had admitted that both parties' services were “offered through the same channels of trade, namely, through the internet,” the Board reasoned: “We are not finding that the internet is a monolithic entity and that just because both parties render their services through the internet means that the services move in the same channels of trade.”184

Indeed, the Board has found persuasively that simultaneous sales of goods on the Internet does not mean they are sold in the same

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183. *E.g.*, America’s Best Franchising, Inc., 106 U.S.P.Q.2d 1540 (“The evidence of record establishes that the parties’ services in fact are offered in the same channels of trade, specifically the Internet.”); United States Conf. of Catholic Bishops v. Media Research, Inc., 2005 TTAB LEXIS 177 (T.T.A.B. 2005) (“The trade channels through which both parties’ services are offered include the Internet. Thus, the involved services are offered through at least one of the same trade channels. This factor favors petitioner.”) (citation omitted); Boomerang.com, Inc. v. Market Tools, Inc., 2005 TTAB LEXIS 377 (T.T.A.B. 2005) (“[A]ccording to the evidence of record, both parties are currently using the Internet in order to provide a way for customers to use their services and to promote their respective services to prospective customers. Accordingly, we find that the channels of trade are identical.”).

channels of trade. The particular facts are, as always, controlling.

A key Internet channel of trade question is whether the goods or services are related. The closer they are, the more likely a consumer is to find both in a search engine results list, on the same site or the same page of the same site. In one case, the Board stated: “Given that the parties’ services are closely related, we find that they travel in the same trade channels over the Internet.” And where the goods or services are identical, the Board holds generally that they must be presumed to travel in the same channels of trade. By contrast, if the goods or services are unrelated, consumers are unlikely to encounter both in the same

185. E.g., In re Lil Fats, Inc., 2013 TTAB LEXIS 412 (T.T.A.B. 2013) (“While [the services of the applicant and those in the cited registrations] all presumably use the Internet to advertise or provide their services, this alone is not sufficient to find that the trade channels overlap in a manner that creates a likelihood of confusion.”) (not citable as precedent); Scientific Solutions, Inc. v. Scientific Solutions LLC, 2012 TTAB LEXIS 86 (T.T.A.B. 2012) (“Nor would the common presence of the parties’ marks on the Internet prove that the goods offered under the marks would be perceived as emanating from a common source.”) (not citable as precedent); In re Torn & Glasser, Inc., 2010 TTAB LEXIS 408 (T.T.A.B. 2010) (“To be perfectly clear, we do not base our finding on trade channels based on the mere fact that both applicant’s and registrant’s goods are available on the Internet . . . . We agree with applicant that this is of little, if any, significance.”) (not citable as precedent); PC Club v. Enpower Servs., Inc., 2003 TTAB LEXIS 599 (T.T.A.B. 2003) (“Since virtually all products and services can be sold through the Internet and by direct solicitation, this does not establish that the channels of trade for the goods and services are similar.”) (not citable as precedent); Parfums de Coeur, Ltd. v. Lazarus, 83 U.S.P.Q.2d 1012 (T.T.A.B. 2007) (“The mere fact that goods are offered through the Internet on separate websites is not a sufficient basis for us to find that the goods are sold in the same channels of trade. . . . [M]erely because the medium of the Internet is involved is not a sufficient basis to show that the conditions and activities surrounding the marketing of the goods and services are such as to lead to confusion.”).

186. E.g., Message in a Bottle, Inc. v. Cangiarella, 2010 TTAB LEXIS 251 (T.T.A.B. 2010) (“Because myriad goods and services are offered through the internet, the mere fact that applicant’s goods and opposer’s services are offered through this channel of trade has limited effect. However, it is clear that opposer and applicant offer their respective services and goods to the same classes of consumers, and those seeking to obtain such goods and services may do so by an Internet search. This du Pont factor must be considered to favor opposer.”) (not citable as precedent); In re Ebates Shopping.com, Inc., 2008 TTAB LEXIS 681 (T.T.A.B. 2008) (“A manufacturer or supplier in its search on the Internet for a company to devise a sales promotion program for its business may encounter both applicant’s and registrant’s services at the same time.”) (not citable as precedent); Amazon.com, Inc. v. Kalaydjian, 2006 TTAB LEXIS 443 (T.T.A.B. 2006) (“Regarding the channels of trade, both the involved application and opposer’s pleaded registrations specifically identify the services as being offered or intended to be offered via the Internet. Therefore, there is no genuine issue that the trade channel for the parties’ services is identical. We must therefore assume that the same potential class of consumers (that is, purchasers of cosmetics, soaps, and perfumes via the Internet) would encounter both applicant’s and opposer’s services. This du Pont factor also favors a finding of likelihood of confusion.”) (not citable as precedent) (citation omitted).


Internet search or online session.\textsuperscript{189} Evidence that two products are sold on the Internet does not mean the goods are related,\textsuperscript{190} though examining attorneys may present screenshots of third-party web pages to indicate that two types of goods might be sold together online.\textsuperscript{191}

The Board has also scrutinized the types of websites that are involved. For example, where the sites offering both parties’ goods are more specialized, the channels of trade will likely be found to be the same or similar.\textsuperscript{192} In those cases, the goods were related as

\begin{itemize}
\item \textsuperscript{189} E.g., Globo Comunicacao E Participacoes S.A. v. Media Globo Corp., 2012 TTAB LEXIS 354 (T.T.A.B. 2012) (“Opposer has provided no arguments or evidence that the ordinary trade channels of financial/venture capital services are similar to or overlap with the trade channels and customers of entertainment services, television production, broadcasting services, or provision of news and entertainment via a website. While they both use the Internet to advertise or provide their services, this alone is not sufficient to find that the trade channels overlap in a manner that creates a likelihood of confusion.”) (not citable as precedent); Sportslife Enters. v. SportsLife Camps, Inc., 2009 TTAB LEXIS 509 (T.T.A.B. 2009) (“Even though applicant also advertises its services via the Internet, we are not persuaded that the mere common presence on the Internet of websites or information about opposer and applicant will lead to a likelihood of confusion among prospective consumers of the very different services.”) (not citable as precedent); Standard Knitting Ltd. v. Toyota Jidousha Kabushiki Kaisha, 2006 TTAB LEXIS 9 (T.T.A.B. 2006) (“Opposer . . . argues that the channels of trade for clothing and automobiles overlap in that both parties market their products over the Internet. In support of this contention, opposer has introduced printouts of pages from the eBay auction website showing that clothing and vehicles can both be found on the website. . . . [S]imply because automobiles and clothing may both be marketed over the Internet does not lead to the conclusion that the goods would emanate from the same source. . . . The evidence does not establish that clothing and automobiles are related or that their sale even under identical marks would be likely to cause confusion.”).

\item \textsuperscript{190} E.g., Sharp Kabushiki Kaisha v. ThinkSharp, Inc., 2004 TTAB LEXIS 216 (T.T.A.B. 2004) (“Inasmuch as thousands of goods and services are offered through the Internet, the mere fact that both opposer’s goods and applicant’s services are offered through the Internet to ordinary consumers is certainly not a basis to find that they are related within the meaning of the Trademark Act.”) (not citable as precedent).

\item \textsuperscript{191} E.g., In re True Story Studios, 2014 TTAB LEXIS 11 (T.T.A.B. 2014) (not citable as precedent) (websites presented as evidence that sell both portrait photography services and graphic design services); In re Nutratek Health Innov., Inc., 2013 TTAB LEXIS 620 (T.T.A.B. 2013) (not citable as precedent) (same with custom manufacturing of nutritional supplements and research and development of nutritional supplements); In re Garment Group, Inc., 2013 TTAB LEXIS 603 (T.T.A.B. 2013) (not citable as precedent) (same with wool socks and wool jackets); In re Tsiyoni, 2013 TTAB LEXIS 591 (T.T.A.B. 2013) (not citable as precedent) (same with scooters and wheelchairs).

\item \textsuperscript{192} E.g., In re Reckitt Benckiser LLC, 2012 TTAB LEXIS 238 (T.T.A.B. 2012) (“Pages from the www.carolinasaucestores.yahoo.net, www.armadillopepper.com, and www.firegirl.com websites show that mustard, ketchup and sauces are sold through the same internet retail specialty sites and therefore travel in the same channel of trade.”) (not citable as precedent); In re Toshiba Med. Sys. Corp., 91 U.S.P.Q.2d 1266 (T.T.A.B. 2009) (“[T]he examining attorney has included internet websites showing that MRI and ultrasound equipment are sold in the same trade channels. See, e.g., www.amberusaa.com (MRI and ultrasound equipment); www.medical.philips.com (Imaging -- Magnetic Resonance and Ultrasound); www.absolutemed.com (Ultrasound and MRI Machines);”). In re Industria Licorera Quezalteca, S.A., 2008 TTAB LEXIS 688 (T.T.A.B. 2008) (“The Internet printouts submitted by the examining attorney from the retail websites www.goldrushliquors.com and www.missionliquors.com show that the involved goods can
well, further indicating trade channels in common.\textsuperscript{193} Goods that are sold on the same website may be found to move in the same channels of trade by virtue of that fact alone, but generally only if the goods are related.\textsuperscript{194}

Nevertheless, even sales on the same website do not automatically mean that the goods are sold in identical channels. One applicant’s goods—tool belt clips, wrist bands and work gloves containing magnets to hold screws and nails—were sold on Amazon.com, as were the goods arguably blocking registration under Section 2(d), “holders for articles of magnetic material such as knives, kitchen utensils, and hand tools.”\textsuperscript{195} The Board found that sales of both on Amazon.com did not by virtue of that fact indicate the same channel of trade “because it is common knowledge that virtually all products are sold through Amazon.com. With respect to the channels of trade factor, the fact that products are sold through Amazon.com is no more probative than saying that products are sold through the Internet.” The Board had much the same to say about auction site eBay, though in a more amusing manner:

The fact that opposer could enter the word “tundra” on the eBay search engine and pull up what appears to be a randomly ordered listing of hundreds of “tundra” goods, including cars and car parts, clothing, duck decoys, cereal bowls and underwater photo equipment, is clearly not proof that all these goods move in the same channels of trade or that they would all be perceived as emanating from a common source.\textsuperscript{196}
Depending upon content and layout, simultaneous sales on the same website could be much like sales in the same large retail store.\(^{197}\) It stands to reason that if the respective goods are in different areas of a store, consumers are less likely to be confused than if the goods shared shelf space.

**B. Federal Courts and Channels of Trade**

As to the weight to be given channels of trade in the Internet context, federal courts have reached conflicting results. Some have found that the balance tilts toward confusion where both parties use the Internet as a marketing channel.\(^{198}\) Others suggest, on the other hand, that although the Internet is a single channel of trade, it is still possible for consumers viewing the Internet to differentiate between parties offering similar products and advertising in similar media.\(^{199}\)

Because Internet sales are so ubiquitous, courts generally find parties’ simultaneous Internet sales and marketing to be a neutral factor.\(^{200}\) For example, the Sixth Circuit found that, even though consumers could learn about the goods and services at issue on the

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\(^{197}\) Cf. Sheller-Globe Corp. v. Scott Paper Co., 1979 TTAB LEXIS 3 (T.T.A.B. 1979) ("Not everything that is sold by a large retail establishment selling a plethora of otherwise unrelated goods is necessarily connected, within the meaning of § 2(d) of the Act, to every other product that happens to be displayed or offered under the same roof.").

\(^{198}\) E.g., Venture Tape Corp. v. McGills Glass Warehouse, 540 F.3d 56, 60-61 (1st Cir. 2008) (where party “admitted” to district court that “both companies use websites to promote and market their products,” channels of trade were same); PACCAR, Inc., 319 F.3d 243 (finding district court conclusion that use of the Internet as a marketing channel increases the likelihood of confusion was not clearly erroneous, despite a lack of proof regarding the effect of the Internet on confusion); Magpul Indus. Corp. v. Mayo, 2013 U.S. Dist. LEXIS 120320 (N.D. Ohio 2013); HTS, Inc. v. Boley, 2013 U.S. Dist. LEXIS 93323 (D. Ariz. 2013).

\(^{199}\) E.g., On-Line Careline, Inc. v. Am. Online, Inc., 229 F.3d 1080, 1087 (Fed. Cir. 2000) (finding that “the two services at issue are offered through the same channel, i.e., the Internet,” but also noting that they “target similar consumers and employ similar advertising and marketing channels”).

\(^{200}\) E.g., Boldface Licensing + Branding, 940 F. Supp. 2d at 1194 ("[E]vidence supports finding that the parties’ marketing channels overlap enough to create likely confusion among consumers. The fact that both parties sell products online adds little weight to this factor."); Multi Time Mach., Inc. v. Amazon.com, 926 F. Supp. 2d 1130, 1138 (C.D. Cal. 2013) ("The fact that Amazon and MTM are both selling watches on the Internet is too commonplace to affect the likelihood of confusion analysis."); AWGI, LLC v. Team Smart Move, LLC, 2013 U.S. Dist. LEXIS 35304 (M.D. Fla. 2013) ("It is not enough to rely on the existence of the all too ubiquitous regularity of an Internet presence to meet their burden of establishing that the parties' advertising methods are identical."); Shakopee Mdewakanton Sioux Community v. FBCV, LLC, 2011 U.S. Dist. LEXIS 110301 (D. Nev. 2011) (finding it “overly simplistic” to weigh marketing channels factor in plaintiff's favor simply because both parties have an Internet presence).

*See also* Nordstrom, Inc., 2013 U.S. Dist. LEXIS 41810 ("It is clear that in the Internet marketing space, both [parties] operate in the same social media outlets. However, the Court declines to further define social media as a ‘niche marketplace’ within the broader context of Internet advertising. This factor is accordingly neutral.").
Internet, there was a “complete absence of any similar marketing approaches between them.” It then debunked the Internet as a trade channel factor, declaring that “a non-specific reference to Internet use is no more proof of a company’s marketing channels than the fact that it is listed in the Yellow Pages of the telephone directory.”

If the parties use their own websites that are distinct from each other, the marketing channels factor typically favors an infringement defendant. The same is true if the parties sell different goods or services, particularly where the plaintiff makes online sales while the defendant does not. Where the sites are similar, however, because of domain name similarity or overall appearance, the factor generally favors the plaintiff.

Where the respective goods or services sold on the Internet are identical, courts often assume the channels of trade factor supports a finding of likely confusion. In such cases, they often see no reason to analyze consumer expectations and reactions. However, the Tenth Circuit challenged the assumption of likely confusion when both parties sold the same products online. The parties both sold replacement contact lenses to consumers online, and the district court found the channels of trade factor to favor the plaintiff. The court of appeals, however, found that this approach

201. Therma-Scan, Inc. v. Thermoscan, Inc., 295 F.3d 623, 636-37 (6th Cir. 2002). See also Entrepreneur Media v. Smith, 279 F.3d 1135, 1151 (9th Cir. 2002) (“Some use of the Internet for marketing . . . does not alone and as a matter of law constitute overlapping marketing channels. . . . On the current record, it does not appear that either parties’ use of the Web is significant enough to be pertinent.”) (emphasis in original).

202. Tana v. Dantannà’s, 611 F.3d 767, 778 (11th Cir. 2010) (“The only similarity in the advertising channels used by the two [restaurants] is their maintenance of websites on the World Wide Web. This similarity would dispel rather than cause confusion, however, because the websites are separate and distinct, suggesting two completely unrelated business entities.”); MPS Entm’t, LLC v. Abercrombie & Fitch Stores, Inc., 110 U.S.P.Q.2d 1287 (S.D. Fla. 2013) (same).

203. See Big Time Worldwide Concert & Sport Club v. Marriott Int’l, Inc., 236 F. Supp. 2d 791, 804 (E.D. Mich. 2003) (channel of trade factor does not weigh in plaintiff’s favor where plaintiff sells tickets online but defendant’s mark “appears on the Internet as merely an ancillary means of attracting and informing customers and is not part of its product”).

204. Athleta, Inc. v. Pitbull Clothing Co., 2013 U.S. Dist. LEXIS 6867 (C.D. Cal. 2013) (“While mere use of the internet to sell one’s products is likely insufficient to constitute the same marketing channel, the similarity of the parties’ domain names and appearance of their online apparel stores increases the similarity of their marketing channels. The Court finds that because of the similarity in the parties’ distribution channels, this factor favors plaintiff, but only slightly. This is not a case where the parties goods are sold in the same stores, for example, where a likelihood of confusion is far greater.”).

205. E.g., Venture Tape Corp., 540 F.3d at 60-61 (where party “admitted” to district court that “both companies use websites to promote and market their products,” channels of trade were same); PACCAR, Inc., 319 F.3d 243 (finding district court conclusion that use of the Internet as a marketing channel increases the likelihood of confusion was not clearly erroneous, despite proof regarding the effect of the Internet on confusion); Magpul Indus., 2013 U.S. Dist. LEXIS 120320; HTS, Inc., 2013 U.S. Dist. LEXIS 93323.

206. 1-800 Contacts, Inc. v. Lens.com, Inc., 722 F.3d 1229 (10th Cir. 2013).
“illustrates the danger of applying the factors mechanically without attention to context.” It was skeptical that a consumer searching for “1-800 Contacts” would assume an advertisement for Lens.com indicated that the two businesses were connected: “Perhaps in the abstract, one who searches for a particular business with a strong mark and sees an entry on the results page will naturally infer that the entry is for that business. But that inference is an unnatural one when the entry is clearly labeled as an advertisement and clearly identifies the source, which has a name quite different from the business being searched for.”

C. The Ninth Circuit’s Internet “Troika”

The Ninth Circuit originally propounded a tripartite approach to online channels of trade early in the Internet era, at a time when there was no body of Internet trademark law, but has since retreated from it. In disregarding the traditional multifactor test, it found the parties’ “simultaneous use of the Internet as a marketing channel” to be one of the three most important likelihood of confusion factors, along with “similarity of the marks” and “proximity of the goods.”207 If the Internet “troika”208 weighed in favor of a likelihood of confusion and the other factors did not “weigh strongly against,” then the court would find confusion likely. It has since limited the application of this test to cases involving domain names.

In fact, the case in which the court promulgated this approach involved domain names. The issue was whether the defendant’s domain name (moviebuff.com) was likely to cause confusion with respect to the plaintiff’s mark, MovieBuff, when both were used on the Internet.209 Answering in the affirmative, the court found confusion likely because the two marks were virtually identical, both parties offered products and services involving the movie industry, and they both used the Internet for marketing.

Years later, again relying on its tripartite approach, the Ninth Circuit upheld a finding of likelihood of confusion between

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208. GoTo.com, Inc. v. Walt Disney Co., 202 F.3d 1199, 1205 (9th Cir. 2000) (referring to the “controlling troika” of factors in the Internet context).

209. Brookfield Commc’ns, 174 F.3d at 1057 (“Given the virtual identity of ‘moviebuff.com’ and ‘MovieBuff,’ the relatedness of the products and services accompanied by those marks, and the companies’ simultaneous use of the Web as a marketing and advertising tool, many forms of consumer confusion are likely to result.”).

Interestingly, in that opinion, the court also noted evidence of a different confusion factor, that those purchasing the services of one of the parties were likely to be less sophisticated and were therefore more easily confused, information falling under the sophistication-of-the-consumers factor. Also of note is the fact that the domain name moviebuff.com is currently for sale, perhaps waiting to be snapped up by some nostalgic trademark attorney.
Perfumebay and eBay. Both sold perfume online, and even though eBay sells thousands of items, the court, in a myopic view, found the marks similar because “perfumebay” includes the letters “ebay,” “[a]lthough differences exist between the two marks.” The court also declared that the Internet, “as a marketing channel, is particularly susceptible to a likelihood of confusion since . . . it allows for competing marks to be encountered at the same time, on the same screen.”210 Because the three Internet factors weighed in favor of eBay and the other factors did not “weigh strongly against a likelihood of confusion,” the court found confusion likely.

In another case following this standard, the Ninth Circuit approved a severe jury instruction as “an accurate reflection of the law of our circuit”: “[I]f you find that the names ‘ISWest’ and ‘ISPWest’ are confusingly similar, and that the services offered by the plaintiff and defendant are related, and that both the plaintiff and the defendant use the Internet as a marketing channel, then you should find that the plaintiff has proven there is a likelihood of confusion as I have instructed you unless you find that the remaining factors weigh strongly in the defendant’s favor.”211 The jury found infringement and the Circuit upheld the injunction preventing defendant from using the domain name ISPWest.com.

However, the Ninth Circuit (followed by the Sixth Circuit) later limited the application of the test to cases in which (1) both parties use the Internet “as a substantial marketing and advertising channel,” (2) the parties’ marks are used in connection with web-based products, and (3) the parties’ marketing channels overlap “in any other way.”212 The Ninth Circuit has held that the marketing channel factor did not weigh in favor of confusion even though both parties advertised on the Internet.213

And then, in a near abandonment of its tripartite factor test, the Ninth Circuit most recently emphasized that the factors “must be applied in a flexible fashion . . . [and] not [as] a rote checklist.”214 In a case involving use of a party’s trademark as a search engine keyword to trigger sponsored advertisements, the Ninth Circuit waffled, claiming it did not want its original MovieBuff opinion “to be read so expansively as to forever enshrine

210. Perfumebay.com Inc. v. eBay Inc., 506 F.3d 1165, 1174 (9th Cir. 2007), quoting GoTo.com, Inc., 202 F.3d at 1207.
211. Internet Specialties West, Inc. v. Milon-Digiorgio Enters., 559 F.3d 985, 989 (9th Cir. 2009).
212. Entrepreneur Media, 279 F.3d at 1151 (emphasis in original). See also Therma-Scan, Inc., 295 F.3d at 636-37.
214. Rearden LLC, 683 F.3d at 1209. See also Brookfield Commc’ns, 174 F.3d at 1054 (“We must be acutely aware of excessive rigidity when applying the law in the Internet context; emerging technologies require a flexible approach.”).
these three factors . . . as the test for trademark infringement on the Internet.” The court backpedaled even further:

Depending on the facts of each specific case arising on the Internet, other factors may emerge as more illuminating on the question of consumer confusion. . . . Given the multifaceted nature of the Internet and the ever-expanding ways in which we all use the technology, however, it makes no sense to prioritize the same three factors for every type of potential online commercial activity.

It suggested they would be helpful in resolving domain name disputes or those involving websites with similar appearances, but they were “a particularly poor fit” for the search engine keyword question. It would appear today that the tripartite approach is narrowly limited in the Ninth Circuit to domain name issues: “Today, it would be the rare commercial retailer that did not advertise online, and the shared use of a ubiquitous marketing channel does not shed much light on the likelihood of consumer confusion.”

VI. USE IN INTERSTATE COMMERCE

The Internet era has almost completely eliminated interstate commerce as a legal issue in much trademark litigation. The importance of the issue has waned since the days in which courts were preoccupied with trademarks appearing on highway billboards. Today, one would have to spin a far-fetched hypothetical to find interstate commerce absent, particularly where the parties, or one of them, have an Internet presence.

Interstate commerce as a legal concept is woven throughout the Act and is fundamental to its operation. For example, an applicant for federal registration must use its mark in interstate commerce to qualify for registration, save for foreign applicants filing under Sections 44(e) or 66(a). Congress’s power to enact the Lanham Act comes from the Commerce Clause in the

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216. Id. See also Playboy Enters. v. Netscape Commc’ns Corp., 354 F.3d 1020, 1028 (9th Cir. 2004) (finding the marketing channel factor “equivocal” though both parties used the Internet as a marketing channel because both of their sites appeared on the same search result pages; “Given the broad use of the Internet today, the same could be said for countless companies. Thus, this factor merits little weight.”).
218. Id. at 1151.
219. See 1 Gilson on Trademarks § 3.02[8][c] (goods), [10][d] (services); 3 Gilson on Trademarks § 11.08[2][e] (jurisdiction over marks used “in commerce”). See also TMEP § 901 (“Use in Commerce”).
Constitution, which gave Congress the power to “regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.” The reach of the Act is very broad indeed, as it defines the word “commerce” as “all commerce which may lawfully be regulated by Congress.” Moreover, it is a bedrock principle that underlies the very purpose of the Act, which is, in part, “to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; . . . to protect persons engaged in such commerce against unfair competition; [and] to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks . . . .”

The Federal Circuit and its predecessor court have found trademark use in interstate commerce where customers from different states dined in restaurants, where auto service stations catered in one state to customers traveling between states on federal highways, and where wine imported from France was sold in a single state. The TMEP provides examples of use in interstate commerce sufficient for registration: (1) the applicant’s services are rendered across state lines; (2) customers come across state lines in response to advertising for the services; and (3) the

220. U.S. Const. Art. I, Sec. 8, Cl. 3. See 1 Gilson on Trademarks § 1.04[2][b] (“Contact with interstate commerce is thus required throughout the Act.”).

See generally United States v. Lopez, 514 U.S. 549, 559 (1995) (“[T]he proper test requires an analysis of whether the regulated activity ‘substantially affects’ interstate commerce.”); Wickard v. Filburn, 317 U.S. 111, 125 (1942) (“[E]ven if appellee’s activity be local and though it may not be regarded as commerce, it may still, whatever its nature, be reached by Congress if it exerts a substantial economic effect on interstate commerce, and this irrespective of whether such effect is what might at some earlier time have been defined as ‘direct’ or ‘indirect.’”); Gibbons v. Ogden, 22 U.S. 1, 194 (1824) (“It is not intended to say that these words comprehend that commerce, which is completely internal, which is carried on between man and man in a State, or between different parts of the same State, and which does not extend to or affect other States.”).

221. 15 U.S.C. § 1127. See Utah Lighthouse Ministry, 527 F.3d at 1054 n.7 (“We recently noted that where Congress indicates that it intends to exercise its full Commerce Clause powers, we will be more inclined to find that use of the Internet involves interstate commerce.”); Int’l Bancorp, LLC v. Societe Des Bains De Mer Et Du Cercle Des Etrangers a Monaco, 329 F.3d 359, 363-64 (4th Cir. 2003) (holding that “commerce” under the Lanham Act “is coterminous with that commerce that Congress may regulate under the Commerce Clause” and “necessarily includes all the explicitly identified variants of interstate commerce, foreign trade, and Indian commerce”).


223. Larry Harmon Pictures Corp. v. Williams Rest. Corp., 929 F.2d 662 (Fed. Cir. 1991) (barbecue restaurant in Tennessee had customers from outside the state).


225. In re Silenus Wines, 557 F.2d 806, 808-09 (C.C.P.A. 1977) (“While appellant’s importation is not itself a ‘use in commerce’ by appellant, it is evidence that appellant’s sale within Massachusetts was so intimately involved with foreign commerce as to become a ‘use in commerce’ as defined in the Lanham Act.”).
applicant’s licensees or franchisees who use the mark are located in more than one state.”

Courts and the USPTO typically focus not on whether the trademark itself has traveled in commerce, but instead on whether the trademarked goods or services directly affect commerce. As the USPTO declares: “Purely intrastate use does not provide a basis for federal registration. However, if intrastate use directly affects a type of commerce that Congress may regulate, this constitutes use in commerce within the meaning of the Act.” An applicant’s services need not be rendered in more than one state to qualify, and goods that are sold only intrastate may be considered “sold or transported in commerce” when their sale or transportation “directly affects” interstate commerce.

Surprisingly few cases discuss a plaintiff’s use of its mark on the Internet as constituting use in interstate commerce. However, an infringement plaintiff must still prove defendant’s use in commerce to succeed, and use on the Internet generally qualifies as use in commerce in this context. This would include

226. TMEP § 1301.03(b).
227. TMEP § 901.03.
228. Larry Harmon Pictures Corp., 929 F.2d at 666 (“It is not required that such services be rendered in more than one state to satisfy the use in commerce requirement.”); In re Silenus Wines, 557 F.2d at 808 (“[S]ervices directly affect interstate commerce when the services are sold intrastate to persons moving in interstate commerce, and the services are of the type necessary for the accomplishment of the interstate commerce”); Maids to Order of Ohio, Inc. v. Maid-to-Order, Inc., 78 U.S.P.Q.2d 1899 (T.T.A.B. 2006); In re Cook, United, Inc., 188 U.S.P.Q. 284 (T.T.A.B. 1975).

For guidelines on meeting the interstate commerce requirement for services, see generally 1 Gilson on Trademarks § 3.02[12][c].

229. In re Silenus Wines, 557 F.2d at 809 (“[I]ntrastate sale of goods, by the party who caused those goods to move in regulatable commerce, directly affects that commerce and is itself regulatable.”).

230. See, e.g., ARGOS, 304 F. Supp. 2d at 595 (finding that party satisfies “use in commerce” requirement where it operates a website that provides information about spinal surgery to people around the world); Bionorica AG v. TechWorld Corp., 2010 TTAB LEXIS 334 (T.T.A.B. 2010) (“Offering services via the Internet has been held to constitute use in commerce, since the services are available to a national and international audience who must use interstate telephone lines to access a website. The same can be true for the sale of goods over the Internet.”) (not citable as precedent) (citations omitted).

231. E.g., AvePoint, Inc. v. Power Tools, Inc., 981 F. Supp. 2d 496, 512 (W.D. Va. 2013) (“Because the internet is an ‘instrumentality of interstate commerce,’ courts have repeatedly held that the unauthorized use of a trademark on the internet satisfies the ‘in commerce’ requirement.”) (citation omitted); Ford Motor Co. v. Heritage Mgmt. Group, Inc., 911 F. Supp. 2d 616, 622 (E.D. Tenn. 2012) (finding that defendants used the Internet in furtherance of their business, which is “an instrumentality of interstate commerce,” so that they had made use in commerce of the mark); Finger Furniture Co. v. Mattress Firm, Inc., 75 U.S.P.Q.2d 1848 (S.D. Tex. 2005) (mark used in print ads distributed to interstate travelers and also used on website, “which reaches potential customers and can be used to place online . . . orders”; “Transfer of products and advertisements through the internet is considered interstate commerce.”); OBH, Inc. v. Spotlight Magazine, Inc., 86 F. Supp. 2d 176, 186 (W.D.N.Y. 2000) (“[T]he national, and even international, nature of the Internet
launching a website\textsuperscript{232} and sending e-mails from defendant’s computers in one state to plaintiff’s in another.\textsuperscript{233} In fact, the USPTO puts forward the example of a defendant’s use in commerce in a discussion of an applicant’s required use in commerce.\textsuperscript{234}

Opinions outside the trademark context have also generally held that Internet communications are, without more, in commerce. For example, many opinions in criminal cases find that making online threats or downloading illegal files from a website were in commerce.\textsuperscript{235} However, one court in a criminal case found that a defendant’s connection to the Internet did not “satisfy the jurisdictional requirement where there is undisputed evidence that the files in question never crossed state lines,” an unusual situation indeed.\textsuperscript{236}

It would be going too far to claim that all Internet trademark use must perforce be use in interstate commerce. In theory, a small local bakery or barber shop, say, could have a bare-bones website seen only by local customers that simply lists its hours, contact information and products or services. If the local business were an infringement defendant, the plaintiff might have some difficulty proving use in commerce of the mark, though it could itself make defendants’ use of plaintiffs’ trademark as a domain name a ‘use in commerce’ for purposes of the Lanham Act.”).

\textit{See also} TMEP § 901.03 (“Offering services via the Internet has been held to constitute use in commerce, since the services are available to a national and international audience who must use interstate telephone lines to access a website.”).

\textsuperscript{232.} \textit{E.g.}, Laurel Capital Grp. v. BT Fin. Corp., 45 F. Supp. 2d 469 (W.D. Pa. 1999) (defendants’ maintenance of website prominently featuring and promoting their services in connection with allegedly infringing mark constituted use in commerce); Planned Parenthood Fed’n of Am. v. Bucci, 42 U.S.P.Q.2d 1430 (S.D.N.Y. 1997) (“Internet users constitute a national, even international, audience, who must use interstate telephone lines to access defendant’s web site on the Internet. The nature of the Internet indicates that establishing a typical home page on the Internet, for access to all users, would satisfy the Lanham Act’s ‘in commerce’ requirement.”), aff’d, 152 F.3d 920 (2d Cir. 1998).


\textsuperscript{234.} TMEP § 901.03, citing Planned Parenthood Fed’n of Am., 42 U.S.P.Q.2d 1430.

\textsuperscript{235.} United States v. Elonis, 730 F.3d 321, 335 (3d Cir. 2013) (“[S]ubmitting data on the internet necessarily means the data travels in interstate commerce. . . . [P]roving internet transmission alone is sufficient to prove transmission through interstate commerce.”); United States v. Havlik, 710 F.3d 818, 824 (8th Cir. 2013) (“The Internet is an instrumentality and channel of interstate commerce.”); United States v. Lewis, 554 F.3d 208, 215 (1st Cir. 2009) (“[W]e conclude that the government proved the images traveled interstate when it introduced evidence that [the defendant] received images that were transmitted over the Internet.”); United States v. Anson, 304 Fed. Appx. 1 (2d Cir. 2008) (“[T]he evidence showing that the computer hard drive and CD-ROMs contained pornographic images that were obtained from the internet constituted sufficient evidence to establish [the] element [of interstate commerce].”); United States v. Runyan, 290 F.3d 223, 239 (5th Cir. 2002) (holding that “transmission of photographs by means of the Internet is tantamount to moving photographs across state lines and thus constitutes transportation in interstate commerce”), quoting United States v. Carroll, 105 F.3d 740, 742 (1st Cir. 1997).

\textsuperscript{236.} United States v. Wright, 625 F.3d 583, 595 (9th Cir. 2010).
succeed by showing that the infringement affected the plaintiff’s own interstate activities. The plaintiff must nevertheless prove likelihood of confusion, which could be impossible if the defendant’s use were contained in a small area and geographically remote.

VII. CONCLUSION

It is possible to obtain trademark rights by using a mark on the Internet to sell goods or services, though it is best to secure those rights with a federal registration. Nationwide common law coverage is usually a long shot. In either case, real-life consumers in actual locations are the ones whose awareness leads to trademark rights. Because consumers are not virtual, the reputations of trademark owners who coexist on the Internet may still be geographically remote. Thus, historically based concurrent use and other requirements for coexistence remain in effect. Courts will also still consider parties’ channels of trade in their likelihood of confusion determinations. However, that factor should depend less on whether both parties’ goods or services are sold through the Internet than on how closely they are related. Finally, with the advent of the Internet, there is one legal requirement that is nearly obsolete, and that is the requirement to show an impact on interstate commerce. If either party has an online presence, such an impact is almost a certainty.

Even Molly York liked it. The tank burbled away in the corner, fancy female bettas, multis, and orange and silver guppies flitting about, seeming to enjoy the mysterious black treasure chest and bursts of yellow coral. I could spend hours watching my new fish friends, who never tired of their surroundings. In fact, I should go back online and get them a little underwater gazebo. Maybe there was even an underwater Stonehenge.

But I had a client.

Caramel Cushman sat across from me expectantly, a fresh hedgehog tattoo visible on her upper arm. I focused on her.

“Just to recap, Ms. Cushman, we discussed the fact that a federal trademark registration will give you a lot more protection than your current sales will. Even though your hedgethosehogs.com site is technically available all over the country, you’ve only used the mark commercially in a few states so far. You’re a long way from getting nationwide rights unless you get a federal registration.”

237. E.g., Purolator, Inc. v. EFRA Distributors, Inc., 687 F.2d 554 (1st Cir. 1982) (adverse effect on sales or goodwill sufficiently substantial, even if defendant’s sales are intrastate); Prudential Ins. Co. v. Prudential Title Co., 189 U.S.P.Q. 617 (S.D. Tex. 1976) (where plaintiff is engaged in “substantial interstate commerce,” any infringement of plaintiff’s mark would have a “clear and sufficient” impact on commerce).
“Right, and a domain name registration is not a federal trademark registration. I’m getting the picture, I think.”

“You got it,” I replied. “And I need to do some more research on the hedgemyhogs.com folks to see if they started using their mark before you started using yours. If they were first, they might be able to oppose, or they could even file a concurrent use application and have rights in Texas. We don’t want to send them a letter saying there’s confusion if they were the first ones to use the mark.”


“I know. But it looks like you’ll have to share the Internet with them, unless they just adopted the name and would be willing to sell it or change it to something different, like hedgehogadorableness.com.” She looked at me like I was a moron. “Kidding about the name,” I said. “You need to make sure your website doesn’t look like theirs, maybe with a cute logo?”

“I’m on it,” she brightened. “Now, have I told you about my idea for online sales of men’s underwear that features otters?”

“Let me just take some notes on this,” I said, clicking open a web browser and typing STONEHENGE FISH TANK DECOR.

Fictional associate Ben Warner is easily distracted, especially when facing the weighty issues of Internet-based trademark rights, online trademark coexistence and cute otters. But the rest of us cannot afford to block out the effect of the Internet on critical issues facing trademark law.