

## A Fair Use of Nominative Fair Use?

*Toyota Motor Sales, U.S.A., Inc. v. Tabari*

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In *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1176 (9th Cir. 2010), a case involving Internet domain names, the United States Court of Appeals for the Ninth Circuit provides significant guidance regarding the “nominative fair use” defense to trademark infringement. Since the Ninth Circuit is often on the leading edge of intellectual property and Internet-related jurisprudence<sup>2</sup>—and indeed originated the nominative fair use doctrine itself<sup>3</sup>—*Tabari* may well become required reading for those addressing this defense in the Fourth Circuit and other federal jurisdictions.

As explained in greater detail below, *Tabari* addresses a trademark dispute between Toyota Motor Sales, U.S.A., Inc. (“Toyota”) – which has the exclusive right to distribute Lexus vehicles and use the Lexus marks in the United States – and independent Lexus “brokers” who, among other things, used the word “Lexus” in various Internet domain names. Through their defense of nominative fair use, the brokers, the Tabaris, argued that their use of the mark was required in order to identify the services they offered, and was therefore permissible under the Lanham Act. The Ninth Circuit, holding that the U.S. District Court for the Central District of California had erroneously applied the “likelihood of confusion” test generally applicable to infringement matters when it should have instead applied a different “nominative fair use” analysis, vacated an injunction against the Tabaris and remanded the case for further proceedings. Based upon concerns arising out of the First Amendment, the Ninth Circuit held that the district court’s prohibition on the Tabaris making *any* use of the Lexus trademark in their domain names was impermissible, and in doing so it provided guidance on the appropriate factors to be considered in analyzing instances of nominative fair use. *Tabari*, 610 F.3d at 1185.

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<sup>2</sup> See, e.g., *Network Automation, Inc. v. Advanced System Concepts, Inc.*, 638 F.3d 1137 (9th Cir. 2011) (discussing trademark infringement in the context of paid search engine marketing).

<sup>3</sup> See *Tiffany (NJ), Inc. v. eBay, Inc.*, 600 F.3d 93, 102 (2d Cir. 2010) (stating that, “[t]he [nominative fair use] doctrine apparently originated in the Court of Appeals for the Ninth Circuit [in *New Kids*]”).

## **I. A PRIMER ON NOMINATIVE FAIR USE AND ITS APPLICATION TO INTERNET DOMAIN NAMES**

With certain exceptions, the Lanham Act prohibits parties from making commercial use of other parties' trademarks. *See* Lanham Act, 15 U.S.C. § 1125. To determine whether one party's use of a trademark infringes upon the prior rights of another trademark owner, courts generally examine whether the use creates a "likelihood of confusion" in the marketplace as to the source or origin of each respective party's products or services. *See, e.g., Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984); *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).

One exception to this general rule is the doctrine of "fair use." *See Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1175 (9th Cir. 2010) ("[F]air use is, by definition, not infringement."). "Classic" fair use occurs where a secondary user employs another party's trademark in a manner that is "descriptive of and used fairly and in good faith only to describe the goods or services of [the secondary user], or their geographic origin." 15 U.S.C. § 1115(b)(4); *see also KP Permanent Make-Up, Inc., v. Lasting Impression I, Inc.*, 543 U.S. 111, 547-48 (2004); *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002) (referencing "classic fair use analysis"); *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1185 (5th Cir. 1980). "Nominative fair use," a relatively recent variation of fair use first recognized by the Ninth Circuit in *New Kids on the Block v. News America Publishing, Inc.*, 971 F.2d 302 (9th Cir. 1992), differs from the "classic" analysis in a significant way.

### **A. Nominative Fair Use as a Defense to Trademark Infringement**

A nominative fair use of a trademark is one in which a secondary user, such as a broker or reseller, employs the mark to describe the *trademark owner's* product, "*even if the defendant's ultimate goal is to describe [its] own product.*" *Cairns*, 292 F.3d at 1151 (emphasis added) (noting that, "[c]onversely, the classic fair use analysis is appropriate where a defendant has used the plaintiff's mark *only* to describe [its] own product, *and not at all to describe the plaintiff's product*" (emphasis added)); *see also New Kids*, 971 F.2d at 308. In such a circumstance, the secondary "use of the trademark does not imply sponsorship or endorsement of the product

because the mark is used only to describe the thing, rather than to identify its source.” *New Kids*, 971 F.2d at 306.<sup>4</sup>

Whereas a “classic” fair use analysis acts a complement to the eight (8)-part “likelihood of confusion” test set forth in *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979), a “nominative” fair use defense requires the deciding court to *replace* the *Sleekcraft* test with a special three (3)-pronged test. *See Cairnes*, 292 F.3d at 1151;<sup>5</sup> *Welles*, 279 F.3d at 801. That test, which the Ninth Circuit first established in *New Kids*, contains the following parameters:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

*Welles*, 279 F.3d at 801 (quoting *New Kids*, 971 F.2d at 308); *see also Tiffany (NJ), Inc. v. eBay, Inc.*, 600 F.3d 93, 102 (2d Cir. 2010) (opining that “[t]he doctrine of nominative fair use allows a defendant to use a plaintiff’s trademark to identify the plaintiff’s goods so long as there is no likelihood of confusion about the source of the defendant’s product or the mark-holder’s sponsorship or affiliation” (internal quotations and citations omitted)).

Importantly, the *New Kids* analysis does not determine whether a use *constitutes* nominative fair use. That determination is made based on whether the defendant is legitimately using the plaintiff’s mark to identify the plaintiff’s own products (in the context of describing the defendant’s services). Rather, the *New Kids* test determines whether the *scope* of nominative fair use is permissible (i.e. appropriately limited to make only “necessary” use of the plaintiff’s mark). *See Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1176 (9th Cir. 2010). Thus, even if a nominative fair use does not satisfy all three *New Kids* factors, the use may not be

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<sup>4</sup> The Ninth Circuit further acknowledged that “it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using the mark.” *New Kids*, 971 F.2d at 306. This is the fundamental theory underlying the doctrine of nominative fair use.

<sup>5</sup> “To establish a classic fair use defense, a defendant must prove the following three elements: 1. Defendant’s use of the term is not as a trademark or service mark; 2. Defendant uses the term fairly and in good faith; and 3. [Defendant uses the term] [o]nly to describe’ its goods or services.” *Cairns*, 292 F.3d at 1151 (internal quotations omitted (modifications in original)). Thus, classic fair use can apply only where the secondary user’s “use does not lead to customer confusion as to the source of the goods or services.” *Id.* (citing *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 911 F.2d 363, 365 n. 2 (9th Cir.1990)). Accordingly, in cases of “classic” fair use, the standard likelihood-of-confusion test must still be applied. *Id.*

enjoined altogether; instead, it may be limited only to the extent necessary to satisfy the *New Kids* requirements. *See id.* The reasoning for this limitation on the exclusive rights of trademark owners lies in the First Amendment. As explained by the Supreme Court, “[a] trademark injunction, particularly one involving nominative fair use, can raise serious First Amendment concerns because it can interfere with truthful communication between buyers and sellers in the marketplace.” *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748, 763-64 (1976). As a result, trademark injunctions—particularly in fair use cases—must be circumscribed to “eliminate only the specific harm alleged.” *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1297 (9th Cir. 1992).

Where a defendant claims nominative fair use, the burden rests with the *plaintiff* to demonstrate that the use fails the *New Kids* test. *See Tabari*, 610 F.3d at 1182.

## **B. Nominative Fair Use and Domain Names**

Use of a third-party’s trademark in a domain name can, under the right circumstances, constitute nominative fair use. *See, e.g., Ty, Inc. v. Perryman*, 306 F.3d 509, 512 (7th Cir. 2002) (allowing an individual to use the domain name <http://www.bargainbeanies.com> to sell Ty, Inc.’s Beanie Babies® stuffed animals). In *Perryman*, the Seventh Circuit ruled against the manufacturer’s infringement and dilution claims, opining that use of its mark in this context did not amount to unlawful “free riding” on the value of the mark, but rather, was a necessary and permissible use in the secondary market for its limited-run collectables. *See id.* at 510-13. The Seventh Circuit acknowledged that the reseller could, hypothetically, operate her business from a non-descriptive domain name and still attract Beanie Babies-related search engine traffic based upon the content of her site, but found that fact insufficient to defeat the overriding principles of the nominative fair use doctrine. *Id.* at 513.<sup>6</sup>

Of course, permissible uses of third-party trademarks in domain names are limited to those situations in which the domain owner acts in good faith, with no intention of siphoning

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<sup>6</sup> As discussed *infra*, the Ninth Circuit used similar reasoning in *Tabari* to find that the “necessity” component of the *New Kids* test did not bar use of the Lexus trademark in the Tabaris’ domain names. *See infra*, Section II.B.2.; compare *Interactive Products v. A2Z Mobile Office Solution*, 326 F.3d 687, 698 n.6 (6th Cir., 2003) (stating in *dicta* that use of a third-party mark in a post-domain path would not likely be considered a “reasonably necessary” use of the mark, but also acknowledging that post-domain paths do not typically act as indicia of source or origin).

customers<sup>7</sup> from the owner of the mark. When one business purchases a domain name incorporating another's trademark and its use of the domain name causes confusion between the domain name owner and the mark holder, such use may not be protected as fair use and may constitute trademark infringement. *See, e.g., People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 366-67 (4th Cir. 2001); *see also Interstellar Starship Services, Ltd. v. Epix, Inc.*, 304 F.3d 936, 941-42 (9th Cir. 2002) (discussing initial interest confusion in the context of Internet domain names).

## II. THE CASE: *TOYOTA MOTOR SALES, U.S.A., INC. V. TABARI*

### A. Factual and Procedural Background

Toyota is the exclusive U.S. dealer of Lexus vehicles, and it spends more than \$250 million each year to promote the Lexus brand. *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1175 (9th Cir. 2010). According to the Ninth Circuit, Toyota is a “jealous guardian of the Lexus mark,” which it considers a “very prestigious luxury brand and . . . an indication of an exclusive luxury experience.” *Id.*

The Tabaris<sup>8</sup> are auto brokers—“the personal shoppers of the automotive world.” *Id.* at 1174. Their business involves soliciting bids from dealers and arranging for the purchase and delivery of high-end vehicles on behalf of their clients. *Id.* The Tabaris “specialize” in Lexus vehicles, though they broker acquisitions of other vehicles as well. *Id.* at 1180-81. They operate under the trade name “Fast Imports,” but, during the time period at issue, their website was accessible via the domain names [buy-a-lexus.com](http://buy-a-lexus.com) and [buyorleaselexus.com](http://buyorleaselexus.com).<sup>9</sup> *Id.* at 1175, 1181.

Toyota contacted the Tabaris six (6) months after becoming aware of the [buy-a-lexus.com](http://buy-a-lexus.com) and [buyorleaselexus.com](http://buyorleaselexus.com) domain names. *Id.* at 1183. The Tabaris disputed Toyota's

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<sup>7</sup> Similarly, the purchase of domain names incorporating third-party trademarks or confusingly similar terms for the purpose of re-selling the domains to the trademark holder for a higher price is prohibited under the Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d) (the “ACPA”). *See, e.g., Virtual Works, Inc. v. Volkswagen of America, Inc.*, 238 F.3d 264 (4th Cir., 2000) (holding the ACPA's safe harbor provisions did not apply where the defendant “openly admitted hope of profiting from consumer confusion of vw.net with the VW mark . . . with the idea of selling the site ‘for a lot of money’ to the mark's owner”).

<sup>8</sup> The Tabaris appeared *pro se* before the Ninth Circuit.

<sup>9</sup> At the time of writing, both domain names are registered in the name of MarkMonitor Brand Protection, a business that provides online brand protection services for Fortune 100 companies and other businesses. *See* <http://www.buy-a-lexus.com>; <http://www.buyorleaselexus.com>; and <http://www.markmonitor.com>.

trademark claims, and the parties “actively [sought] to resolve [the] matter out of court” for almost two (2) years.<sup>10</sup> *Id.* Ultimately, with the Tabaris’ domain names still active, Toyota filed suit for trademark infringement in the United States District Court for the Central District of California, seeking only prospective injunctive relief. *Id.* at 1174, 1182.

After conducting a bench trial and applying the *Sleekcraft* eight (8)-part “likelihood of confusion” test, the district court found that the Tabaris had in fact infringed on the Lexus mark. *See Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1175 (9th Cir. 2010). The court, specifically rejecting the Tabaris’ “nominative fair use” defense, enjoined the defendants from using buy-a-lexus.com, buyorleaselexus.com, and any other domain name containing the word “Lexus.” *Id.*

## **B. The Ninth Circuit’s Decision and Reasoning**

The Ninth Circuit vacated the injunction and remanded the case for further proceedings. *Tabari*, 610 F.3d at 1185.

### **1. The Legal Standards Applied by the Ninth Circuit**

In reaching its decision, the Ninth Circuit held that the district court had court erred by applying the *Sleekcraft* test<sup>11</sup> instead of the *New Kids* test which governs in cases involving a defense of nominative fair use. *Id.* at 1175-76 (citing *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002) (quoting *New Kids on the Block v. News America Publishing, Inc.*, 971 F.2d 302, 308-09 (9th Cir. 1992))). The appellate court reasoned as follows:

The Tabaris are using the term Lexus to describe their business of brokering Lexus automobiles; when they say Lexus, they mean Lexus. We’ve long held that such use of the trademark is a fair use, namely nominative fair use. . . . The Tabaris did in fact present a nominative fair use defense to the district court.

*Id.* at 1175.

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<sup>10</sup> Before Toyota filed suit, the Tabaris removed Toyota’s stylized “L” trademark from their website, removed all of Toyota’s photography, and also added a disclaimer in large font at the top of the site. *Tabari* at 1175.

<sup>11</sup> *See AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).

The Ninth Circuit then opined that the district court’s injunction – prohibiting the Tabaris from using “any . . . domain name, service mark, trademark, trade name, meta tag or other commercial indication of origin that includes the mark LEXUS”—must be carefully scrutinized:

A trademark injunction, particularly one involving nominative fair use, can raise serious First Amendment concerns because it can interfere with truthful communication between buyers and sellers in the marketplace. Accordingly, “we must [e]nsure that [the injunction] is tailored to eliminate only the specific harm alleged.” To uphold the broad injunction entered in this case, we would have to be convinced that consumers are likely to believe a site is sponsored or endorsed by a trademark holder whenever the domain name contains the string of letters that make up the trademark

*Id.* at 1176 (internal citations omitted).

In performing this analysis, the court reasoned that one must focus on “reasonably prudent” consumers in the “relevant marketplace.” *Id.* In this case particular case, it found, the relevant marketplace is the “online marketplace,” and the relevant consumers are “reasonably prudent consumer[s] accustomed to shopping online; the kind of consumer[s] who [are] likely to visit the Tabaris’ website when shopping for an expensive product like a luxury car. Unreasonable, imprudent and inexperienced web-shoppers are not relevant.” *Id.* (internal citation omitted).<sup>12</sup> Without the benefit of any authority or analysis provided by the parties, the court developed this definition *sua sponte*.<sup>13</sup>

## **2. The Ninth Circuit’s Application of the Law to the Toyota-Tabari Dispute**

Applying these standards, the court found—as Toyota’s counsel grudgingly agreed at oral argument—that the district court’s injunction was overly broad in that it proscribed clearly non-confusing and lawful uses of the Lexus mark, such as “we-are-definitely-not-lexus.com.” *Id.* According to the reviewing court, “[p]rohibition of such truthful and non-misleading speech does

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<sup>12</sup> Judge Fernandez issued a concurring opinion in which he criticized the majority for applying this interpretation, citing a dearth of evidence in the record to support the majority’s “essentially factual statements whose provenance is our musings rather than the record.” *Tabari*, 610 F.3d 1171, 1185 (9th Cir. 2010) (concurring opinion).

<sup>13</sup> While the Ninth Circuit cited *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 304 F.3d 936, 946 (9th Cir.2002), the relevant portion of that opinion actually discussed the court’s determination that “any consumer” would realize that the defendant’s website (www.epix.com) was unaffiliated with the plaintiff-trademark owner (Epix, Inc.).

not advance the Lanham Act's purpose of protecting consumers and preventing unfair competition." *Id.*

In light of this purpose and the Tabaris' claim of nominative fair use,<sup>14</sup> the Ninth Circuit proceeded to scrutinize the Tabaris' domain names under the *New Kids* analysis. *Id.* at 1177-82; *see New Kids on the Block v. News America Publishing, Inc.*, 971 F.2d 302, 308-09 (9th Cir. 1992).<sup>15</sup>

The court rephrased the first *New Kids* factor as "whether the Tabaris' use of the mark was 'necessary' to describe their business,"<sup>16</sup> and found that this requirement was satisfied. *Tabari*, 610 F.3d 1171, 1180 (9th Cir. 2010). Denying Toyota's argument that it was not "necessary" for the Tabaris to use the Lexus trademark in their domain name, the court held that it is "enough to satisfy our test for necessity that the Tabaris needed to communicate that they specialize in Lexus vehicles, and using the Lexus mark in their domain names accomplished this goal." *Id.* The court continued:

While using Lexus in their domain names wasn't the only way to communicate the nature of their business, the same could be said of virtually any choice the Tabaris made about how to convey their message. . . . [T]he Tabaris need to let consumers know that they are brokers of Lexus cars, and that's nearly impossible to do without mentioning Lexus, [citation omitted], be it via domain name, metatags, . . . or blimp.

*Id.* at 1180-81.

The court also held that the fact that the Tabaris broker other brands of vehicle in addition to Lexus vehicles did not render the domain name use unnecessary. Importantly, although the court acknowledged the district court's finding that the Tabaris "specialize" in Lexus, this fact was not essential to its holding. *Id.* at 1181 ("The Tabaris are entitled to decide what automotive brands to emphasize in their business."). Finally, the court rejected Toyota's argument that the

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<sup>14</sup> *See* Section II.A, *supra*.

<sup>15</sup> The court also noted that on-site disclaimers are neither necessary nor sufficient to avoid confusion and satisfy the requirements of nominative fair use. *Tabari*, 610 F.3d 1171, 1177 (9th Cir. 2010) (citing *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 803 n.26 (9th Cir. 2002)) ("The nominative fair use doctrine allows . . . truthful use of a mark, even if the speaker fails to expressly disavow association with the trademark holder, so long as it's unlikely to cause confusion as to sponsorship or endorsement."); *see also Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350, 352 (9th Cir. 1969).

<sup>16</sup> *See* Section I.A., *supra* (quoting *New Kids* test from *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002)).



Tabaris unnecessarily emphasized the domain names in their advertisements, stating that it was permissible for the Tabaris to feature their domain names in advertising in order to tell people how to access their website. *Id.* Accordingly, the court found that the first *New Kids* factor was “easily satisf[ied].” *Id.*

Addressing the second and third *New Kids* factors<sup>17</sup> in tandem, the Ninth Circuit provided guidance but ultimately deferred to the district court on remand to determine whether and to what extent injunctive relief would be appropriate. *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1182 (9th Cir. 2010). Interestingly, while the court had deemphasized the content of the Tabaris’ website in determining that they were entitled to at least some measure of protection under the nominative fair use doctrine, it focused in on the website’s content in addressing the second and third *New Kids* factors. *Id.* at 1181-82. Specifically, the court noted that by the time of trial the Tabaris had removed Toyota’s stylized “L” logo from their site, and replaced it with a disclaimer stating that they were “not . . . affiliated in any way with Lexus” and identifying them as an “Independent Auto Broker”.<sup>18</sup> *Id.* at 1181. These facts suggested that the Tabaris’ site made only limited use of Toyota’s trademarks without suggesting sponsorship or endorsement, and counseled against the broad injunction imposed by the district court. *Id.*

However, the Ninth Circuit also emphasized the fact that the Tabaris’ domain names themselves were sufficiently descriptive to avoid creating a likelihood of confusion with authorized Lexus dealers. *Id.* In doing so, it cited its own prior statement that domain names such as “trademark-USA.com, trademark-of-glendale.com [and] e-trademark.com” will generally connote sponsorship or endorsement, and that marks such as “official-trademark-site.com [and] we-are-trademark.com” affirmatively suggest sponsorship or endorsement, thereby necessarily falling outside of the class of domains protected as nominative fair use. *Id.* at 1178-79, 1182 (citing *Visa International Services Association v. JSL Corp.*, 610 F.3d 1088 (9th Cir. 2010)). Given the context (or lack thereof) supplied by the Tabaris’ domain names, the court held that reasonable consumers “would arrive at the Tabaris’ site agnostic as to what they would find,” and upon arrival, “would immediately see the disclaimer and . . . promptly be disabused of any notion that the Tabaris’ website is sponsored by Toyota.” *Id.*

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<sup>17</sup> See Note 11, *supra*.

<sup>18</sup> This point was particularly relevant in light of the fact that Toyota sought only *prospective* injunctive relief. *Tabari*, 610 F.3d at 1182; see Section II.A., *supra*.

As a result, the Ninth Circuit vacated the injunction issued by the district court and instructed the lower court on remand that, even if the Tabaris' nominative fair use defense were again rejected, the injunction must be limited. *Id.* at 1176. That is, the district court would be permitted to "order defendants to modify their use of the mark so that all three [*New Kids*] factors are satisfied[, but] it may not enjoin nominative use of the mark altogether."<sup>19</sup> *Id.* The Ninth Circuit also provided additional guidance to the lower court, noting that: (i) any injunction must be limited to the purpose of preventing ongoing violations, as opposed to punishing prior conduct; (ii) forced transfer of a domain name is an "extraordinary" remedy traditionally reserved for cases of cybersquatting; and, (iii) in order to be entitled to any remedy at all, Toyota must bear the burden of proving that the Tabaris' domain names were not protected under the doctrine of nominative fair use. *Id.* at 1182-83 (citing *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 118 (2004); *Miller v. Gammie*, 335 F.3d 889, 893 (9th Cir. 2003)).

### III. ANALYSIS

In vacating the district court's injunction against the Tabaris and remanding the case for further proceedings, the Ninth Circuit presented a logic-driven opinion that focused on the practicalities of doing business on the Internet in the twenty-first century. *See Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1185 (9th Cir. 2010). Perhaps compelled by a shortage of authority on the application of the nominative fair use doctrine to domain names, the opinion takes a more commonsense than precedential approach to reach its ultimate result. For example, even on the issue of the relevant consumer, the court was forced to develop a new definition *sua sponte* in order to traverse the gorge between traditional commerce and the online marketplace. *Id.* at 1176. As noted by Judge Fernandez in his concurring opinion, the court may have done so improperly.<sup>20</sup> Whereas prior cases had referred only to "consumers" and "relevant consumers" generally, in *Tabari* the Ninth Circuit limited the class of people potentially affected by the Tabaris' domain names to only experienced online shoppers in the market for a luxury car. *Id.*; *compare id.* at 1185 (Concurring Opinion). It did so despite the fact that neither Toyota

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<sup>19</sup> The Ninth Circuit noted, however, that the Tabaris' refusal or inability to comply with a limited injunction would have the practical effect of enjoining them from using the Lexus mark at all. *Tabari*, 610 F.3d at 1176 n.2.

<sup>20</sup> *See* Note 10, *supra*.

nor the Tabaris had provided evidence on the issue of the relevant consumer. *Id.* Although, importantly, when it came to analyzing the *New Kids* factors, the majority did not expressly rely on its “reasonably prudent consumer” definition. *See id.* at 1180-81.

Interestingly, one thing the majority did rely on in its analysis was the content of the website hosted at the Tabaris’ domains. *See id.* at 1181-82. This reliance seems a bit misplaced, particularly in light of the emphasis the court placed on the various strings of words the Tabaris could and could not use in domain names themselves, as well as its endorsement of the fact that “the worst that can happen is that some consumers may arrive at the site uncertain as to what they will find. . . . [and] they fully expect to find some sites that aren’t what they imagine based on a glance at the domain name.” *Id.* at 1179. Although improper trademark use on a website clearly can constitute trademark infringement on its own, it does not seem to necessarily follow that the determination of whether use of the same trademark in a domain name constitutes nominative fair use hinges upon the content of the underlying website. A domain name either misleads consumers or it does not, and the content of the website itself seems to be—at least arguably—irrelevant to that determination. Ultimately, it seems that the court reached the correct result, but this content-based scrutiny may prove to be fertile grounds for challenging domain names that otherwise meet the requirements of nominative fair use.

#### IV. CONCLUSION

In *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, the Ninth Circuit Court of Appeals held that an independent automotive broker’s use of the Lexus trademark in its domain names, buy-a-lexus.com and buyorleaselexus.com, might constitute permissible nominative fair use. The Ninth Circuit left it to Toyota to demonstrate to the lower court that the domain names *do not* meet the requirements for safe harbor under the fair use doctrine. *Id.* at 1182-83.<sup>21</sup> Importantly, the court held that even if Toyota meets this burden, the First Amendment mandates that the Tabaris cannot be fully enjoined from using the Lexus trademark in their domain names.<sup>22</sup> *Id.* at 1176

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<sup>21</sup> “[A]s the Supreme Court has unambiguously instructed, the Lanham Act always places the ‘burden of proving likelihood of confusion . . . on the party charging infringement.’” *Id.* at 1183 (quoting *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 118 (2004)).

<sup>22</sup> The court noted a possible exception to this rule where “consumers are likely to believe a site is sponsored or endorsed by the trademark holder *whenever* the domain name contains the string of letters that make up the trademark.” *Tabari*, 610 F.3d at 1176. In addition, the court noted that even a limited injunction could effectively

(citing *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1297 (9th Cir. 1992)). Rather, they must be permitted to make “truthful use of the mark . . . so long as it’s unlikely to cause confusion as to sponsorship or endorsement.” *Id.* at 1177 (citing *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002)).

The court’s decision represents a logical extension of the nominative fair use doctrine in the context of Internet domain names. In light of other circuits’ recognition of the nominative fair use doctrine as developed by the Ninth Circuit, it seems to be only a matter of time until attorneys in the Fourth Circuit will be relying upon (or attempting to challenge) the Ninth Circuit’s opinion in *Tabari*.

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prevent parties like the Tabaris from using third-party trademarks in their domain names if they refuse to comply with the requirements imposed by the *New Kids* analysis. *Id.* at 1176 n.2.