

David Levitt Author's Article, "IP: Developments in Evaluation of Nominative Fair Use in Domain Names," in InsideCounsel

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Recent decision in *Toyota Motor Sales, U.S.A., Inc. v. Tabari* addresses the issue of trademark infringement and domain names.

A retailer or broker sells a trademarked product. The seller obtains a domain name that includes the trademark. Does the trademark owner have a valid claim for trademark infringement? The recent decision in *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, sheds some further light on this issue. But the court's analysis adds to the growing body of case law that seems to assume consumer behavior without evidence.

The Tabaris are auto brokers. They contact authorized dealers, solicit bids and arrange for customers to buy from the dealer offering the best combination of location, availability and price. The Tabaris offered this service on the Internet at buy-a-lexus.com and buyorleaselexus.com. Because "Lexus" appeared in the domain name, Toyota sued for trademark infringement. The district court entered a permanent injunction barring the Tabaris from using any domain name which included the Lexus mark, but the 9th Circuit reversed and remanded.

The reversal was based on "nominative fair use," a doctrine that applies where the alleged infringer is using the trademark to describe the trademark owner's product, not its own. The court noted that the usual multifactor likelihood of confusion test (different federal circuits have articulated slightly different factors) does not apply in nominative fair use cases; rather, the court asks whether: (1) the product was "readily identifiable" without the use of the mark; (2) the defendant used more of the mark than was necessary; and (3) the defendant falsely suggested that it was sponsored or endorsed by the trademark holder.

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