

A solid yellow right-angled triangle pointing towards the top-left corner.

BLOGS

Trademarks

Ninth Circuit Vacates District Court's Preliminary Injunction Order Regarding Use of an Internet Domain Name

The Ninth Circuit in *Toyota Motor Sales, USA, Inc. v. Farzad Tabari, et al.*, 2010 U.S. App. LEXIS 13903 (9th Cir. July 8, 2010), vacated and remanded an order granting a preliminary injunction in favor of Toyota enjoining the use of one of its trademarks in a domain name. Toyota, the exclusive distributor of Lexus vehicles in the United States, sued the defendant auto brokers based on the use of the term "Lexus" in their business Web site domain names. The district court found that the defendants' domain names, *buy-a-lexus.com* and *buyorleaselexus.com*, infringed the trademark *Lexus* and enjoined the defendants from using the mark *Lexus* in any domain name.

On appeal, the Ninth Circuit held that the defendants were using the term to describe their business of brokering *Lexus* automobiles, that such use of the trademark was a nominative fair use, and that fair use, by definition, was not infringement. In analyzing the nominative use defense, the court looked at "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." The court found that the defendants had demonstrated that the use of the mark was necessary to describe their business because it was nearly impossible to convey a specialty in brokering the vehicles without mentioning "Lexus." Further, the injunction was plainly overbroad because it prohibited domain names that on their face dispelled any confusion that the defendants were sponsored or endorsed by Toyota. The appellate court vacated the injunction and remanded for reconsideration of the injunction's scope, stating that, at the very least, the injunction must be modified to allow some use of the mark in domain names. The court also noted that on remand Toyota would bear the burden of showing that the defendants' use of name was not nominative fair use, overruling precedent that required the defendant claiming the nominative fair use defense to show that confusion was not likely.