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Social Networking and “Brand-Jacking” – Is It Infringement?

Nabil A. Adawi
Seton Hall Law

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Social Networking and “Brand-Jacking” – Is It Infringement?

Nabil A. Adawi
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This paper is submitted to Professor Jennings in partial satisfaction of the requirements of Law in Virtual Communities – Spring 2010

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I. Introduction

The popularity of social networking sites has grown exponentially over the past decade. While social networking sites originally allowed individuals the opportunity to contact long lost friends or new acquaintances, more recently companies have started using Facebook, Twitter, and to a lesser extent MySpace as a means to distribute information to the public about their company including products, or recent events. Several prominent companies include links to these social networking sites on their websites including Pepsico, the Coca-Cola Company, and Verizon Wireless¹. Social networking sites range in use from being simple fan pages² to attempts by companies to boost sales.³ These social networking profiles are readily identifiable because the companies implement their trademarks within its content in order to identify themselves. Even further, some sites include language indicating that the site is authentic.⁴ Unfortunately, several imposter profiles have been created that include unauthorized uses of the trademarks.⁵ This paper will analyze whether these fake accounts create a likelihood of confusion among the consumers or initial interest confusion, therefore constituting trademark infringement, and whether the proprietors of the sites may validly assert a fair use or nominative fair use defense to the alleged infringement.

II. Is It Really “Brand-Jacking”?

Although not every social media networking site is authentic, a “fake” account on such a

¹Pepsico on the Internet, <http://www.pepsico.com/Media.html>; Coca-Cola Company on the Internet, <http://www.thecoca-colacompany.com/>; Verizon Wireless on the Internet, <http://www.verizonwireless.com/b2c/index.html>

²Nutella on Facebook, <http://www.facebook.com/#!/Nutella.Italy?ref=ts>; Moe’s Southwest Grill on Facebook, <http://www.facebook.com/#!/moessouthwestgrill?ref=ts>;

³Besty Brottlund, *Companies Using Social Networking to Boost Sales*, February 19, 2009, <http://www.resourcenation.com/blog/companies-using-social-networking-to-boost-sales/>; BestBuy on Twitter, <http://twitter.com/BESTBUY>; Dell on Twitter <http://twitter.com/DELL>

⁴Taco Bell on Facebook, <http://www.facebook.com/#!/tacobell?ref=ts> (Taco Bells states in its information that this page is an OFFICIAL TACO BELL PAGE)

⁵Julian Lee, *Squatters Creating Twittering Confusion*, April 30, 2009, <http://www.theage.com.au/business/squatters-creating-twittering-confusion-20090429-andk.html>

site may be created to steal Internet consumers. These sites can be broken down into four primary categories: (1) fan sites; (2) parody sites, (3) criticism sites; and (4) “brand-jacking” sites that intends to lure customers away from the mark holder. Whether the site is infringing a particular trademark will hinge on which category an account falls into.

A. Fan Sites

Throughout the world consumers are fanatical about products and/or services, and go to extremes to express their infatuation by collecting items such as Barbie dolls or Coca-Cola memorabilia. The advent of sites like Facebook, Twitter, and MySpace has created another avenue for fans to express their fascination with products by creating fan site dedicate to their particular interest. Although these sites may employ the trademarks of a company, the sites often include indications that they are fan created sites to express their passion. Despite using a Coca-Cola bottle as its profile picture, the fan sponsored page has not been shut down, and instead, similarly to other companies Coca-Cola has embraced their Facebook fan page.⁶ Unlike the Taco Bell fan page that indicates it’s official sponsorship, the Coca-Cola site does not.⁷

B. Parody Sites and Criticism Sites

Parody and criticism sites are easily recognized as fake accounts. If information on the site is satirical in nature or is criticizing recent actions of the company, Internet users should be on notice that the account is not official sponsored. Rarely would a corporation post information on a social networking site that would be detrimental or derogatory towards themselves. Companies are known to falter in their marketing efforts and product development, and society will take these situations as opportunities to exploit the company on the Internet. Alternatively,

⁶The 60 Second Communications Team, *Three Lessons from the New Coca-Cola Facebook Page*, March 31st, 2009, <http://60secondcommunications.com/blog/2009/03/31/three-lessons-from-the-new-coca-cola-facebook-page/>; <http://www.facebook.com/cocacola?v=wall&viewas=1209049848>

⁷*Supra* n. 4.

if consumers are displeased with recent corporate decisions they will also use social networking sites as a venue to express their discontent. Because Internet users would quickly recognize that the site is not officially sponsored, despite the use authentic trademarked material, this conduct would not constitute trademark infringement.

C. Brand-jacking Sites

The problems with social networking profiles arise when the fake site does not indicate that that account is unofficial by expressing clear fanaticism, parody, or criticism. When this occurs, the trademark has been “brand-jacked.” “Brand-jacking” causes confusion regarding the source of the information and site sponsorship because the site appears to be authentic. This harms both consumers and the mark holder when consumers rely on the false information proffered by the imposter. This false information can be regarding recent events, upcoming products, alleged promotions, or even career opportunities. Mark holders may suffer irreparable harm that may result in lost sales and a damaged reputation as a result of the false statements. These sites often aim for such results.

One primary example of “brand-jacking” is the case of Exxon-Mobil where “Janet” registered the Twitter account, ExxonMobilCorp.⁸ The alleged Exxon representative answered posted statements regarding drilling initiatives, research and development, greenhouse emissions, and ExxonMobil objectives.⁹ The problem arose when “Janet” made statements that the Valdez spill was not one of the top ten worst oil spills in history.¹⁰ Shortly thereafter, when a legitimate

⁸ Jeremiah Owyang, *When Brands Under Fire Step into the Fracas: Exxon Joins Twitter*, July 29th, 2008, <http://www.web-strategist.com/blog/2008/07/29/when-brands-under-fire-step-into-the-fracas-exxon-joins-twitter/>

⁹ Sam Diaz, *Internet brand-jacking: What can be learned from Exxon Mobil?*, August 7th, 2008, <http://blogs.zdnet.com/BTL/?p=9602>

¹⁰ See *When Brands Under Fire Step into the Fracas: Exxon Joins Twitter*, *supra* n. 8.

Exxon official declared that the posts were unauthorized¹¹, the account username was changed to Non_EMCC. Despite the official announcement that the Twitter account was fake, two events had already occurred: (1) the ExxonMobil's trademark had been "brand-jacked"; and (2) ExxonMobil's reputation suffered as a result of the posts made on the account.

III. Why "Brand-jacking" Constitutes Trademark Infringement

The fundamental aim of trademark law is to avoid consumer confusion about the source of products and/or services.¹² The requirement for trademark infringement is a "likelihood of confusion" rather than "actual confusion".¹³ For a registered trademark, a trademark infringement action pursuant to Section 32(1) of the Lanham Act requires the plaintiff to demonstrate that the defendant is, without the plaintiff's consent:

using, in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use *is likely to cause confusion, or to cause mistake, or to deceive ...*.¹⁴

Alternatively, for unregistered marks, Section 43(a) provides are more explicit standard for likelihood of confusion:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which –
(A) is likely to cause confusion, or to cause mistake, or to deceive 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 shall be liable in a civil action by any person who

¹¹Dwight Silverman, *On the Internet, nobody knows you're not Exxon Mobil*, August 02, 2008, http://blogs.chron.com/techblog/archives/2008/08/on_the_internet_nobody_knows_youre_not_exxon_1.html

¹²5-5 Gilson on Trademarks § 5.01

¹³*Brennan's, Inc. v. Brennan's Rest., L.L.C.*, 360 F.3d 125, 134 (2d Cir. 2004) ("To succeed on an infringement claim, plaintiff must show that it is probable, not just possible, that consumers will be confused."); *Parks v. LaFace Records*, 329 F.3d 437, 446 (6th Cir. 2003) ("A 'likelihood' means a 'probability' rather than a 'possibility' of confusion."); *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 193 (5th Cir. 1998) ("Likelihood of confusion is synonymous with a probability of confusion, which is more than a mere possibility of confusion."); *Versa Prod. Company, Inc. v. Bifold Co. (Manufacturing) Ltd.*, 50 F.3d 189, 200 (3d Cir. 1995) (a mere possibility of confusion is not enough).

¹⁴15 U.S.C. 1141(1)

believes that he or she is or is likely to be damaged by such act.¹⁵

Although the two sections provide differing statutory language, the standards for recovery are similar, but Section 32(1) requires federal registration of the mark.¹⁶ Under Section 32(1), a federally registered trademark is infringed when its use in commerce "is likely to cause confusion, or to cause mistake, or to deceive ...".¹⁷ On the other hand, Section 43(a) of the Lanham Act prohibits the use of any "word, term, name, symbol, or device" or "false or misleading description of fact" that is likely to cause confusion regarding the "affiliation, connection, or association ... with another person" or regarding the "sponsorship, or approval" of goods.¹⁸ With regard to social networks, the confusion will likely derive from the source, sponsorship, or affiliation of the use of the mark. The likelihood of confusion inquiry is based on whether the purchasing public is likely to believe that the defendants' products and/or services are from the same source of the trademark holder's protected products and/or services.¹⁹

Accordingly, in order to establish trademark infringement on social network sites, plaintiff must prove that the use of the mark was: 1) in commerce; 2) in connection with the sale, offering for sale, distribution, or advertising of goods or services,²⁰ or in connection with goods, services, or commercial activities²¹; and 3) there is a likelihood of confusion in connection with the use of the mark and the mark holder has been or is likely to be damaged by these acts.²²

¹⁵15 U.S.C. § 1125(a)(1)(A)

¹⁶*Brookfield Commc'n, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1046 n.6 (9th Cir. 1999) (stating that Sections 32(1) and 43(a)(1) embody "the same standard").

¹⁷15 U.S.C. § 1114(1)

¹⁸15 U.S.C. § 1125(a)(1)(A)

¹⁹*Therma-Scan, Inc. v. Thermoscan, Inc.*, 295 F.3d 623, 630 (6th Cir. 2002) ("In the first and most common type of infringement, similar marks on directly competing goods or services cause confusion over their origin. This situation is known as 'palming off,' because the defendant junior user misleads the public about the source of its goods or services, leading consumers to purchase the defendant's products in the belief that they are buying the plaintiff's.").

²⁰These are the requirements for §1114(1).

²¹These are the requirements for §1125(a)(1)(A).

²²*McCarthy* §§ 23:11.50, 27:13; *McZeal v. Sprint Nextel Corp.*, 501 F.3d 1354, 1358 (5th Cir. 2007); *Lamparello v. Falwell*, 420 F.3d 309, 313 (4th Cir. 2005).

A. “Use in Commerce”

Both Section 1114(1) and 1125(a)(1)(A) require that the use of mark be “in commerce” in order for a defendant to be held liable for trademark infringement. The history and text of the Lanham Act show that the phrase “use in commerce” reflects Congress's intent to legislate pursuant to its powers under the Commerce Clause, rather than to limit the Lanham Act to profit-seeking uses of a trademark.²³ Moreover, the “use in commerce” requirement is broadly construed and that the use of the Internet satisfies the requirement because companies use the internet to conduct business transactions, convey information, and provide services to consumer.²⁴ Accordingly, the use of a mark on social networking sites would satisfy the Lanham Act’s “use in commerce” requirement.

B. Use of the Mark In Connection with Goods, Services, or Commercial Activities

Courts have noted that it is important to distinguish between the “in commerce” requirement and the “in connection with any goods and services” requirement.²⁵ Although the Internet is an instrumentality of interstate commerce and the Lanham Act extends to unauthorized uses of trademarks on the Internet, any use of the Internet is not necessarily commercial for the purposes of the Lanham Act.²⁶ Should these two “commerce” requirements were merged into one, the Lanham Act would be inflated to engulf noncommercial speech.²⁷ Moreover, a review of the Congressional history of the development of trademark laws reveals that the “use in commerce” requirement of Sections 32 and 43 of the Lanham Act differ from the

²³*United We Stand Am., Inc. v. United We Stand, Am. N.Y., Inc.*, 128 F.3d 86, 92 (2d Cir. 1997)

²⁴*Planned Parenthood Fed'n of Am. v. Bucci*, 1997 U.S. Dist. LEXIS 3338, at *3 (S.D.N.Y. Mar. 24, 1997).

²⁵*Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research*, 527 F.3d 1045, 1054 (10th Cir. 2008).

²⁶ *Id.*

²⁷ *Id.*

requirement for federal registration of the trademark.²⁸ Because a number of these social network sites are not engaged in the traditional commerce of selling goods and/or services, the primary issue is whether the information that they are providing on the websites constitutes “commercial activity.”

Under current trademark law, information can be a good, and the proffering of information to others may qualify as distribution of services.²⁹ The New York Times Company owns a registration for the trademark “The New York Times” for “Daily Newspapers” and a service mark for the same term for “computer online services, namely providing a wide range of general interest news and information via a global computer network.”³⁰ Several other news service providers have similarly registered marks.³¹ Accordingly, a social networking site that operates under false sponsorship in order to simply proffer information would constitute “commercial activity.”

C. Likelihood of Confusion

The Supreme Court has not addressed the requirements for establishing a likelihood of confusion for trademark infringement however the Circuit Courts have established their own relevant factors.³² Although the Circuit Courts have varying standards,³³ the analysis under the

²⁸ *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123 (2d Cir. 2009) (appendix).

²⁹ Lisa P. Ramsey, *Brandjacking on Social Networks: Trademark Infringement by Impersonation of Markholders*, Buff. L. Rev. (forthcoming 2010).

³⁰ U.S. Reg. No. 0227904 (Daily Newspaper), U.S. Reg. No. 212086 (computer online services, registered Dec. 16, 1997).

³¹ CNN has a registered trademark for providing streaming of audio and video in the nature of news, editorial content and information via global computer networks, U.S. Reg. No. 3569054; MSNBC similarly has a registered trademark for providing information in a wide variety of fields over computer networks and global communication networks, U.S. Reg. No. 2193398.

³² All thirteen Circuits have their own independent factors that are evaluated in assessing the likelihood of confusion.

³³ For the purposes of this paper, the analysis shall be conducted under the requirements of the Second and Ninth Circuits.

respective factors often yields similar results due to the similarities between the standards.³⁴ When analyzing the factors, no one element is dispositive or determinative of whether consumers are likely to be confused or not.

1. *Polaroid Factors*

The Second Circuit addressed the requirements for the likelihood of confusion test in the landmark decision, *Polaroid Corporation v. Polarad Electronics Corporation*.³⁵ In its decision, the court stated that with non-competing products³⁶ the factors determining trademark infringement are: (1) the strength of [the plaintiff's] mark, (2) the degree of similarity between the two marks, (3) the proximity of the products, (4) the likelihood that the prior owner will bridge the gap, (5) actual confusion, (6) the reciprocal of defendant's good faith in adopting its own mark, (7) the quality of defendant's product, and (8) and the sophistication of the buyers.³⁷ Furthermore, the court noted that "this extensive catalogue does not exhaust the possibilities -- the court may have to take still other variables into account."³⁸

In subsequent decisions, the Second Circuit noted that no particular factor is dispositive in the likelihood of confusion inquiry.³⁹ However, The Second Circuit has declared that

³⁴5-5 Gilson on Trademarks § 5.02 – Many courts have articulated their own versions of the relevant factors... From jurisdiction to jurisdiction these factors are overlapping, closely related and, frequently, identical. Indeed, there is little substantive distinction in the various versions applied by the courts.

³⁵287 F.2d 492 (2d Cir. 1961).

³⁶Although the *Polaroid* decision initially addressed non-competing products, the Second Circuit has expanded the application of the factors to include competing goods and services. *Sterling Drug, Inc. v. Bayer AG*, 14 F.3d 733, 740 n.3 (2d Cir. 1994) ("Originally formulated in reference to non-competing products, the *Polaroid* test has been extended to the competing products context as well."); *Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 75 (2d Cir. 1988) ("The *Polaroid* test extends to competing as well as noncompeting products."); *Physicians Formula Cosmetics, Inc. v. West Cabot Cosmetics, Inc.*, 857 F.2d 80, 83 (2d Cir. 1988) ("Although the *Polaroid* test originally was applied to noncompeting products, ... it has been expanded to apply where, as here, competing goods are involved.").

³⁷*Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

³⁸*Id.*

³⁹*Playtex Prods. v. Georgia-Pacific Corp.*, 390 F.3d 158, 162 (2d Cir. 2004) ("When balancing the factors, district courts generally should not treat any single factor as dispositive"); *Brennan's, Inc. v. Brennan's Rest., LLC.*, 360 F.3d 125, 130 (2d Cir. 2004) ("No single factor is dispositive.").

although "no one factor is necessarily dispositive, any one factor may prove to be so."⁴⁰ For example, in *Nabisco, Inc. v. Warner Lambert Co.*,⁴¹ the court found that the "similarity of marks" was dispositive and stated:

... in an appropriate case, the "similarity of the marks" can be dispositive and will warrant summary judgment for an infringement defendant "if the court is satisfied that the ... marks are so dissimilar that no question of fact is presented."

Moreover, "the evaluation of the *Polaroid* factors is not a mechanical process. ... rather, a court should focus on the ultimate question of whether consumers are likely to be confused."⁴²

The *Polaroid* factors are "merely tools designed to help grapple with the 'vexing' problem of resolving the likelihood of confusion issue."⁴³

2. *Sleekcraft* Factors

Similarly, in *AMF Inc. v. Sleekcraft Boats* the Ninth Circuit set forth factors necessary for determining whether confusion between related goods is likely:⁴⁴ (1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines.⁴⁵ Furthermore, the court noted that the list is not exhaustive and other variables

⁴⁰*Nora Beverages, Inc. v. Perrier Group of Am., Inc.*, 269 F.3d 114, 119 (2d Cir. 2001).

⁴¹*Nabisco, Inc. v. Warner-Lambert Co.*, 220 F.3d 43, 46 (2d Cir. 2000).

⁴²*Id.*; *Paddington Corp. v. Attiki Imp. & Distrib., Inc.*, 996 F.2d 577, 584 (2d Cir. 1993); *Star Indus., Inc. v. Bacardi & Co.*, 412 F.3d 373 (2d Cir. 2005) ("Our analysis is not mechanical, but rather, focuses on the ultimate question of whether, looking at the products in their totality, consumers are likely to be confused."); *Nora Beverages, Inc. v. Perrier Group of Am., Inc.*, 269 F.3d 114, 119 (2d Cir. 2001) (citations omitted) ("When conducting a *Polaroid* analysis, 'a court should focus on the ultimate question of whether consumers are likely to be confused.' In making this determination, a court looks to the totality of the product."); *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 872 (2d Cir. 1986) (holding that "each factor must be evaluated in the context of how it bears on the ultimate question of likelihood of confusion as to the source of the product").

⁴³*Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1044 (2d Cir. 1992)

⁴⁴*Sleekcraft*, 599 F.2d 341

⁴⁵*Id.* at 348-49.

may come into play depending on the particular facts presented.⁴⁶ Moreover, these factors are intended to guide the court in assessing the basic question of the likelihood of confusion.⁴⁷ Furthermore, the *Sleekcraft* factors are used in both competing and non-competing circumstances.⁴⁸

Additionally, the Ninth Circuit has stated that the presence or absence of a particular factor does not necessarily drive the determination of a likelihood of confusion⁴⁹ and a flexible application of the *Sleekcraft* factors is encouraged.⁵⁰ For example, a plaintiff does not need to establish every factor.⁵¹ The court has stated that "it is often possible to reach a conclusion with respect to likelihood of confusion after considering only a subset of the factors."⁵²

The Ninth Circuit has explicitly established factors for analyzing the likelihood of confusion in the context of the Internet. As such the Ninth Circuit has held that the three most important *Sleekcraft* factors, commonly known as the "troika" or "Internet trinity," in evaluating a likelihood of confusion are (1) the similarity of the marks, (2) the relatedness of the goods or services, and (3) the parties' simultaneous use of the Web as a marketing channel.⁵³ Whenever the troika "suggests confusion is ...likely," the other factors must "weigh strongly" against a

⁴⁶*Id.* at 348 n 11; *Triumph Hosiery Mills, Inc. v. Triumph Int'l Corp.*, 308 F.2d 196, 198 (CA 2 1962); Restatement of Torts § 729, Comment a (1938)

⁴⁷*E. & J. Gallo Winery v. Gallo Cattle Co.*, 955 F.2d 1327, 1338 (9th Cir. 1992).

⁴⁸*Dr. Seuss Enter., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1404 (9th Cir. 1997) ("The eight-factor *Sleekcraft* test is used in the Ninth Circuit to analyze the likelihood of confusion question in all trademark infringement cases, both competitive and non-competitive.").

⁴⁹*E. & J. Gallo Winery v. Gallo Cattle Co.*, 955 F.2d at 1338.

⁵⁰*Cohn v. Petsmart, Inc.*, 281 F.3d 837, 841 (9th Cir. 2002) ("These factors are flexible, merely guiding the analysis of the overall likelihood of confusion ..."); *Brookfield Commc'n Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1055 n.16 (9th Cir. 1999) (noting the circuit's "repeated warnings against simply launching into a mechanical application of the eight-factor *Sleekcraft* test" and admonishing courts to look at the factors in order of importance).

⁵¹*Survivor Media, Inc. v. Survivor Prod.*, 406 F.3d 625, 631 (9th Cir. 2005) ("The test is a fluid one and the plaintiff need not satisfy every factor, provided that strong showings are made with respect to some of them.").

⁵²*Brookfield Commc'n Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1054 (9th Cir. 1999).

⁵³*Interstellar Starship Serv., Ltd. v. Epix, Inc.*, 304 F.3d 936, 942 (9th Cir. 2002) ; *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205 (9th Cir. 2000) ; *Brookfield Commc'n Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1055 n.16 (9th Cir. 1999).

likelihood of confusion to avoid the finding of infringement.⁵⁴ In circumstances where the troika does not indicate a likelihood of confusion, the district court can conduct the infringement analysis only by balancing all the *Sleekcraft* factors within the unique context of each case.⁵⁵

a. Similarity of the Marks

In the likelihood of confusion analysis, the court must look to the use of the marks in the context in which the general public would see them in the marketplace.⁵⁶ Likelihood of confusion depends on consumer expectations.⁵⁷ If the similarity would cause consumers to identify the same source, the similarity will weigh heavily in finding a likelihood of confusion.⁵⁸ Although a side-by-side comparison will easily discern the similarities and differences between the marks, such an analysis does not focus on whether the consumers will be confused by the actual market conditions.⁵⁹ Often times products will not be displayed simultaneously at the same location, thus a side-by-side comparison will yield incorrect likelihood of confusion analysis.⁶⁰ Consequently, the marks should be not viewed to ascertain whether they are similar in the abstract, but rather if they are so similar that in the particular circumstance a likelihood of confusion regarding the source or sponsorship exists.⁶¹

The weight given to the similarity of the marks will strongly depend on how the mark has been used. The use of a mark that is identical or similar to a protected mark on a social network

⁵⁴*Interstellar Starship*, 304 F.3d at 942; *Perfumebay.com, Inc. v. eBay, Inc.*, 506 F.3d 1165 (9th Cir. 2007) (holding that the three Internet factors weigh in favor of defendant eBay, Inc. and finding a likelihood of source confusion between eBay and Perfumebay.com).

⁵⁵*Interstellar Starship*, 304 F.3d at 942

⁵⁶*Reno Air Racing Ass'n, Inc. v. McCord*, 452 F.3d 1126, 1137 (9th Cir. 2006) (holding that "a court does not consider the similarity of the marks in the abstract, but rather 'in light of the way the marks are encountered in the marketplace and the circumstances surrounding the purchase'"); *Malletier v. Burlington Coat Factory Warehouse Corp.*, 426 F.3d 532, 538 (2d Cir. 2005) (holding that "the Lanham Act requires a court to analyze the similarity of the products in light of the way in which the marks are actually displayed in their purchasing context");

⁵⁷*TCPIP Holding Co. v. Haar Commc'n.*, 244 F.3d 88, 101 (2d Cir. 2001)

⁵⁸*Id.*

⁵⁹*Malletier v. Burlington Coat Factory Warehouse Corp.*, 426 F.3d 532, 534 (2d Cir. 2005)

⁶⁰*Id.*

⁶¹5-5 Gilson on Trademarks § 5.03

site, such as the account name or other identifying content, will increase the likelihood of confusion. For example, if the proprietor of a fake account utilizes the name of the company such as Exxon Mobil within the name of the account or posts images of the logo, this increases the likelihood of confusion. If, however, the site indicates in some fashion that the account is not sponsored by the respective company, the likelihood of confusion is consequently diminished. Some indicators that the account is not company sponsored may include disparaging names within the title of the account name or images that tarnish the company logo. Therefore, this factor will only weigh in favor of finding a likelihood of confusion if the site is an impersonation of the company rather than a site engaging in parody or criticism of the company.

b. Actual Confusion

A strong indicator of a likelihood of confusion is actual confusion,⁶² a factor in the analysis of every circuit.⁶³ Courts often find that the existence of actual confusion weighs heavily in favor of finding an existence of likelihood of confusion.⁶⁴ Conversely, in circumstances where a plaintiff fails to demonstrate actual confusion, such a failure does not weigh against a finding of likelihood of confusion.⁶⁵

Actual confusion is difficult to establish because it is difficult to define. One of the primary question is how long the consumers must be confused. Some consumers may only be

⁶²5-5 Gilson on Trademarks § 5.04 – Actual confusion has occurred when one or more members of the purchasing public has seen or heard the defendant's mark and believed the defendant's product was made or sponsored by the plaintiff.

⁶³The Restatement of Unfair Competition states: "A likelihood of confusion may be inferred from proof of actual confusion." Restatement (Third) of Unfair Competition § 23(1).

⁶⁴*Survivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 633 (9th Cir. 2005) ("Evidence of actual confusion by consumers is strong evidence of likelihood of confusion."); *Savin Corp. v. Savin Group*, 391 F.3d 439 (2d Cir. 2004) ("There can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion."); *M2 Software, Inc. v. Madacy Entm't*, 421 F.3d 1073, 1082 (9th Cir. 2005) (concluding that the existence of actual confusion is "persuasive proof that future confusion is likely").

⁶⁵*Cohn v. Petsmart, Inc.*, 281 F.3d 837, 842 (9th Cir. 2002) ("Because evidence of actual confusion can be difficult to obtain, its absence is generally unnoteworthy' and is given little probative weight."); *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 875 (2d Cir. 1986) ("It is black letter law that actual confusion need not be shown to prevail under the Lanham Act, since actual confusion is very difficult to prove and the Act requires only a likelihood of confusion as to source.").

confused for a brief period of time until they recognize that the site is fake while in other instances, consumer confusion may be prolonged for period of days while a site remains in operation. Because there is no established period of time that constitutes actual confusion, this factor will require a case-by-case analysis where this factor will be evaluated and met through the use of consumer surveys⁶⁶ and declarations from consumers.

c. Related Goods

In conducting the likelihood of confusion analysis, court will determine how closely the goods and/or services are related to each other in the minds of the consumers. The closer the relation, the stronger the likelihood of confusion,⁶⁷ and thus requires a weaker showing of similarity between the marks.⁶⁸ Accordingly, finding that the competing goods and/or services are unrelated weighs against a likelihood of confusion.⁶⁹ In determining whether the goods and/or services are related, the court must consider whether the consumers would associate the defendant's goods and/or services with the plaintiff's.⁷⁰

⁶⁶Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581, 1622 (2006) (suggesting that although survey evidence may be highly influential, it is of little importance in practice).

⁶⁷*Team Tires Plus, Ltd. v. Tires Plus, Inc.*, 394 F.3d 831, 834 (10th Cir. 2005) (holding that "use of a mark on a directly competitive good is more likely to create confusion than use of the same mark on a distantly related good").

⁶⁸TMEP § 1207.01(a); *Amcor, Inc. v. Amcor Industries, Inc.*, 210 USPQ 70, 78 (TTAB 1981) (stating that if the marks of the respective parties are identical, the relationship between the goods or services need not be as close to support a finding of likelihood of confusion as would be required in a case where there are differences between the marks.).

⁶⁹*Virgin Enters. Ltd. v. Nawab*, 335 F.3d 141, 150 (2d Cir. 2003) ("When the two users of a mark are operating in completely different areas of commerce, consumers are less likely to assume that their similarly branded products come from the same source. In contrast, the closer the secondary user's goods are to those the consumer has seen marketed under the prior user's brand, the more likely that the consumer will mistakenly assume a common source."); *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1147 (9th Cir. 2002) ("We examine the relatedness of the parties' goods because the more closely related the goods are, the more likely consumers will be confused by similar marks.").

⁷⁰*Brookfield Comm'n, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1056 (9th Cir. 1999) (in determining whether the goods are related, a court should ask whether "the consuming public is likely somehow to associate" the defendant's with the plaintiff's); *In re 1st USA Realty Prof'l, Inc.*, 84 U.S.P.Q.2d 1581 (T.T.A.B. 2007) ("[I]t is not necessary that the goods or services of applicant and the registrant be similar or competitive, or even that they move in the same channels of trade to support a holding of likelihood of confusion. It is sufficient that the respective goods or services are such that they would or could be encountered by the same persons under circumstances that could, because of the similarity of the marks, give rise to the mistaken belief that they originate from the same producer.").

Here, the resulting analysis may be counter intuitive. When both parties are engaged in providing related goods and/or services the factor weighs against a finding of a likelihood of confusion. If a mark holder is an active member of social networking sites that consumers were previously aware of, then a duplicative account on the same networking site will be suspicious. Consequently, users may realize that the duplicative site is not sponsored by the mark holder. Moreover, mark holders can protect their marks by creating social networking accounts and including links to these sites on their company websites.⁷¹ On the contrary, if both parties have not created profiles, consumers may be confused regarding the sponsorship when the account appears to be official. Thus, if a mark holder has not joined the social networking scene, a fake account that appears to be authentic would weigh in favor of a finding of likelihood of confusion.

d. Channels of Trade and Advertising

When the two parties share similar channels of trade and/or advertising there is an increased chance of finding a likelihood of confusion.⁷² If parties share or utilize similar channels of trade the consumers are more likely to be confused.⁷³ Conversely, when the parties market their goods and/or services in difference channels, courts often find that it weighs against a finding of likelihood of confusion.⁷⁴ The Internet as a “channel of trade” has been subject to differing standards with some courts finding that the Internet weighs in favor of confusion⁷⁵

⁷¹Companies ranging from local one office to multination conglomerates have started including links to accounts on Facebook, Twitter, and other networking sites as a method of promoting their company.

⁷²*M2 Software, Inc. v. Madacy Entm't*, 421 F.3d 1073, 1083 (9th Cir. 2005) ("Convergent marketing channels increase the likelihood of confusion."), *quoting* *Nutri/System, Inc. v. Con-Stan Indus., Inc.*, 809 F.2d 601, 606 (9th Cir. 1987)

⁷³*Heartsprings, Inc. v. Heartspring, Inc.*, 143 F.3d 550, 556 (10th Cir. 1998) ("The marketing practices of the parties are particularly relevant in a trademark infringement case because these practices directly impact the way in which consumers experience the parties' respective marks.").

⁷⁴*M2 Software, Inc. v. Madacy Entertainment*, 421 F.3d 1073, 1084 (9th Cir. 2005) (finding no triable issue of likelihood of confusion and finding the channels of trade factor to weigh "strongly" in defendant's favor where the parties promoted its products in different publications and only one party sold its products in retail outlets)

⁷⁵*Pure Imagination, Inc. v. Pure Imagination Studios, Inc.*, 2004 U.S. Dist. LEXIS 23064 (N.D. Ill. 2004) ("While the Court declines to hold that the mere use of the Internet by both parties means that [the "area and manner of

while other courts find the factor is diminished.⁷⁶

According to the Ninth Circuit, utilizing the Internet for marketing purposes does not constitute overlapping marketing channels.⁷⁷ On the other hand, the Internet is particularly disposed to leading to likelihood of confusion because an Internet browser may encounter competing marks simultaneously.⁷⁸ Accordingly, the Ninth Circuit has established factors that are used to ascertain whether the use of the Internet serves as parallel marketing channels.⁷⁹ The court declared that the proper inquiries are: (1) whether both parties "use the Web as a substantial marketing and advertising channel"; (2) whether the parties' marks "are utilized in conjunction with Web-based products; and (3) whether the parties' marketing channels overlap in any other way."⁸⁰

Although the Second Circuit does not explicitly mention "channels of trade" in its likelihood of confusion factors, the courts in that circuit address the issue in the context of the "proximity of the products" factor.⁸¹ The courts evaluate the "the class of customers to whom the goods are sold, the manner in which the products are advertised, and the channels through which the goods are sold" when analyzing the "proximity of the products" factor.⁸² Accordingly,

concurrent use"] factor weighs in favor of the trademark owner, under the facts of this case where both parties actively use the Internet to perform their services, this factor weighs heavily in favor of [plaintiff].")

⁷⁶*Yellowbrix, Inc. v. Yellowbrick Solutions, Inc.*, 181 F. Supp. 2d 575, 579 (E.D. Va. 2001) ("[B]ecause the Internet has become such a prevalent channel of trade, the probativeness of this factor is somewhat diminished in determining whether there is a "likelihood of confusion" amongst consumers of the parties' products.").

⁷⁷*Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1151 (9th Cir. 2002).

⁷⁸*GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1207 (9th Cir. 2000).

⁷⁹*Entrepreneur Media*, 279 F.3d at 1151

⁸⁰ *Id.*

⁸¹*Brennan's, Inc. v. Brennan's Rest., LL.C.*, 360 F.2d 125, 134 (2d Cir. 2004); *Star Indus. v. Bacardi & Co.*, 412 F.3d 373 (2d Cir. 2005) (two products sold in the same locations that were frequented by the same customers are in "competitive proximity"); *Streetwise Maps, Inc. v. VanDam, Inc.*, 159 F.3d 739, 745 (2d Cir. 1998) (the "proximity" factor "considers whether the two products compete in the same market"); *Cadbury Beverages, Inc. v. Cott Corp.*, 73 F.3d 474, 480 (2d Cir. 1996) (finding that factor concerns "whether and to what extent the two products compete with each other").

⁸²*Playtex Prods., Inc. v. Georgia-Pacific Corp.*, 390 F.3d 158, 162-63 (2d Cir. 2004) (finding the "proximity" factor in plaintiff's favor where the parties' channels of trade are the same); *Cadbury Beverages, Inc. v. Cott Corp.*, 73 F.3d 474, 480 (2d Cir. 1996) (finding confusion where the parties sell the same products, which are "sold through the same channels of trade to the same class of customers").

the inquiries into the proximity of the goods and trade channel are closely related because they both inquire as to whether the consumers will be aware of the parties' goods and/or services as well as their trademarks. Competitive goods and/or services are often sold via the same trade channels. Nevertheless, products that share similar trade channels are not necessarily close in proximity.⁸³

Most, if not all, companies use the Internet as a means to disseminate information to their customers. On these official websites, companies utilize their trademarks in order for visitors to recognize that they are at the appropriate site and are assured that they are such through recognition of the mark. Moreover, the proprietor of a fake social site uses the Internet to convey information regarding the company while simultaneously using the company's mark to make it appear as if the site is officially sponsored by the company. As such, the first two elements of the Ninth Circuit's inquiry are satisfied because both parties are using the Internet as a marketing channel and are using the mark in conjunction with the distribution of information. The third inquiry would be largely irrelevant in the case of social networks because the account registrants of fake sites are unlikely to use marketing channels outside of the networking site. However, the substantial overlap regarding the use of the Internet as a marketing channel would still weigh in favor of a finding of a likelihood of confusion.

e. Bridging the Gap

When considering the "bridging the gap" factor, courts must take into consider the possibility of a senior mark user entering the junior mark user's market, or whether the consumers anticipate such an expansion is likely.⁸⁴ A trademark owner will not be hindered for

⁸³*Sports Authority, Inc. v. Prime Hospitality Corp.*, 89 F.3d 955, 963 (2d Cir. 1996).

⁸⁴*Star Indus., Inc. v. Bacardi & Co.*, 412 F.3d 373 (2d Cir. 2005) ("'Bridging the gap' refers to the likelihood that the senior user will enter the junior user's market in the future, or that consumers will perceive the senior user as likely to do so.").

failing to pursue a market, good or service that has already been entered into by the defendant.⁸⁵ However, when a plaintiff fails to show that they intend on entering the market of the alleged infringer, the factor weighs in favor of the defendant.⁸⁶ Moreover, the plaintiff must demonstrate a “strong possibility” of bridging the gap in “in the reasonably near future”⁸⁷ in order to support a finding of infringement.⁸⁸

Over the past two decades, the Internet has grown exponentially and its use as a marketing channel has correspondingly risen as well. As such, the Internet serves as both a means for disseminating goods and/or services and advertising. Companies have implemented personal websites as a source of information regarding the companies’ history, current events, product lines, career opportunities, and an abundance of other information. More recently, companies have started participating in social networking sites as a means for promoting their companies. Hence, if the mark holder demonstrates that the intention was to develop a presence on social networking sites, then this factor will likely weigh in favor of a finding of likelihood of confusion.

f. Awareness of Purchasers

There are two general classes of purchasers; sophisticated and unsophisticated. The more sophisticated the consumer is, the less likely that they will be confused.⁸⁹ A court will look to the lowest level of sophistication when the consumer market consists of both sophisticated and

⁸⁵*Virgin Enters. Ltd. v. Nawab*, 335 F.3d 141, 151 (2d Cir. 2003) (stating “the trademark owner does not lose ... merely because it has not previously sold the precise good or service sold by the secondary user.”).

⁸⁶*Entrepreneur Media v. Smith*, 279 F.3d 1135, 1152 (9th Cir. 2002) (holding that where there was no evidence that the parties intended to expand into each other's product lines, “the district court should have weighed this factor against finding likely confusion”); *Sports Authority, Inc. v. Prime Hospitality Corp.*, 89 F.3d 955 (2d Cir. 1996) (where plaintiff sporting goods store has no plans to enter defendant's business of restaurants, factor weighs against plaintiff).

⁸⁷*Virgin Enterprises Ltd. v. Nawab*, 335 F.3d 141, 150 (2d Cir. 2003).

⁸⁸*M2 Software, Inc. v. Madacy Entertainment*, 421 F.3d 1073, 1085 (9th Cir. 2005); *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1293 (9th Cir. 1992).

⁸⁹*TCPIP Holding Co. v. Haar Commc’n, Inc.*, 244 F.3d 88, 102 (2d Cir. 2001) (“The more sophisticated the consumers, the less likely they are to be misled by similarity in marks.”)

unsophisticated purchasers.⁹⁰ The Internet attracts a wide variety of consumers ranging from the well-advised and technically savvy buyers to the gullible and technophobic. Because of the diversity of the users of social networking sites, courts will likely look to the lowest level of sophistication. Consequently, this factor will weigh more heavily in favor of finding a likelihood of confusion because less sophisticated buyers will be less likely to decipher who is sponsoring the site.

g. Defendant's Intent

Some courts have held that when a defendant has deliberately employed the plaintiff's mark and intentionally infringed, it has consequently intended to cause consumer confusion.⁹¹ A plaintiff does not need to demonstrate that the alleged infringer had bad faith intentions.⁹² However, demonstrating that a defendant used the mark is bad faith weighs in favor of a likelihood of confusion.⁹³ Furthermore, the good faith use of a mark will not exonerate an infringer if it has caused consumer confusion.⁹⁴ A court must consider whether the defendant intentionally used the mark with purpose of causing confusion regarding the source of the good and/or service in order to take advantage of on the mark holder's reputation.⁹⁵

⁹⁰*Cohn v. Petsmart, Inc.*, 281 F.3d 837, 843 n.9 (9th Cir. 2002) (finding that the "least sophisticated consumer" standard applies "only when the plaintiff's products or services are marketed to different categories of purchasers, such as to both professional purchasers and the consuming public").

⁹¹*Kemp v. Bumble Bee Seafoods, Inc.*, 398 F.3d 1049, 1057 (8th Cir. 2005) (Intent is relevant "because it demonstrates the junior user's true opinion as to the dispositive issue, namely, whether confusion is likely."); *Daddy's Junky Music Stores Inc. v. Big Daddy's Family Music Center*, 109 F.3d 275, 286 (6th Cir. 1997) ("Intent is relevant because purposeful copying indicates that the alleged infringer, who has at least as much knowledge as the trier of fact regarding the likelihood of confusion, believes that his copying may divert some business from the senior user.").

⁹²*Official Airline Guides Inc. v. Goss*, 6 F.3d 1385, 1394 (9th Cir. 1993) ("A party claiming trademark infringement need not prove intent to deceive because intent is not a necessary element of trademark infringement.").

⁹³*M2 Software, Inc. v. Madacy Entm't*, 421 F.3d 1073 (9th Cir. 2005) ("When the alleged infringer knowingly adopts a mark similar to another's, we must presume that the public will be deceived.").

⁹⁴*Dreamwerks Prod. Gp. v. SKG Studio*, 142 F.3d 1127, 1132 n.12 (9th Cir. 1998) (holding that "absence of malice is no defense to trademark infringement").

⁹⁵*W.W. Pharmaceutical Co. v. Gillette Co.*, 984 F.2d 567, 575 (2d Cir. 1993) (holding that the intent factor considers "whether the defendant adopted its mark with the intention of capitalizing on plaintiff's reputation and goodwill and any confusion between his and the senior user's product").

To put it simply, a fake account implementing a company's trademark does not create itself; therefore someone intended on created a fake account. A fake account may have been created by a devious competitor⁹⁶ seeking to smear the reputation of the company, a dissatisfied customers conveying erroneous information in an attempt to taint the company, or even a former disgruntled employee that is airing out dirty secrets. Demonstrating that the defendant created the site with bad faith intent "creates a nearly un rebuttable presumption of a likelihood of confusion."⁹⁷ If the mark holder is able to demonstrate that the alleged infringer created the account with the intent to deceive, a court will likely view this factor in favor of a finding of likelihood of confusion.

Equally, the defendant's intent may lead to a conclusion of likelihood of confusion even if it was not the defendant's intent to deceive the consumers. If the site's content implies that it is operated by a representative of the mark holder and it contains erroneous information, the consumers may still be deceived because the users may believe the information is coming directly from the mark holder. For example, if the site contains information regarding recent negative news or information that may only be obtained from within the organization.

h. Strength of the Plaintiff's Mark

The strength of a plaintiff's mark is indicated by a consumer's ability to identify the source of the goods and/or services based upon recognition of the mark.⁹⁸ Moreover, the

⁹⁶Andrew Moshirnia, *Brandjacking on Social Networks: Twitter, Malicious Ghost Writing, and Corporate Sabotage*, July 15th, 2009, <http://www.citmedialaw.org/blog/2009/brandjacking-social-networks-twitter-malicious-ghost-writing-and-corporate-sabotage> (The competitor of a PR firm created a fake twitter account, although the manager partner of the competitor denied any involvement in the matter.)

⁹⁷Beebe, *supra* n. 66, at 1628.

⁹⁸*Star Indus., Inc. v. Bacardi & Co.*, 412 F.3d 373, 384 (2d Cir. 2005) ("The strength of a mark is determined by its tendency to uniquely identify the source of the product."); *Brennan's, Inc. v. Brennan's Rest., LLC.*, 360 F.3d 125, 130 (2d Cir. 2004) ("The strength of a mark refers to its ability to identify the source of the goods being sold under its aegis."); *Nora Beverages, Inc. v. Perrier Group of Am., Inc.*, 269 F.3d 114, 123 (2d Cir. 2001) ("The strength of a particular mark is measured by the degree to which it indicates source or origin of the product.").

stronger the mark is, the more likely that the mark will be infringed thereby causing confusion.⁹⁹ The more distinct a mark the greater the protection it is afforded.¹⁰⁰ The scale, progressing from least to most distinctive, and consequently the greater the protection,¹⁰¹ is described in terms of marks that are: (1) generic; (2) descriptive; (3) suggestive; and (4) arbitrary or fanciful.¹⁰² Furthermore, the strength of the mark can be measured in two ways: (1) inherent strength, resulting from the mark's degree of inherent distinctiveness, usually measured on the ladder ranging from unprotectable generic marks to arbitrary, fanciful marks that enjoy the broadest protection; and (2) acquired strength, reflecting the degree of consumer recognition the mark has achieved.¹⁰³ The strength of the mark can be demonstrated by introducing evidence including length of use, registration with the USPTO, notoriety of the trademark owner in the industry number of similarly registered marks are, the trademark owner's efforts to promote and protect the mark, and surveys indicating consumer awareness.¹⁰⁴

Empirical study has shown that there is a strong correlation between the inherent distinctiveness of a mark and a finding of likelihood of confusion.¹⁰⁵ Because the level of protection afforded to a mark varies based on its classification and its distinctiveness, courts will need to conduct a case-by-case analysis based on each individual mark. Where the mark is being

⁹⁹*Daddy's Junky Music Stores Inc. v. Big Daddy's Family Music Center*, 109 F.3d 275, 280 (6th Cir. 1997) ("The more distinct a mark, the more likely is the confusion resulting from its infringement ... "); *Versa Prod. Co. v. Bifold Co.*, 50 F.3d 189, 203 (3d Cir. 1995); *Aktiebolaget Electrolux v. Armatron Int'l, Inc.*, 999 F.2d 1, 5 (1st Cir. 1993) ("Strong marks are more easily infringed than weak marks.").

¹⁰⁰*TCPIP Holding Co. v. Haar Comm'n.*, 244 F.3d 88, 93 (2d Cir. 2001).

¹⁰¹*Arrow Fastener Co. v. Stanley Works*, 59 F.3d 384, 391 (2d Cir. 1995) (holding that "the strength or distinctiveness of a mark determines . . . the degree of protection it will be accorded")

¹⁰²*TCPIP Holding*, 244 F.3d at 93 (2d Cir. 2001).

¹⁰³*Id.* at 100

¹⁰⁴5-5 Gilson on Trademarks § 5.10; *Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d 112, 121 (1st Cir. 2006) (finding RICA strong for cookies or crackers where it had been registered for over thirty years, no third parties had registered that mark for those goods in the United States, and its owner had made efforts to promote and protect the mark); *Kellogg Co. v. Toucan Golf, Inc.*, 337 F.3d 616, 624 (6th Cir. 2003) (submission of survey evidence showing that an astonishing 94% of Americans recognize Kellogg's Toucan Sam and 81% of children who recognize the mark associate it correctly with Kellogg's Fruitt Loops cereal).

¹⁰⁵Beebe, *supra* n. 66.

on a social networking site is inherently distinctive and fanciful, courts will grant the mark holder greater protection. Furthermore, a stronger mark may cause the consumers greater confusion regarding the sponsorship of the source and allow them to assume that the mark holder is the proprietor of the site. On the other hand, a consumer may not be confused when less distinctive marks are utilized by the mark holder, that can be registered on a first-come, first-serve basis by someone other than the mark holder.

With the plethora of famous mark holders that have created profiles on social network sites, the probability of a consumer being confused by a falsely sponsored site increases. When a site provides information regarding the company including a company profile, future prospects, or current issues relating to the company, a consumer may reasonably infer that a representative of the company is responsible for maintaining the information and may weigh in favor of finding a likelihood of confusion. Conversely, if the site is criticizing, parodying, or commenting on the mark holder's company, courts should not assume that consumers are more likely to be confused because a company would not construct a site that would be detrimental to its welfare.¹⁰⁶

i. Quality of Defendant's Goods/Services (2d Cir.)

Although "the quality of defendant's product" is one of the *Polaroid* factors, it does not provide substantial evidence in the likelihood of confusion analysis, thus proves to be slightly probative in comparison to the other factors.¹⁰⁷ For example, the Second Circuit has declared that "the quality of the secondary user's product goes more to the harm that confusion can cause the plaintiff's mark and reputation than to the likelihood of confusion."¹⁰⁸ The quality of the

¹⁰⁶*Lyons Pshp. v. Giannoulas*, 179 F.3d 384, 389 (5th Cir. 1999) (stating "when a consumer encounters the use of a trademark in a setting that is clearly a parody, the strength of the mark may actually make it easier for the consumer to realize that the use is a parody.")

¹⁰⁷*Virgin Enter. v. Nawab*, 335 F.3d 141, 151 (2d Cir. 2003) (declaring that the quality of goods is not "of high relevance to the issue of likelihood of confusion").

¹⁰⁸*Id.*

defendant's goods can adversely affect the reputation of the senior mark holder or it may cause confusion regarding the source.¹⁰⁹

As stated above, when a page on a networking site appears to be officially sponsored by the corporation it is more likely to cause consumer confusion. When a high quality but fake account distributes false or negative comments that adversely affect the mark holder's reputation this weighs in favor of finding of a likelihood of confusion. Moreover, a site that appears to be official causes confusion as to the true sponsor.

D. Initial Interest Confusion

The Ninth Circuit has declared that the initial interest confusion is actionable under the Lanham Act.¹¹⁰ Moreover, a defendant that improperly uses a trademark to create initial interest confusion improperly benefits from the goodwill that the mark holder developed in that the mark.¹¹¹ However, the Second Circuit has limited the applicability of the doctrine in the context of the Internet by requiring intentional deception of Internet users because Internet users control their ability to relocate to a different website.¹¹² With regard to the Internet, initial interest confusion occurs when a potential consumer encounters a website that they believe to be the one they were original seeking out.¹¹³ The confusion may result from the website having a similar domain name to the trademark or because meta tags embedded in the site which place it high on

¹⁰⁹*Nikon, Inc. v. Ikon Corp.*, 987 F.2d 91, 95 (2d Cir. 1993) ("We have taken two approaches about the quality of the junior user's product: (1) an inferior quality product injures the senior user's reputation because people may think they come from the same source; or (2) a product of equal quality promotes confusion that they come from the same source.");

¹¹⁰*Brookfield Commc'n v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1063 (9th Cir. Cal. 1999).

¹¹¹*Id.* at 1062.

¹¹²*Savin Corp. v. Savin Group*, 391 F.3d 439, 462 n.13 (2d Cir. 2004) ("Because consumers diverted on the Internet can more readily get back on track than those in actual space, thus minimizing the harm to the owner of the searched-for site from consumers becoming trapped in a competing site, Internet initial interest confusion requires a showing of intentional deception.").

¹¹³5-5 Gilson on Trademarks § 5.14

search engine results.¹¹⁴ Additionally, the Ninth Circuit has held that the initial interest confusion may apply even in circumstances where the goods are unrelated.¹¹⁵

Under the theory of initial interest confusion, a calculated misuse of a mark is infringement if even no sale results because of the confusion.¹¹⁶ On the other hand, the Fourth Circuit has taken the opposite approach in the context of the Internet and declared that financial gain is an essential element for imposing liability under the doctrine.¹¹⁷ This approach has been rejected by several courts, most noteworthy of which is the Second Circuit.¹¹⁸ Under the law of the Ninth and Second Circuits, the initial interest confusion applies when the mark holder is harmed when the competitor gains an advantage based on the use of the mark.¹¹⁹ The mark holder may endure harm because the Internet users will browse the unintended site it encountered and cease searching for the original, targeted website.¹²⁰

Based on the foregoing, courts will likely find initial interest confusion in circumstances where a third party uses the mark to indicate that the mark holder is the source of the expression. When a social networking website contains the trademark and comprises of material

¹¹⁴*Id.*

¹¹⁵*Interstellar Starship*, 304 F.3d at 943-44 ("If an apple grower adopts a famous trademark, like www.drseuss.com, as a domain name, initial interest confusion probably results, even if that business's goods differ significantly from those of Dr. Seuss. ... Actionable initial interest confusion probably results even if every consumer realizes that DRSEUSS.com is owned by an apple grower, and no consumer ever consummates a Winesap, Delicious, or Granny Smith purchase thinking that Dr. Seuss grows apples or endorses, sponsors, or licenses his name to the apple grower."); *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1019 (9th Cir. 2004) (finding no infringement of automotive company's mark based on defendant computer company's non-automotive-related advertising on its web site but finding infringement based on defendant's automotive-related advertising); *BigStar Entm't, Inc. v. Next Big Star, Inc.*, 105 F. Supp. 2d 185, 209-10 (S.D.N.Y. 2000) (noting that initial interest confusion "presumably would not arise, or would be minimized, in circumstances where the products in question are used for substantially different purposes and therefore the merchants are not in close competitive proximity").

¹¹⁶*Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (9th Cir. Cal. 1997) (citing *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 257-58 (2d Cir. 1987)).

¹¹⁷*Lamparello v. Falwell*, 420 F.3d 309, 317 (4th Cir. 2005).

¹¹⁸*SMJ Group, Inc. v. 417 Lafayette Rest. LLC*, 439 F. Supp. 2d 281, 289 (S.D.N.Y. 2006).

¹¹⁹*Playboy Enters., Inc. v. Netscape Commc'n Corp.*, 354 F.3d 1020, 1025 (9th Cir. 2004) (competitors gain customers by capitalizing on another company's good will; survey results showed that Internet users searching for trademarked terms would incorrectly believe that competitors' banner ads were connected to the trademark owner); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2d Cir. 1987).

¹²⁰*Savin Corp. v. Savin Group*, 391 F.3d 439, 462 n.13 (2d Cir. 2004).

substantially similar to that of the mark holder, Internet users are likely to be confused at first glance. Although after devling further into the site users may be able to discern that the site administrator is the not the mark holder, their initial confusion will meet the threshold. Moreover, as previously dicussed, a social networking site that does not overtly state that it is not proffered by the mark holder is created with the intent to deceive Internet users. As the popularity of company networking sites increase, the likelihood that someone may falsely believe a site is authentic correspondingly increases because Internet users are likely to be under the impression that more and more companies are joining the social networking scene. Thus, the courts will likely find that the intial interst confusion doctrine applies to the unauthorized use of a mark on social networking websites wherea third party is impersonating the mark holder and implying that the mark holder is the source of the expressions.

IV. Defenses to Trademark Infringement

A. Fair Use

One of the nine enumerated “defenses” under Section 33(b) of the Lanham Act to incontestability is that the defendant is making fair use of the registrant's mark to describe its own goods and services.¹²¹ Accordingly, when a defendant uses a trademark as a non-trademark description of their products, the defendant may assert the fair use defense if:

the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin.¹²²

¹²¹15 U.S.C. § 1115(b)(4)

¹²²*Id.*

To successfully assert the defense, a defendant must prove: (1) the term or phrase is used only to describe defendant's products; (2) the defendant did not use the mark as a trademark; and (3) the use was made in good faith.¹²³

With regard to “brand-jacking” and the use of mark on a social networking site, a defendant would ultimately fail to satisfy any of the requirements of the fair use defense. First, the defendant would fail to claim that the use of the mark was descriptive because they are not actually promoting their own personal goods but rather are proffering information related to the mark holder and not their own personal company. Secondly, the defendant will likely have designed the site utilizing the company’s “brand-jacked” mark for the purposes of relying on the notoriety of the mark and inducing consumers to believe that the mark holder is the sponsor of said site. Thereby, the defendant would have used the mark for the purposes of using it as a trademark and failing to satisfy the second requirement. Lastly, the defendant created the site with the intent of using the mark to represent the company. Whether the use was made in good faith will hinge on the content of the site. If the purpose of the site is defamatory and degrading the reputation of the mark holder, then the defendant will likely fail to satisfy this requirement. Therefore, a defendant would not be successful in asserting the fair use defense.

B. Nominative Fair Use

Nominative “fair use” is not a statutory defense to an incontestable registration. The defense has been recognized by courts when a mark is not used to describe the defendant’s product, but to refer to the plaintiff’s mark, goods and/or services. The nominative fair use defense is comprised of three factors: (1) the product or service in question must be one not readily identifiable without use of the trademark; (2) only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and (3) the user must do

¹²³*Cosmetically Sealed Ind. v. Chesebrough-Pond's USA Co.*, 125 F.3d 28 (2d Cir. 1997).

nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.¹²⁴

The proprietor may not prevail any more when asserting the nominative fair use defense. Because some information is discernible without the use of a trademark, the defendant could arguably operate a site intended to disseminate information about the mark holder without actually impersonating them. Should the site be a parody, the defendant may argue that use of the mark is critical so consumers may identify who the subject of the parody is. This, however, only furthers the notion that the mark has been improperly used without the permission of the mark holder. Rather than promoting the defense of nominative fair use, the assertion that the site is noticeably fake supports the opinion that there is no likelihood of confusion and consequently the use is not infringement.

With regard to the extent that mark is used, the defendants are unlikely to establish this factor. In order to make these sites readily identifiable, the proprietors use the mark to its fullest extent including its stylized version or logo. Because the sites often utilize the full imagery of the mark to make them appear genuine, the defendants in these cases are unlikely to be able assert that they only used the minimal amount of the mark necessary to identify the goods. The site operator would only be able to satisfy this element if they can demonstrate that they merely used words identify the markholder.

Defendants may also encounter difficulties regarding the third factor of the defense, which could ultimately prove to be fatal to the proprietor of the social networking site that impersonates a mark holder. When sites appear to be officially sponsored by the mark holder and utilizes the mark as a method of promoting the authenticity of the site, courts will likely find that the user has taken action indicating an endorsement from the mark holder. Moreover, the

¹²⁴*New Kids On The Block v. News Am. Pub. Inc.*, 971 F.2d 302 (9th Cir. 1992).

appearance of endorsement and use of the mark are a result of the proprietor's conduct. Conversely, where the site is obviously not sponsored by the mark holder because it is a parody, satirical, critical, or otherwise indicative that its not authentic, a defendant will likely be successful in satisfying the third factor. Therefore, the fair use defense will likely fail because the third factor is not satisfied when a site appears to be authentic and sponsored by the mark rather than a site that is obviously fake.

V. Potential Solutions to "Brand-Jacking"

A. Network Operator Shut Down

The most efficient and cheapest mechanism to terminating the use of mark on a social networking site is to contact the operators of the network and notify them of the infringing use of the mark. Many sites have policies against impersonations and the unauthorized use of another's mark in usernames, profiles, and general content. If the mark holder has a valid complaint regarding the misuse of the trademark, the operator of the site will likely demand that the content is remove or terminate the account should the registrant fail to remove the content. The operators of the site are more likely to ensure that the content is removed so they may avoid any claims of secondary liability for enabling a trademark infringement on their network.

B. Cease and Desist Letters

Many proprietors of the website are "John Does" at first glance but registering the site generally requires some form of information that can easily identify the individual(s) or reasonably lead to their identification. Accordingly, when the identity of the site's operator is revealed, the mark holder may contact them directly via a cease and desist letter requiring that they refrain from infringing the mark. The letter should also include language indicating the official legal actions shall be taken if the account or its content constituting infringement is not

deleted.

C. Accept It and Move On

An alternative option would be to tolerate the site and permit it to continue operating. This decision would be invariably based on the content that the site is promoting. For instance, if the site's content is merely a parody or contains information highlighting negative news regarding the company that is readily accessible through other media sources, a mark holder may suffer more by expending resources in an attempt to shut down than the site than it would by allowing the site to remain in operation. On the other hand, if the site's content is defamatory or contains false information that would cause substantial harm to the mark holder's reputation and well-being, the mark holder should take measures to shut down the site. Additionally, some mark holders may follow the mantra that "any press is good press" and allowing a social networking site to remain in operation will only result in benefits for their brand given the age of user-generated content and word of mouth marketing. Alternatively, the mark holder may permit the site to remain in operation so long as the account or profile name and its content are changed to reflect that it is not officially sponsored by the mark holder.

D. Litigation

As unfortunate as it may be, some mark holders may have to resort to litigation. Some of these sites may result in irreparable harm to the image of the mark holder or may have cause actual confusion among consumers that would result in monetary damages. Moreover, some proprietors may believe that they are entitled to operate their site and refuse to shut down their operations. Consequently, the only means to terminate the site, if the network operators won't, is to seek judicial intervention. Whether the mark holder would be entitled to a preliminary and/or permanent injunction would be fact specific and is beyond the purview of this paper. Although

filing a lawsuit may resolve the matter at hand, it may also cause unwanted repercussions as well. Consumers do not take well to companies filing lawsuits against individuals, particularly where in the eyes of the public, the individual has arguably done nothing wrong. Filing a lawsuit may result in tainting the company's reputation and create the public image that the company is an overbearing monopoly.

VI. Conclusion

Based on the foregoing, the impersonation of a mark holder on social networking sites will likely be considered trademark infringement. When sites employ a mark and purport to be an official, consumers are likely to be confused regarding the site's true sponsorship. However, if a site implies that it is not authentic either through the account name itself or if the profile content is a parody or highly critical of the mark holder, a court will likely determine that there is no likelihood of confusion. Where a site appears to be authentic and would constitute trademark infringement, the proprietor of the site would not be able to successfully assert either the statutory fair use or the nominative fair use defense. Although fake social networking account may constitute trademark infringement, litigation may not be the most effective resolution. Mark holders should consider alternative means of settling the dispute such as demanding that the host of the site terminate the account, requesting that the proprietor of the particular account cease and desists, or allow the site to continue its operation so long as the site makes it obvious that it is not officially sponsored by the mark holder.