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[Nominative Fair Use of Trademarks in Domain Names](#)

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Last month, the [United States Court of Appeals for the Ninth Circuit](#) issued [an opinion](#) in the case of *Toyota Motor Sales, U.S.A. v. Tabari* that asked whether the domain names [buy-a-lexus.com](#) and [buyorleaselexus.com](#) used in connection with automobile brokerage services infringed Toyota's trademark rights in LEXUS.

Conventional legal wisdom is that only the owner of a trademark has a right to use its trademark in a domain name in connection with related goods or services. The back-of-the-envelope legal calculus is not difficult: the domain names incorporate LEXUS in its entirety, and they are used in connection with auto brokerage services--services that are closely related to automobiles. There is only one catch: the brokers legally deal in genuine LEXUS vehicles. Astute readers will recognize this fact as raising the issue of [nominative fair use](#).

The Court articulated its nominative fair use test this way:

In cases where a nominative fair use defense is raised, we ask whether (1) the product was "readily identifiable" without use of the mark; (2) defendant used more of the mark than necessary; or (3) defendant falsely suggested he was sponsored or endorsed by the trademark holder.

While correct, I prefer [how Steve has articulated the nominative fair use defense](#), which is established when:

1. The product cannot be readily identified without using the trademark;
2. Only so much of the trademark is used as is necessary for the identification; and
3. No sponsorship or endorsement of the trademark owner is suggested by the use.

I bring this up, because the Court's analysis began "by asking whether the Tabari's use of the mark was 'necessary' to describe their business." In my initial read, I thought that the Court was beginning with the second element of the test, keying off of the word "necessary," but this is a restatement of the first element, which addresses the issue of necessity in using the mark. The second element, while using the word "necessary," really addresses the scope of the use.



The Court recognized that it was not necessary in an absolute philosophical sense for the Tabaris to use buy-a-lexus.com or buyorleaselexus.com; it observed that they could have just as easily used autobroker.com or fastimports.com (Fast Imports being the Tabaris' d/b/a). But here's the clincher: "One way or the other, the Tabaris need to let consumers know that they are brokers of Lexus cars, and that's nearly impossible to do without mentioning Lexus, . . . be it via domain name, metatag, radio jingle, telephone solicitation or blimp." (It is fair to characterize this last quip as [dicta](#).)

Lawyers and fans of legal minutiae can read after the jump for one other legal issue raised by this case that has me puzzled.

The Court pointed out several times that under 9th Circuit law, the traditional multi-factor likelihood of confusion test does not apply when a defendant raises the nominative fair use defense. "[N]ominative fair use 'replaces' *Sleekcraft* as the proper test for likely consumer confusion whenever defendant asserts to have referred to the trademarked good itself." I found this surprising, and it strikes me as wrong.

Unless I am missing some nuance (and I have not undertaken more extensive research), the nominative fair use elements test only that defense, not likely confusion. A failure to establish nominative fair use does not thereby establish likely confusion, yet according to this case, that is the result. It seems to me that there are cases where a defendant's use would fail the nominative fair use defense (say, for instance, because the product can be readily identified without using the trademark), and yet still be unlikely to cause confusion.

Perhaps one of our colleagues more familiar with 9th Circuit law can shed some light on this issue.

