

VIRTUAL REALITY: Can We Ride Trademark Law to Surf Cyberspace?

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INTRODUCTION

Johnny MacCracken and Jane Tiffany were excited by their first class in trademark law when they learned that combining the prefix “Mc” with any generic word would create a word protected by McDonald’s trademark rights.¹ After class, Johnny and Jane started surfing the Web to find Mc’s cyber family. Their journey returned hundreds of websites that contained the prefix “Mc” in the domain name or the metatag.² Salivating for McDonald’s grease, Johnny tried to locate McDonald’s website, but accidentally left out “s” in typing McDonald’s domain name. The typo brought him to the website of McDonald Distributors.³ At that moment, Johnny and Jane were dizzied and started to wonder whether trademark law works differently in cyberspace.⁴

1. See *Quality Inns Int’l, Inc. v. McDonald’s Corp.*, 695 F. Supp. 198, 221 (D. Md. 1988). Judge Miemeyer’s decision addressed many of the major issues of Trademark Law. The court enjoined Quality Inns from using the name *McSleep Inn* because the name *McSleep Inn* was likely to cause confusion to consumers. See *id.*

2. See *Yahoo Search Engine* (visited Oct. 14, 1999) <<http://www.yahoo.com>>. The search on “Mc” returned results of 1,203 websites of 17 categories, which matched “Mc.” These websites included <www.mclaughlin.com> for political talk shows and <www.mcdonald.com> for McDonald Distributors. There are also websites, such as a site advertising a small family run Bed & Breakfast situated in the Embassy belt of Dublin, linked by the metatags of “Mc” <www.irishwelcome.com>. Are owners of these websites free riders on McDonald’s good will? Are they trying to convey McDonald’s concept of Fast, Clean, Economical, and Suitable for different classes of people? This Note intends to provide readers available options that they could choose to resolve novel cyberspace issues.

3. See *McDonald Distributors* (visited Oct. 12, 1999) <<http://www.mcdonald.com>>. McDonald Distributors is not related to McDonald’s.

4. See *How to make friends and kill them: Multimedia Feature*, *ECONOMIST* (THE *ECONOMIST REVIEW OF BOOKS AND MULTIMEDIA*), Oct. 18, 1997, at 12 (stating that “[s]uch a world might sound like the virtual worlds of science fiction you find in Neal Stephenson’s ‘Snow Crash’ or William Gibson’s ‘Neuromancer,’ source of the term ‘cyberspace’ ”); see also *Hearst Corp. v. Goldberger*, 1997 U.S. Dist. LEXIS 2065, at *4 n.2 (S.D.N.Y. Feb. 26, 1997) (noting that Gibson coined the term “cyberspace” in his novel “Neuromancer”).

Gibson’s concept included a direct brain-computer link that gave the user the illusion of physically moving about in the data “matrix” to obtain information. In Gibson’s vision, cyberspace is a “consensual hallucination that felt and looked like physical space but actually was a computer-generated construct representing abstract data.” As commonly used today, cyberspace is the conceptual “location” of the electronic interactivity available using one’s computer. Cyberspace is a place “without physical walls or even physical dimensions” in which interaction occurs as if it happened in the real world and in real time, but

Johnny and Jane are not alone. The exponential growth of cyberspace has been changing the way businesses do business and has been revolutionizing the way people live and access information.⁵ Electronic commerce has become a major driving force for U.S. economic growth in the twenty-first century.⁶ Companies have realized the importance of the Internet to their businesses and have struggled to establish a presence on the Internet.⁷ Consumers have discovered the advantages of the Internet and have rushed to the Internet in an effort to access information and lower shopping costs.⁸

The Department of Commerce has noted that both new Internet-based and traditional companies have been transforming their business processes into e-commerce processes in an effort to lower costs, improve customer service, and increase productivity.⁹ A March 1999 survey shows that e-commerce websites dominated the top fifteen websites of 1998 in comparison to zero in 1996.¹⁰ Business-to-business (“B2B”) e-commerce exceeded \$102 billion in 1998 and could rise to \$300 billion by 2002 and \$1.3 trillion by 2003.¹¹ Twenty-four percent of U.S. companies sold their products over the Internet in 1998; the percentage will increase to 56% in 2000.¹² Approximately 98% of the purchasing managers in the

constitutes only a “virtual reality.”

Id.

5. See William M. Daley, *Introductory Letter to The Emerging Digital Economy II*, U.S. Dep’t of Commerce, June 1999 (This document is available in PDF format at <<http://www.ecommerce.gov/ede/ede2.pdf>>); see e.g., Patrick E. Cole et al., *Business-The Internet Economy*, TIME, July 20, 1998, at 34. (characterizing the Internet as the real miracle that lets one do things one could not even dream of doing before).

6. See Daley, *supra* note 5, *Introductory Letter*.

7. See *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 953 (C.D. Cal. 1997).

8. See William M. Daley, *Falling Through the Net: Defining The Digital Divide*, U.S. Dep’t of Commerce, July 1999, at 5, 34-37, 85-88 (This document is available in PDF format at <<http://www.ntia.doc.gov/ntiahome/fitn99/FTTN.pdf>>). Among Americans, 42.1% owned PC in 1999, 36.6% in 1997, and 24.1% in 1994; 26.3% owned modems in 1997; 32.7% used the Internet somewhere in 1997. As of May 1999, of the 171 million people worldwide who had access to the Internet, more than half of them lived in the United States and Canada. See *id.*

9. See Daley, *supra* note 5, *Introductory Letter*.

10. See *id.* ch.I at 4.

11. See *id.* ch.I at 4-8.

12. See *id.* For example, a seafood storeowner, Brian Hanson, netted nearly \$1 mil-

U.S. have Internet access and use it to do comparative shopping.¹³ As recently as October 11, 1999, the U.S. Department of Commerce's homepage received over 2.5 million hits a day, offering surfers worldwide the opportunity to research the U.S. government electronic commerce policy.¹⁴ These figures reveal that the Internet moves the world across boundaries toward a truly global market.¹⁵

During the transition to the Internet, businesses would prefer that their trademarks still function as an important marketing tool, a tool that Internet users employ to find a business' presence on the Internet by simply using a corporate name, trademark, or service mark.¹⁶ Originally, however, cyberspace was like the Wild West.¹⁷ Until mainstream society started flooding into cyberspace in the early '90s, the American spirit and a form of Wild West frontier justice prevailed in cyberspace.¹⁸ Competitors in the "earth-bound world" registered their rivals' trademarks or trade names as their own websites' domain names.¹⁹ Some prospectors saw domain names as intangible gold mines and registered dozens

lion in sales, before the Christmas season, by selling lobsters over the Internet. See Nick Pachetti, *Booting up Your Business, If the Time has Come For You to Play the e-Commerce Game, You Need to Know How to Get up and On-line. Here Are the Steps*. TIME, Apr. 19, 1999, at 84[E].

13. See Karen Southwick, *The Internet eliminates geography, but for companies seeking new customers on-line, the secret is still location, location, location*, INC., Sept. 15, 1998, at 54(1).

14. See *United States Government Electronic Commerce Policy* (visited Oct. 11, 1999) <<http://www.ecommerce.gov>>.

15. See Daley, *supra* note 5, *Introductory Letter*.

16. See *SNA, Inc. v. Array*, 51 F. Supp. 2d 542, 552 (E.D. Pa. 1999); see, e.g., *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1319 (9th Cir. 1998) (noting that "[t]o make it easier to find their web sites, individuals and companies prefer to have a recognizable domain names").

17. See LANCE ROSE, *NET LAW: YOUR RIGHTS IN THE ONLINE WORLD* 120 (1995); see also, Cole, *supra* note 5, at 34 (noting "the Wild West Nature of the Internet").

18. See ROSE, *supra* note 17, at 120. "As in the Wild West of a thousand Hollywood movies, there were few lawmen about. People relied on their ingenuity to come up with workable social systems . . . and keep the riffraff in check." *Id.*

19. See, e.g., *Trademarks: Anti-Counterfeiting Group's Fall Meeting Explores Infringement On The Internet*, BNA PAT. TRADEMARK & COPYRIGHT L. DAILY, Oct. 18, 1995. Princeton Review registered the domain name <kaplan.com> that was part of its competitor Stanley Kaplan's mark, until an arbitrator barred its use. See *id.*

of famous marks as their domain names.²⁰ Others registered thousands of common American surname-based domain names as their treasure troves.²¹ Domain names of <drugstore.com> or <furniture.com> are so valuable that they became the cornerstones of billion-dollar business plans.²² Not surprisingly, Compaq paid \$3.3 million to buy an Internet domain name, <altavista.com>.²³ McDonald's had to wire a high school to the Internet in order to gain control of <mcdonalds.com> from Joshua Quittner.²⁴

The rapid emergence of Internet technologies and cyberspace's exponential growth²⁵ have spawned a variety of novel issues involving trademark rights that will have profound impact on the application of trademark law in cyberspace. The novel issues range from relatively traditional actions of trademark infringement to Internet specific issues.²⁶ Trademark owners, Internet users, domain name registrars,²⁷ ICANN,²⁸ and courts have not reached a

20. See *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1230 (N.D. Ill. 1996). Toeppen, labeled as a cybersquatter, registered 240 domain names incorporating famous trademarks and trade names and wanted to exchange these domain names with trademark owners for ransom. See *id.*

21. See Scott Woolley, *Master of your domain. (Mailbank.com)*, FORBES, July 26, 1999, at 244. Jerry Sumpton, a Canadian entrepreneur, discovered that 70% of the U.S. population shares one of only 9,000 last names. Sumpton teamed with investors, including majority owner of <mailbank.com>, controls versions of the surnames of over 60% of the population. See *id.*

22. See Steven Levy, *We're Running Out of Dot.coms: Good domain names have become so scarce that the techies need to create a new approach*, NEWSWEEK, Oct. 11, 1999, at 79.

23. See Joshua Quittner, *What's in a Name? You can Register Your Own Internet Domain Name. And Websites Can Help, Sometimes*, TIME, Aug. 31, 1998, at 73.

24. See *id.* Quittner, a writer for Wired magazine, registered the domain name "McDonalds.com." The McDonalds Corporation reportedly sought to have Network Solutions, Inc, a domain name registrar, revoke the registration, but was refused. The dispute was subsequently settled. See *id.*; see also Elizabeth Valk Long, *To Our Readers*, TIME, Feb. 13, 1995, at 4.

25. See *Reno v. American Civil Liberties Union* ("ACLU"), 521 U.S. 844, 850-51 (1997) (noting that "[t]he Internet has experienced 'extraordinary growth'").

26. See discussion *infra* Part I.D.

27. See NTIA, *Improvement of Technical Management of Internet Names and Addresses*, the Department of Commerce, 63 Fed. Reg. 8826, 8828 (1998) (to be codified at 15 C.F.R. Ch. XXIII) (stating that "[a] 'registrar' acts as an interface between domain name holders and the registry, providing registration and value added services"). Network Solutions, Inc. is one of the registrars. NTIA is the National Telecommunications and Information Administration, which is an agency of the Department of Commerce.

general consensus on how to resolve these novel issues. Of course, for cyberspace to function as an effective commercial market, businesses must have confidence that their trademarks can be protected. On the other hand, management of the Internet must respond to the needs of the Internet community as a whole, and not trademark owners exclusively. Therefore, although the size and direction of the impacts generated by the Internet remain uncertain, the legal community will have to learn how to operate in an environment where traditional barriers are deteriorating.

This Note first explores trademark law's application in resolving novel issues in cyberspace. This Note then argues for a policy-based balancing approach for applying trademark law doctrine to effectively protect trademark rights in cyberspace. Part I of this Note discusses the fundamentals of trademark law and how Internet use can trigger trademark protection in cyberspace. This part emphasizes the Internet's technical development into an integral part of trademark law in cyberspace. Part II discusses the approaches courts have taken to resolve trademark issues arising in cyberspace. This part focuses on causes of action and jurisdiction issues. Part III of this Note argues that courts should adopt a policy-based balancing approach when applying trademark law doctrine to resolve disputes in cyberspace while considering the impact of the development of Internet technologies. This part promotes a synergy effect in the cyberspace context and argues that cyberspace will provide trademark law a unique opportunity to evolve under new circumstances. This part also argues on the other hand that trademark law could become a shaping force in developing cyberspace. Accordingly, this Note concludes that courts need to consider policy implications when applying trademark law to resolve novel cyberspace issues, but that the Supreme Court should determine a test or model less susceptible to judicial activism.

28. ICANN is the Internet Corporation for Assigned Names and Numbers ("ICANN"). See Commerce News, *U.S. Secretary of Commerce William M. Daley Announces Agreements on Domain Name Management—Private Sector Management of DNS Set to Move Forward* (visited Oct. 11, 1999) <<http://www.nita.doc.gov/nitahome/domainname/agreements/92899secpr.htm>>.

I. OVERVIEW OF THE INTERNET AND TRADEMARK SYSTEM

This part discusses the fundamentals of trademark law and how use of the Internet can trigger trademark protection. The discussion shows that Internet technology has become central to trademark law in cyberspace. Section A discusses the fundamentals of trademark law. Section B discusses the pertinent technical aspects of the Internet. Section C discusses the legal significance of the Internet and its effects on courts' analysis. Finally, Section D discusses novel issues triggering trademark protections in cyberspace.

A. *The Fundamentals of Trademark Law*

The trademark system is a legal regime directed towards the creation and protection of an abstract concept, ownership of a trademark.²⁹ Trademark rights are territorial in nature.³⁰ For example, "COLORWORKS" used in the United States enjoys legal protection in the United States; "COLORWORKS" used in Canada benefits from legal protection in Canada.³¹ The trademark system of the United States is uniquely a common law use-based system, combined with optional federal registration.³² Bona fide usage determines the priority of appropriation that establishes ownership of a trademark in the United States.³³

Legal protection of trademarks may be traced back to the early nineteenth century when English law recognized a cause of action for deceit.³⁴ The United States passed the first law regarding

29. See JANE C. GINSBURG ET AL., *TRADEMARK & UNFAIR COMPETITION LAW*, ch. 1.B (2d ed. 1996); see, e.g., *Mishawaka Rubber & Woolen Mfg. Co. v. S. S. Kresge Co.*, 316 U.S. 203, 205 (1942) (stating that "[t]he protection of trade-marks is the law's recognition of the psychological function of symbols").

30. See, e.g., GINSBURG, *supra* note 29, ch. 1.B at 44-47 (noting that a trademark registration in the U.S. Patent and Trademark Office does not confer legal protection outside the U.S.; rather, legal protection of a trademark is on a "country-by-country" basis).

31. See *Desktop Techs., Inc. v. Colorworks Reprod. & Design, Inc.*, 1999 WL 98572, at *1 (E.D. Pa. Feb. 25, 1999). The parties conduct the same nature of businesses in preparing and printing color reproductions. See *id.*

32. See Daniel C. Schulte, *The Madrid Trademark Agreement's Basis in Registration-Based Systems: Does the Protocol Overcome Past Biases?* 77 J. PAT. & TRADEMARK OFF. SOC'Y 595, 603-10 (1995).

33. See *Bell v. Streetwise Records, Ltd.*, 640 F. Supp. 575, 580 (D. Mass. 1986); see generally Stephen L. Carter, *The Trouble With Trademarks*, 99 YALE L.J. 759 (1990).

34. See Simone A. Rose, *Will Atlas Shrug? Dilution Protection for "Famous"*

trademarks in 1870.³⁵ Trademarks, however, had not received substantial protection in the United States until 1946, when Congress passed the Federal Trademark Act, commonly known as the Lanham Act.³⁶ Until 1996, the legal protection of trademarks had been limited to barring infringement where there was a likelihood of consumer confusion as to the source of the goods or services bearing the trademark.³⁷ Recognizing the unique technical environment in cyberspace, courts have developed the “initial interest confusion” theory to protect consumers from trademark infringement in the Internet context.³⁸ The Federal Trademark Dilution Act of 1995, signed into law by President Clinton on January 16, 1996, amended the Federal Trademark Act to create a federal cause of action for the dilution of famous marks.³⁹ Recently, the Omnibus Appropriation Bill, signed into law by President Clinton on November 29, 1999, created a cybersquatting cause of action under a new section 43(d) of the Lanham Act, 15 U.S.C. § 1125(d), for owners of trademarks.⁴⁰

Trademarks: Anti-Competitive “Monopoly” or Earned “Property” Right? 47 FLA. L. REV. 653, 690 n.4 (1995) (stating that “the original common law action for infringement was in deceit”).

35. See generally *United States v. Steffens*, 100 U.S. 82, 88 (1879) (holding the 1870 federal statute regarding trademark as unconstitutional).

36. See Steven M. Auvil, *Gray Market Goods Produced by Foreign Affiliates of the United States Trademark Owner: Should the Lanham Act Provide a Remedy*, 28 AKRON L. REV. 437, 447 (1995) (stating that “[e]nacted in 1946, the Lanham Act for the first time created a national trademark regime that recognized substantive, as well as procedural rights, in trademarks”).

37. See Lanham Act § 43(a), 15 U.S.C. § 1125(a) (1994). A federal claim under Lanham Act § 43(a) for infringement of an unregistered mark is triggered by a use that “is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association” of the user with the senior user. See Lanham Act § 2(d). This standard reflects the historical foundation of trademark protection in the tort of “passing off,” or deceiving consumers by using another’s mark falsely to denote the source of one’s own goods.

38. See *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999); *infra* notes 372-77 and accompanying text.

39. See Lanham Act §§ 43(c), 45; 15 U.S.C. §§ 1125(c), 1127 (1994 & Supp. IV 1998); see also GINSBURG *supra* note 29, at 45.

40. See Consolidated Appropriations Act of 2000, Pub. L. No. 106-113, tit. III (Trademark Cyberpiracy Prevention), § 3002, 113 Stat. 1501, 1501A-545 to A-551 (1999) (codified as amended at 15 U.S.C.A. § 1125(d) (West Supp. 2000)); see also H.R. 3194, 106th Cong., 1st Sess., tit. III, § 3002 (1999) (engrossed); S. 1948, 106th Cong., 1st Sess., tit. III, § 3002 (1999).

The Lanham Act protects against a wide range of practices such as infringement, dilution, unfair competition, false advertising, and product disparagement, setting forth the scope of the protected subject matter as well as the prohibited activity.⁴¹ The Lanham Act defines a trademark as a word, name, symbol, or device, or combination thereof, either actually used, or intended to be used, by a person in commerce to identify and distinguish goods or services from those provided by others.⁴² The purpose of the Lanham Act is twofold: (1) to protect consumers' ability to distinguish among goods manufactured by competitors; and (2) to protect a trademark's goodwill, which the trademark owner has spent money, time, and energy to create and develop.⁴³ Trademarks that are used in interstate commerce are protected under the Lanham Act, but those used locally or intrastate are protected under common law.⁴⁴ The same principles for protecting trademarks apply under both common law and federal law.⁴⁵

41. See Lanham Act §§ 32, 43, 15 U.S.C. §§ 1114, 1125 (1994 & Supp. IV 1998), 15 U.S.C.A. § 1125(d) (West Supp. 2000); *International News Serv. v. Associated Press*, 248 U.S. 215, 247 (1918) (Holmes, J., dissenting). For example, such practices can be "passing off," which is "the wrong consists in fraudulently representing by word or act that defendant's goods are those of plaintiff." *International News*, 248 U.S. at 258 (Brandeis, J., dissenting). In addition, such practices can be "forward confusion" or "reverse confusion." See GINSBURG, *supra* note 29, ch. 6.A. at 476 (citing *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 957 (7th Cir. 1992), *cert. denied*, 113 S.Ct. 1879(1993)). "Forward Confusion [] occurs when customers mistakenly think that the junior user's goods or services are from the same source as or are connected with the senior user's goods or services." GINSBURG, *supra* note 29, ch. 6.A. at 476 (original quotations omitted). "Reverse Confusion occurs when a large junior user saturates that market with a trademark similar or identical to that of a smaller, senior user." GINSBURG, *supra* note 29, ch. 6.A. at 476 (original quotations omitted).

42. See 15 U.S.C. § 1127 (1994). The term "mark" is defined as any trademark, service mark, collective mark, or certification mark. See *id.* A separate but almost identical definition is included in this section for service marks. See *id.* Intent to use is covered by section 1051(b). See 15 U.S.C. § 1051(b) (Supp. IV 1998). "Person" includes an individual, corporation, firm, union, and association, as well as a state. See 15 U.S.C. § 1127 (1994).

43. See *Inwood Lab. Inc. v. Ives Lab. Inc.*, 456 U.S. 844, 854 n.14 (1982) (referring to S. REP. NO. 1333, 79th Cong., 2d Sess., § 3 (1946) and H.R. REP. NO. 944, 76th Cong., 1st Sess., § 3 (1939)).

44. See 15 U.S.C. §§ 1051-1127 (1994); *Bell v. Streetwise Records, Ltd.*, 640 F. Supp. 575, 580 (D. Mass. 1986).

45. See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 767-68, 772 (Stevens, J., concurring) 776, 784 (1992). The standard of protection is the same for registered and

In the United States, a trademark owner can register its trademark with the United States Patent and Trademark Office (“PTO”) either in the Principal Register or the Supplemental Register.⁴⁶ The PTO conducts a substantive review of trademark registration applications and considers all possible grounds of invalidity.⁴⁷ The Trademark Examining Attorney can refuse a registration based on grounds declared in section 45 of the Lanham Act.⁴⁸ The Trademark Trial and Appeal Board of the U.S. Patent and Trademark Office can hear an appeal regarding trademark registration.⁴⁹ The federal courts, however, make the ultimate decision regarding the right to use and register a mark.⁵⁰ If a trademark’s registration is granted, the owner of the mark cannot just sit back; instead, the owner must affirmatively protect its trademark rights from being lost.⁵¹

A trademark owner may lose trademark rights if the mark loses distinctiveness and becomes generic in the course of usage.⁵² Courts have applied a spectrum of distinctiveness to decide whether a mark remains eligible for trademark protection.⁵³ For example, on one end of the spectrum of distinctiveness are generic terms that are not eligible for trademark protection; in the middle of the spectrum are descriptive terms that can be protected only if they have acquired secondary meaning; at the far end of the spectrum are suggestive, arbitrary, or fanciful terms that are eligible for

unregistered marks. *See id.*

46. *See* 15 U.S.C. §§ 1052, 1091 (1994).

47. *See* 15 U.S.C. § 1052 (1994 & Supp. IV 1998).

48. *See In re Forbes, Inc.*, 31 U.S.P.Q.2d 1315, 1315 (T.T.A.B. 1994); 15 U.S.C. § 1127 (1994 & Supp. IV 1998).

49. *See* GINSBURG, *supra* note 29, ch. 1.B at 55.

50. *See In re Forbes*, 31 U.S.P.Q.2d at 1319.

51. *See* GINSBURG, *supra* note 29, ch. 4.A at 227.

52. *See generally* Bayer Co. v. United Drug Co., 272 F. Supp. 505, 509-14 (S.D.N.Y. 1921) (stating that Bayer Co. could not reclaim “Aspirin” as a trademark after it had already become a generic word); *see, e.g.*, Blinded Veterans Ass’n v. Blinded Am. Veterans Found., 872 F.2d 1035, 1039, 277 U.S. App. D.C. 65, 70 (D.C. Cir. 1989) (stating that a generic term is not afforded trademark protection even if it becomes associated with only one source); 15 U.S.C. § 1064(c) (1994 & Supp. IV 1998) (stating that a trademark registration may be cancelled if it has become generic).

53. *See* Public Serv. Co. of N.M. v. Nexus Energy Software, Inc., 36 F. Supp. 2d 436, 438 (D. Mass. 1999).

trademark protection without proof of secondary meaning.⁵⁴ A mark acquires secondary meaning “when in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself.”⁵⁵ The degree of protection goes with the strength of the mark.⁵⁶

Although a registration on the Principal Register of the United States does not confer an absolute right of trademark protection,⁵⁷ there are certain advantages to registration.⁵⁸ For example, the existence of a federal registration is prima facie evidence of both the validity and ownership of the trademark, and of the right to use the trademark in commerce.⁵⁹ Registration gives the trademark owner the opportunity to take advantage of section 15 of the Lanham Act, which provides that a registered trademark becomes incontestable after five years of continuous post-registration use.⁶⁰ The Lanham Act also allows the owner of a registered trademark to take advantage of the doctrine of “constructive notice.”⁶¹ Essentially, a regis-

54. See *id.* at 438 (citing *Boston Beer Co. v. Slesar Bros. Brewing Co.*, 9 F.3d 175, 180 (1st Cir. 1993)); *Washington Speakers Bureau, Inc. v. Leading Authorities, Inc.*, 33 F. Supp. 2d 488, 494 (E.D. Va. 1999) (stating that courts have categorized marks “fanciful,” “arbitrary,” “suggestive,” “descriptive,” or “generic” in descending order of strength); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984).

55. *Washington Speakers Bureau*, 33 F. Supp. 2d at 494; see *Dayton Progress Corp. v. Lane Punch Corp.*, 917 F.2d 836, 839 (4th Cir. 1990).

56. See *Washington Speakers Bureau*, 33 F. Supp. 2d at 494 (stating that “the stronger the mark, the greater the degree of protection afforded by law”); *Larsen v. Terk Techs. Corp.*, 151 F.3d 140, 148 (4th Cir. 1998).

57. See, e.g., *Thrifty Rent-A-Car Sys., Inc. v. Thrift Cars, Inc.*, 831 F.2d 1177, 1177-79, 1181, 1183 (1st Cir. 1987) (freezing the junior user in his original area while the senior user, and holder of the later acquired registered trademark, was prevented from expanding into the junior user’s area).

58. See, e.g., *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 172-73 (1995) (discussing advantages to federal trademark registration).

59. See *Public Serv. Co. of N.M. v. Nexus Energy Software, Inc.*, 36 F. Supp. 2d 436, 438 (D. Mass. 1999); 15 U.S.C. § 1057(b) (1994) (“A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark . . .”).

60. See 15 U.S.C. § 1065 (1994); see also *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 193-205 (1985) (discussing incontestability).

61. See 15 U.S.C. § 1072 (1994) (stating that junior users are presumed to know of the senior user’s rights in the mark under “constructive notice”); GINSBURG, *supra* note 29, at 45. The change in policy was the result of the Trademark Law Revision Act of 1988 that, among other things, provided for the filing of “intent to use” applications in the United States instead of only “actual use” applications. See *id.* Prior to November

tration shifts the burden to a trademark challenger to disprove the protectability of the trademark.⁶²

In situations in which two parties are using the same mark, courts may permit concurrent use and even grant two limited registrations.⁶³ A “limited area” exception declared in section 33(b) of the Lanham Act confers upon a junior user the right to continued use of an otherwise infringing mark in a remote geographical area if that use was established prior to the other party’s federal registration.⁶⁴ Common law trademarks provide remote users the same protection.⁶⁵ Under this scenario, the senior local user’s rights to the mark are geographically fixed, by a “carve out,” in the area in which he used the mark prior to the registrant’s application.⁶⁶ On the other hand, if the local user has used the mark in a defined local geographic area after the senior user has received a registration for the mark, the junior local user is on constructive notice of the registrant’s rights.⁶⁷ Under this scenario, the junior local user may be enjoined at a later time, should the registrant expand into the local territory.⁶⁸

B. *Technical Environment of the Internet*

The Internet is a “worldwide system of interconnected networks allowing for data transmission between millions of computers”⁶⁹ and primarily consists of local area networks (LANs).⁷⁰

16, 1989, the date of the issuances of the registration of the mark was the trigger date for “constructive notice.” *See id.*

62. *See* 15 U.S.C. § 1115 (1994 & Supp. IV 1998).

63. *See* *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100-01 (1918). The same trademark could mean one thing in one market and an entirely different thing in another separate and remote market. *See id.*

64. *See* *Thrifty Rent-A-Car Sys., Inc. v. Thrift Cars, Inc.*, 831 F.2d 1177, 1180-81 (1st Cir. 1987).

65. *See* *United Drug*, 248 U.S. at 100-01; *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415 (1916).

66. *See* *Thrifty Rent-A-Car*, 831 F.2d at 1180-81; *see generally* *Genny’s Diner & Pub, Inc. v. Sweet Daddy’s, Inc.*, 812 F. Supp. 744, 747-48 (W.D. Ky. 1993) (senior user may not enjoin use of similar mark outside of its area of trade).

67. *See* *Dawn Donut Co., Inc. v. Hart’s Food Stores, Inc.*, 267 F.2d 358, 360, 362 (2d Cir. 1959).

68. *See id.*

69. Daley, *supra* note 8, at 106; *see* *LFG, LLC v. Zapata Corp.*, 78 F. Supp. 2d 731, 733 n.1 (N. Ill. 1999).

“The principle method of communication on the Internet is the TCP/IP protocol suite (Transmission Control Protocol/Internet Protocol),”⁷¹ which established the IP numbering system in 1983.⁷² The Internet is increasingly becoming an environment with multiple protocols.⁷³

Today’s Internet evolved from a packet switching technology and communications network developed in ARPANET.⁷⁴ ARPANET was developed under agreements with the Defense Advanced Research Projects Agency (“DARPA”), the National Science Foundation (“NSF”), and other U.S. research agencies.⁷⁵ The commercialization of NSFNET authorized by the U.S. Congress gave birth to today’s Internet in 1992.⁷⁶ NSFNET is a bottom-up development of networking technology for research and education and still serves as a basis for today’s Internet.⁷⁷ Today’s Internet has become an international medium for commerce, education, and communication.⁷⁸ Users can easily access the Internet through a variety of ways, such as college networks, office networks, community and local libraries, and Internet Service Providers (“ISP”).⁷⁹ Moreover, communication and information retrieval

70. See *Zapata*, 78 F. Supp. 2d at 733 n.1 (noting that “[Internet] computers are linked principally by modems, which transmit electronic data over telephone lines”).

71. John D. Howard, *An Analysis of Security Incidents on the Internet, 1989-1995* ch. 2.1 (1997) (Ph.D. dissertation, Carnegie Mellon Univ.) (<<http://www.infosec.com/internet/howard/frame2.html>>).

72. See *PGMedia, Inc. v. Network Solutions, Inc.*, 51 F. Supp. 2d 389, 393 (S.D.N.Y. 1999).

73. See Howard, *supra* note 71, chs. 2.2.1, 2.2.3.

74. See NTIA, 63 Fed. Reg. at 8826.

75. See *PGMedia*, 51 F. Supp. 2d at 393 (noting that “ARPANET users engaged in military research and received funding from the Defense Department (‘DOD’) and like agencies . . .”).

76. See NTIA, *Management of Internet Names and Addresses*, the Department of Commerce, 63 Fed. Reg. 31,741, 31,742 (1998).

77. See *id.*; *PGMedia*, 51 F. Supp. 2d at 393 (noting that “NSFNET users included ARPANET users plus scientific researchers receiving funding from NSF, other Federal agencies, universities, and corporations”).

78. See NTIA, 63 Fed. Reg. at 8826; *Reno v. American Civil Liberties Union* (“ACLU”), 521 U.S. 844, 850 (1997) (noting that the Internet has become “a unique and wholly new medium of worldwide human communication”).

79. See *ACLU*, 521 U.S. at 850; see also Daley, *supra* note 8, Part II.C.2 at 57. (noting that ISP is an organization or company that provides Internet access to individuals or organizations).

methods on the Internet are diversified, constantly evolving and not easy to categorize precisely.⁸⁰ As presently constituted, these methods may be used to transmit text; most can transmit sound, pictures, and moving video images as well.⁸¹ Taken together, these tools constitute a unique medium—known to its users as “cyberspace”—located in no particular geographical location but available to anyone, anywhere in the world, with access to the Internet.⁸²

1. The World Wide Web

The World Wide Web (“Web”), developed by Swiss scientists, is the best-known category of Internet communication.⁸³ The software, protocols and conventions developed form the basis of today’s vibrant Web.⁸⁴ The Web consists of multimedia “pages” or “websites” written in Hypertext Markup Language (“HTML”) and connects to other pages by hypertext links.⁸⁵ Websites are simply files containing information stored in remote computers worldwide.⁸⁶ No one can block individual websites or services from the Web under current technology; the Web is decentralized and freely open to everyone.⁸⁷ For the purpose of legal analysis, courts have categorized websites as: (1) active websites;⁸⁸ (2) interactive websites;⁸⁹ and (3) passive websites.⁹⁰

The Web has become an important medium for both commercial and non-commercial communications.⁹¹ Even those without much computer experience can access the Web. Web advertising

80. See *ACLU*, 521 U.S. at 851.

81. See *id.*

82. See *id.*

83. See NTIA, 63 Fed. Reg. at 31,742.

84. See *id.*

85. See *United States v. Microsoft Corp.*, 147 F.3d 935, 939 (D.C. Cir. 1998) (explaining that “[a] link is an image or a short section of text referring to another document on the Web”).

86. See *ACLU*, 521 U.S. at 852.

87. See *id.* at 852-53.

88. See discussion *infra* Part II.B.1.a.

89. See discussion *infra* Part II.B.1.a.

90. See discussion *infra* Part II.B.1.a.

91. See *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 951 (C.D. Cal. 1997).

is changing traditional methods of advertising by allowing consumers worldwide to directly access goods and services.⁹² Individuals, small community organizations, and large corporations can easily publish “online” information.⁹³ Government agencies and courts also use the Web to disseminate information to the general public.⁹⁴ Surfers use browsers, which serve as user interfaces and as platforms for applications, to navigate the Web and to access information.⁹⁵

It is technically feasible for one website to associate with multiple domain names.⁹⁶ Multiple domain names may point to the same website.⁹⁷ The practice of using multiple domain names for one website could increase the potential hits of a company’s website by increasing the chances that an Internet user searching for the company would type in a domain name leading to the company’s website.⁹⁸ In essence, under current Internet technology, the Web as well as other forms of Internet communication rely on the use of domain names to locate specific computers and networks on the Internet.⁹⁹

2. Domain Names, Domains, and the Domain Name System

An Internet domain name is composed of a host portion and a location portion of a group of strings separated by dots.¹⁰⁰ For in-

92. *See id.*

93. *See id.* at 951-52.

94. *See id.*

95. *See* United States v. Microsoft Corp., 147 F.3d 935, 939 (D.C. Cir. 1998). “Browsers . . . provid[e] some of the traditional functions of an operating system.” *Id.* “Browsers can enable the user to access applications stored on the Internet or local networks, or to operate applications that are independent of the operating systems.” *Id.* at 939-40. “Surfer” is the synonym of users. *Reno v. American Civil Liberties Union*, 521 U.S. 844, 852 (1997).

96. *See, e.g.,* Washington Speakers Bureau, Inc. v. Leading Authorities, Inc., 33 F. Supp. 2d 488, 491-92 (E.D. Va. 1999).

97. *See id.*

98. *See id.* at 492. Companies believe that use of multiple domain names would allow it to reach more people through the Internet, potentially generating more business for companies, as well as giving existing customers easier access to the companies website’s resources. *See id.*

99. *See Lockheed*, 985 F. Supp. at 951. *But see* Steven Levy, *We are Running Out of Dot.coms: Good domain names have become so scarce that the techies need to create a new approach*, NEWSWEEK, Oct. 11, 1999, at 79.

100. *See* Howard, *supra* note 71, ch. 2.3.

stance, the string <http://www.lawschool.fordham.edu> is a domain name. The limit on length of a domain name has expanded from 22 characters to 255 characters with up to 63 characters for each string.¹⁰¹ The further expansion of string length could affect trademark protection on the Internet.¹⁰² For example, before the current expansion of string length, <worldwrestlingfederation.com> could not be registered and thus no infringement could occur.¹⁰³

Although many legal commentators have analogized domain names to mail addresses or telephone numbers, domain names do not have much in common with traditional mail addresses or telephone numbers.¹⁰⁴ This is because domain names do not necessarily point to the physical location of the website.¹⁰⁵ Further, the continuous evolution of Internet technology could make the current legal analysis moot when the dependence on domain names for Internet communications becomes obsolete.¹⁰⁶

The domain is the location portion of a domain name and generally refers to a name associated with an organization, or part of an organization, to help identify systems uniquely.¹⁰⁷ For instance, <lawschool.fordham.edu> is the domain of the domain name <http://www.lawschool.fordham.edu>, while “http://”¹⁰⁸ refers to the protocol used to transfer information and “www”¹⁰⁹ is the alias

101. See *PGMedia, Inc. v. Network Solutions, Inc.*, 51 F. Supp. 2d 389, 390 (S.D.N.Y. 1999).

102. See *id.*; see also Jeri Clausing, *Wrestling Group Wins Back Use of Its Name on Internet*, N.Y. TIMES, Jan. 17, 2000, at C4. World Wrestling Federation has owned the trademark “World Wrestling Federation” for years and operated its website at <www.wwf.com> since 1994. See *id.*

103. See Clausing, *supra* note 102, at C4.

104. See Howard, *supra* note 71, chs. 2.2.3, 2.3.

105. See, e.g., *PGMedia*, 51 F. Supp. 2d at 390 (noting that “unlike real space, in cyberspace there is no logical connection between one’s address and one’s physical location on a defined map such that the address is easily discernable”).

106. See *infra* notes 151-54 and accompanying text.

107. See Howard, *supra* note 71, ch. 2.3. (stating that “[d]omain Name System . . . identifies all of the domain name that is not the name of the host itself as the domain [I]n other words, the location portion of the domain name is defined to be the domain”).

108. See *id.*; U.S. Pat. and Trademark Office, *Examination Guide No. 2-99*, § I (Sept. 29, 1999) (last modified Oct. 14, 1999) <http://www.uspto.gov/web/offices/tac/notices/guide299.htm> [hereinafter *Examination Guide 2-99*].

109. See *Examination Guide 2-99*, *supra* note 108; *Wang Lab., Inc. v. America On-*

of the user's computer. Priority of a domain name moves from right to left while each string points to a more specific area of the Internet.¹¹⁰ The domain on the far right ends with specific strings, so called top-level domains ("TLD").¹¹¹ There are seven functional TLDs: <.com>, <.edu>, <.gov>, <.int>, <.mil>, <.net>, and <.org>,¹¹² and 240 country code TLDs ("ccTLDs"): such as <.uk>, <.cn>, <.tv>, and <.md>.¹¹³ The oft-litigated issues of trademark law in cyberspace involve the second level domain ("SLD") next to the functional TLDs.¹¹⁴

Due to technological constraints, a domain cannot contain stylized letters or spaces. This significantly affects courts' analysis in cyberspace trademark cases.¹¹⁵ Further, some courts have considered the legal significance of the combination of TLD and SLD, distinguishing <fordham.edu> from <fordham.com>.¹¹⁶ Other courts, however, have considered only the legal significance of the

Online, Inc., 1998 WL 1157608, at *3 (E.D. Va. May 1, 1998).

110. See *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 952 (C.D. Cal. 1997).

111. See NTIA, 63 Fed. Reg. at 8826.

112. See *id.* (noting that these TLDs "denote the intended function of that portion of the domain space"); IANA, *Generic Top Level Domains* (last modified July 15, 1999) <<http://www.iana.org/generis.html>>; *PGMedia, Inc. v. Network Solutions, Inc.*, 51 F. Supp. 2d 389, 390 (S.D.N.Y. 1999); see, e.g., Wallace Koehler, *Unraveling the Issues Actors, & Alphabet Soup of the Great Domain Name Debates*, SEARCHER, May, 1999. Some analysis has used the term "generic TLD" to refer <.com> and etc. The possible expansion of the TLDs to include <.firm>, <.deli>, and <.store> or other functional oriented terms justifies the use of the term "functional TLD" as comparison to generic terms.

113. See NTIA, 63 Fed. Reg. at 8826; IANA, *Country Code Top Level Domains ("ccTLDs")* (last modified Oct. 31, 1999) <<http://www.iana.org/cctld.html>> (noting that the two letter ccTLDs are determined pursuant to a list updated and maintained by the International Standards Organization ("ISO"), ISO 3166-1); *PGMedia*, 51 F. Supp. 2d at 390.

114. See discussion *infra* Part I.D. "There are approximately 2.4 million domain names with the .com TLD but less than 400,000 with .org, .net., .edu, and .gov combined." *PGMedia, Inc. v. Network Solutions, Inc.*, 51 F. Supp. 2d 389, 391 (S.D.N.Y. 1999) (citing Strawn Decl. ¶ 40).

115. See, e.g., *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 290 (D.N.J.), *aff'd*, 159 F.3d 1351 (3d Cir. 1998) (finding that "the stylized letter 'O' ('<<StarOfDavid>>') in the word 'for' [and] spaces before and after the word 'for' . . . are not recognized in domain names").

116. See *infra* notes 415-18.

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SLD, viewing <fordham.edu> and <fordham.com> as legally alike.¹¹⁷

The Domain Name System (“DNS”) is a technical regime directed towards proper functioning of the communication system.¹¹⁸ DNS is a net-wide database that maps domain names to IP numbers and vice versa.¹¹⁹ The current DNS is the protocol announced in November 1987 in RFC 1034.¹²⁰ The protocol maps domain names with IP numbers so that users can use words instead of strings of numbers to go to particular locations on the Internet.¹²¹ Every computer on the Internet obtains an IP number,¹²² which is the Internet Protocol number consisting of four groups of up to 12 digits separated by periods,¹²³ i.e., “150.108.61.001”. The Internet Assigned Numbers Authority (“IANA”) coordinates the IP numbering system by allocating blocks of numerical addresses to regional IP registries.¹²⁴

The DNS is a hierarchically structured tree.¹²⁵ The DNS employs a distributed database initiated by a “root server” or “root zone file.”¹²⁶ Among a total of thirteen root zone files on the Internet, named A through M, the A root server in the U.S. contains the authoritative root database listing the TLDs that allow an Internet message to be routed to its destination.¹²⁷ The other root servers download changes of TLDs information from a root server on a daily basis.¹²⁸ When a user is navigating the Internet, the

117. See *infra* notes 419-28.

118. See NTIA, 63 Fed. Reg. at 8826.

119. See Howard, *supra* note 71, ch. 2.2.3.

120. See *PGMedia, Inc. v. Network Solutions, Inc.*, 51 F. Supp. 2d 389, 391 (S.D.N.Y. 1999) (citing Strawn Decl. Ex. B); *RFC Editor* (last modified Jan. 3, 2000) <<http://www.rfc-editor.org>>. RFC is the “Request for Comments” that are memoranda addressing various protocols facilitating functioning of the Internet. See *id.*

121. See *RFC Editor*, *supra* note 120.

122. See NTIA, 63 Fed. Reg. at 8826.

123. See *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 952 (C.D. Cal. 1997).

124. See NTIA, 63 Fed. Reg. at 8826 (noting that Regional IP registries are ARIN in North America, RIPE in Europe, and APNIC in the Asia/Pacific Region); *PGMedia*, 51 F. Supp. 2d at 391.

125. See Howard, *supra* note 71, ch. 2.2.3; NTIA, 63 Fed. Reg. at 31,742.

126. See NTIA, 63 Fed. Reg. at 31,742; *PGMedia*, 51 F. Supp. 2d at 391.

127. See NTIA, 63 Fed. Reg. at 31,742.

128. See *id.*; *PGMedia*, 51 F. Supp. 2d at 392 n.10.

DNS will match an IP number to a domain name through the process of DNS name resolution.¹²⁹ The matching process begins with root zone file, which queries to the TLD zone file and then to the SLD zone file until reaching the lowest level domain zone file.¹³⁰ Once the IP numbers are matched, the user's computer can connect with the Internet location requested.¹³¹ The development of a new technology of Dynamic Host Configuration Protocol ("DHCP") permits assignment of different IP numbers to devices each time they connect to the network and supports a mix of static and dynamic IP numbers.¹³² Thus, a single domain name is able to refer to multiple IP numbers,¹³³ i.e., "150.108.61.xxx" and "150.108.62.xxx" that all point to one website, <http://www.lawschool.fordham.edu>, the Fordham University School of Law's homepage.¹³⁴

3. Privatization of the Domain Name Management System

Dr. Jon Postel and IANA started to maintain the list of assigned Internet numbers and names under contract with DARPA in the 1970s.¹³⁵ Until the early 1990s, technical and research purposes dominated the development and establishment of technology and practices used by the DNS.¹³⁶ In December 1992, the National Science Foundation assumed responsibility for managing the DNS and awarded the task of managing key registration, coordination, and maintenance function of the DNS to Network Solutions, Inc. ("NSI"), which would assign new domain names under <.com>, <.edu>, and <.org> domains and operate the A root server.¹³⁷ From its origin as the U.S. based manager of the non-military por-

129. See *PGMedia*, 51 F. Supp. 2d at 391-92.

130. See *id.* The TLD zone file contains information regarding the location of functional and country code TLD's. The SLD zone file stores the information of the SLD's IP number. See *id.*

131. See *id.*

132. See *Glossary*, PC MAG., June 22, 1999, at 191.

133. See Howard, *supra* note 71, ch. 2.2.3. Because a unique domain name needs not correspond to a specific IP number, the IP number will bear decreased legal significance to this note's analysis of trademark law in cyberspace.

134. In these examples, "xxx" means any numeric numbers from 001 to 999.

135. See NTIA, 63 Fed. Reg. at 31,741.

136. See *id.* at 31,741-42.

137. See *id.* at 31,742.

tion of the Internet infrastructure, the DNS today has become the management body of a worldwide structure spanning many countries and legal regimes.¹³⁸ DNS management will have a significant impact on the application of trademark law in cyberspace.¹³⁹

In response to growing domestic and international concerns regarding the future management of the DNS, President Clinton, on July 1, 1997, directed the Secretary of Commerce to privatize the DNS.¹⁴⁰ In response, on January 30, 1998, the Department of Commerce ("DOC") and its agency NTIA issued a Green Paper as a proposed rule and requested public comment concerning the DNS.¹⁴¹ On June 10, 1998, DOC and NTIA published the White Paper, positively responding to the Green Paper's calling for the creation of a new private-not-for-profit corporation responsible for coordinating specific DNS functions, in order to transfer control of the DNS from the U.S. government to the private sector.¹⁴² Pursuant to the policy set forth in the White Paper, NSF phased itself out and transferred its responsibility for administering its Cooperative Agreement with NSI to DOC on September 8, 1998.¹⁴³

Consequently, on November 21, 1998, ICANN was incorporated as a non-profit public benefit corporation in California, with its Board members representing the functional and geographic diversity of the Internet.¹⁴⁴ ICANN's Domain Name Supporting Organization ("DNSO") is responsible for making policy recommendations to ICANN regarding the DNS.¹⁴⁵ A Memorandum of Understanding entered on November 25, 1998 between ICANN and the DOC placed the privatization of the DNS on track, having a great impact on trademark protection in cyberspace.¹⁴⁶

138. *See id.* at 31,741-45.

139. *See id.* at 31,746.

140. *See* NTIA, 63 Fed. Reg. at 8827.

141. *See id.*

142. *See* NTIA, 63 Fed. Reg. at 31,744; 63 Fed. Reg. at 8826-28.

143. *See* ICANN, *Amendment No. 19 to Cooperative Agreement Between NSI and U.S. Government* (last modified Nov. 10, 1999) <<http://www.icann.org/nsi/coopagmt-amend19-04nov99.htm>>.

144. *See* ICANN, *Articles of Incorporation* (last modified Nov. 23, 1998) <<http://www.icann.org/general/articles.htm>>.

145. *See* ICANN, *Bylaws, Art. VI-B* (amended and restated Oct. 29, 1999) <<http://www.icann.org/general/bylaws.htm>>.

146. *See* ICANN, *Memorandum of Understanding Between the U.S. Department of*

4. Directory Technology

There is a consensus that the current DNS is not technically an ideal system for commercial exploitation because not every trademark owner is able to have a domain name identical to its trademark.¹⁴⁷ Courts have acknowledged that in the long run the most appropriate technology to access the Web and to communicate by e-mail would be directory technology, which would allow pointing to the desired Internet locations.¹⁴⁸ Internet users and trademark owners have anticipated that directory technology could relieve much of the pressure on domain names.¹⁴⁹ The creation of the RealName system is just one of the responses to this kind of anticipation.¹⁵⁰

In brief, the RealName system is a searching and browsing technology that allows users to bypass domain names and use other means to link users with the websites they seek.¹⁵¹ Eventually, such a system could use artificial intelligence and knowledge of consumers' own interests to lead consumers more effectively to places they would like to visit.¹⁵² The goal of such a system is to take the guesswork out of finding information within a site by giving each page a recognizable name.¹⁵³ "[The] intention was to replace the URL wherever the URL was an impediment to simple navigation."¹⁵⁴ This system could also set up national boundaries

Commerce and Internet Corporation for Assigned Names and Numbers (last modified Dec. 31, 1999) <<http://www.icann.org/general/icann-mou-25nov98.htm>>.

147. See ICANN, 63 Fed. Reg. at 8827 (stating that "[t]he Internet functions well today, but its current technical management is probably not viable over the long term"). But see *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 968 (C.D. Cal. 1997).

148. See *Lockheed*, 985 F. Supp. at 968.

149. See *id.*; *Domain Name System: Hearings Before the Subcomm. on Basic Research of the House Science Comm.*, 105th Cong., 1997 WL 14151463 (1997) (statement of Barbara A. Dooley, Executive Dir., Commercial Internet Exch. Ass'n).

150. See Levy, *supra* note 99, at 79 (quoting Ester Dyson, chairman of ICANN, that "[domain name will] still be there, but people won't always need them to go directly where they want to on the web").

151. See *id.*

152. See *id.*

153. See Lee Pender, *Centraal Gets Personal with My RealNames*, PC WEEK, Apr. 19, 1999, at 32.

154. *Id.* at 32(1) (quoting Centraal CEO Keith Teare). URL is "a Uniform Resource Locator, which is an identifier that uniquely identifies the desired page." Wang Lab., Inc.

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in cyberspace using the language settings in a surfer's browser.¹⁵⁵ Under this system, generic terms are not accepted and trademarks are approved only for those who legitimately hold them.¹⁵⁶

C. *The Legal Significance of the Internet*

1. Internet Access

Current Internet technology does not limit a website's reach in a particular territory.¹⁵⁷ Rather, the Internet reflects a trend of globalization.¹⁵⁸ Therefore, the traditional notion of allowing trademarks' concurrent use in the trademark system is not feasible on the Internet now.¹⁵⁹

Under current Internet technology, a computer downloads and displays texts, images, and graphics of a website from top to bottom.¹⁶⁰ Due to restrictions on the speed of the Central Processing Unit ("CPU") and the Internet connection, it often takes a while for a computer to load the entire page.¹⁶¹ Before users are able to see a disclaimer, which ordinarily is at the bottom of the screen, a defendant could capture users' initial interest.¹⁶² Hence, some courts have held that a disclaimer will not excuse the defendant's violation of trademark rights because the disclaimer cannot eliminate the initial interest confusion.¹⁶³

v. America Online, Inc., 1998 WL 1157608, at *1 (E.D. Va. May 1, 1998).

155. *See The Game of the Name*, *ECONOMIST*, July 31, 1999, at 59.

156. *See id.*

157. *See, e.g.*, *Desktop Techs., Inc. v. Colorworks Reprod. & Design, Inc.*, 1999 WL 98572, at *1 (E.D. Pa. Feb. 25, 1999) (describing that the website <colorworks.com> operated by a Canadian company holding Canadian registered trademark "ColorWorks" is accessible to all Internet users including those in Pennsylvania).

158. *See id.*

159. *See id.*

160. *See Planned Parenthood Fed'n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d 1430, 1432 (S.D.N.Y. 1997), *aff'd*, 152 F.3d 920 (2d Cir.), *cert. denied*, 119 S.Ct. 90 (1998).

161. Although DSL technology may enhance the loading speed, actual loading speed still depends on the size of a particular website.

162. *See, e.g.*, *The New York State Soc'y of Certified Pub. Accountants v. Eric Louis Assocs.*, 79 F. Supp. 2d 331, 342 (S.D.N.Y. 1999) (finding that "[w]hen [visitors] arrive instead at Defendant's web site, they cannot help being confused - even if only momentarily").

163. *See id.*; *accord Planned Parenthood*, 42 U.S.P.Q.2d at 1441 (holding that "[a]

2. The Interaction Between Users and the Internet

Courts have been concerned with Web users' surfing habits and sophistication levels in cyberspace trademark cases.¹⁶⁴ Many users try to deduce the domain from a company's trademark or trade name and elect to type the trademark into a browser in the hope of connecting directly to the company's website.¹⁶⁵ More often, if users cannot deduce the exact domain, they will rely on "search engines" to search for key words or phrases associated with the desired website.¹⁶⁶ Businesses would prefer that customers be able to access their websites directly by using a corporate name, trademark or service mark.¹⁶⁷

Although courts have not yet proposed a standard of the reasonably prudent Internet user, courts have distinguished Internet users from ordinary consumers.¹⁶⁸ Because the search process is often cumbersome¹⁶⁹ and only relatively recently has become available to the general public, courts have found that many Internet users are not sophisticated enough to distinguish subtle differences in websites' domains.¹⁷⁰ For example, acknowledging that cyberspace exacerbates the likelihood of confusion because the parties maneuver to draw customers through the Internet due to the

defendant's appropriation of [a] plaintiff's mark as a domain name . . . cannot adequately be remedied by a disclaimer").

164. See *Panavision Int'l, L.P. v. Toeppen*, 945 F. Supp. 1296, 1299 (C.D. Cal. 1996); *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 952 (C.D. Cal. 1997).

165. See *Panavision*, 945 F. Supp. at 1299.

166. See *id.*; *Lockheed*, 985 F. Supp. at 952.

167. See *SNA, Inc. v. Array*, 51 F. Supp. 2d 542, 552 (E.D. Pa. 1999).

168. See, e.g., *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1060 (9th Cir. 1999) (discussing the reasonably prudent consumer standard); *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 303 (D.N.J.), *aff'd*, 159 F.3d 1351 (3d Cir. 1998) (noting that "an individual may be a sophisticated user of the Internet but may be an unsophisticated consumer of information . . .").

169. See Steve Lawrence et al., *Searching the World Wide Web*, *SCIENCE*, Apr. 3, 1998, at 98(3) (indicating that there are at least 320 million indexable web pages); *Lockheed*, 985 F. Supp. at 952 (finding that a search process often yields thousands of possible websites due to the vast amount of information available on the Web).

170. See *Jews for Jesus*, 993 F. Supp. at 303; see also *Green Prods. Co. v. Independence Corn By-Prods. Co.*, 992 F. Supp. 1070, 1078 (N.D. Iowa 1997) (finding that Internet users do not undergo a highly sophisticated analysis when searching for domain names).

rapidly growing importance of eCommerce, the Court in *Brookfield Communications, Inc. v. West Coast Entertainment Corp.* found that customers on the Internet were more likely to be confused.¹⁷¹ Several forms of confusion are likely if customers assume that: (1) they have reached the right website; (2) the website party licenses the trademark from the owner; (3) the website party bought out the original trademark owner or they are related companies; or (4) wrongly assume that the original product bearing the trademark is no longer offered and has been replaced by the party's product.¹⁷²

3. Domain Name Registration

Since its debut, the domain has had a dual functionality because it can function for non-trademark technical purposes as well as for trademark purposes.¹⁷³ Of course, a domain cannot function as a trademark or service mark unless it functions as a source identifier.¹⁷⁴ Because only one party can hold a unique trademark-based domain name at a time, no more than one of the trademark owners will be able to register the same trademark as the identical domain name.¹⁷⁵

Contrary to the trademark system's first use doctrine,¹⁷⁶ domain name registrars have consistently applied the First-Come/First-Served policy in registering the second level domain ("SLD").¹⁷⁷ The registrars do not screen the application for possi-

171. See 174 F.3d at 1057 (noting that "Web surfers are more likely to be confused as to the ownership of a web site than traditional patrons of a brick-and-mortar store would be of a store's ownership").

172. See *id.*

173. See *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 627 (6th Cir. 1998); *Lockheed*, 985 F. Supp. at 956.

174. See *Examination Guide 2-99*, *supra* note 108 § II.A; *Lockheed*, 985 F. Supp. at 956. Cf. *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1318 (9th Cir. 1998) (noting that a trademark cannot function as a domain name unless it is registered).

175. See *Desktop Techs., Inc. v. Colorworks Reprod. & Design, Inc.*, 1999 WL 98572, at *1 n.1 (E.D. Pa. Feb. 25, 1999); *Cardservice Int'l, Inc. v. McGee*, 950 F. Supp. 737, 741 (E.D. Va. 1997); *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1233-34 (N.D. Ill. 1996).

176. See *supra* notes 32-33 and accompanying text.

177. See ICANN, *Tentative Agreements among ICANN, the U.S. Department of Commerce, and Network Solutions, Inc., Registrar Accreditation Agreement* (last modi-

ble trademark infringement and only prohibit the registration of certain domain names in <.com>, <.org> and <.net>.¹⁷⁸ Virtually any word in or outside of the dictionary can be registered as a domain if it does not run afoul of the registrars' policy statement.¹⁷⁹ The only names that are screened out are the names for the technical management of the DNS and single-letter/digit names.¹⁸⁰ Further, the domain name registration policy does not prohibit the registration of a generic word.¹⁸¹ For example, people have gobbled up everything from <soup.com> and <nuts.com> to <10percentoffamazon.com> and <10percentoffwalmart.com>.¹⁸² The more generic a domain is, the more commercially valuable it is in the Internet context.¹⁸³

fied Sept. 28, 1999) <<http://www.icann.org/nsi/icann-raa-28sept99.htm>>; Network Solutions, Inc. ("NSI"), *Uniform Domain Name Dispute Resolution Policy* (approved Oct. 24, 1999) (last visited Mar. 23, 2000) <<http://www.domainmagistrate.com/dispute-policy.html>>; *Intermatic*, 947 F. Supp. at 1231.

178. See, e.g., *Intermatic*, 947 F. Supp. at 1231 (noting that NSI will register a domain name for any combination of characters); *Beverly v. Network Solutions, Inc.*, 1998 WL 917526, at *9 (N.D. Cal. Dec. 30, 1998) (noting that NSI's registration of the domain name was fully automated).

179. See Glenn Gundersen, *Way of the Words? Using Generic Terms in Dot-Com Names is at Odds with a Basic of Trademark Law: Such Terms Can Never be Protected*, 22 NAT'L L.J. C1 (col. 2) (May 1, 2000) (noting that many generic terms have been registered as domain names (i.e., *Pets.com*, *Drugstore.com*, *Garden.com*) and referred these "generic.coms" and "descriptive.coms" to generic domains); Marydee Ojala, *The Business of Domain Names*, ONLINE 78, 2000 WL 10339589 (saying that "[a]s many as 97% of the words in Webster's Dictionary are rumored to be taken [as domain names]"). For example, *Stamps.com* (visited Apr. 5, 2000) <<http://www.stamps.com>>; *Welcome to buy.com* (visited Apr. 5, 2000) <<http://www.buy.com>>; *iWon* (visited Apr. 5, 2000) <<http://www.iwon.com>> ("iwon" is not in any current version of English dictionary).

180. See NSI, *supra* note 177 and accompanying text (stating that "there will be no screening for possible trademark infringements"); ICANN, *Registrar Accreditation Agreement*, § II.D.2.iii. (posted Sept. 28, 1999).

181. See, e.g., NSI, *supra* note 177 and accompanying text.

182. See Quittner, *supra* note 23; Jodi Mardesich, *The Everything Website (Earnings for Buy.com)*, FORTUNE, Dec. 7, 1998, at 35.

183. See, e.g., Mark Ribbing, *Local firm seeks profit in sale of dot-com name; By one valuation, it could bring from \$5,000 to \$5 million; E-commerce*, BALTIMORE SUN 1C, 2000 WL 4862055 (Mar. 23, 2000) (describing a "valuation model" provided by Great-Domains.com Inc. (<<http://www.greatdomains.com>>), which places the highest value on domain names that are short and have commercial potential). Thus, <wisdom.com> was sold for \$475,000. See *id.* <broadband.com> is on sale for \$6 million, while <in.com> is on sale for \$10 million. See *id.* While <express.com> being sold for \$2 million and <loans.com> being sold for \$3 million, the more generic domain – <Business.com> – was sold for \$7.9 million. See Marydee Ojala, *supra* note 179.

Domain name registration does not trigger protection of trademark rights because the policy of domain name registrars “cannot trump federal law.”¹⁸⁴ Domain name registrars are not a government instrumentality and do not have a tribunal that functions as an administrative law court.¹⁸⁵ In fact, NSI, one of the registrars, has taken the position that it does not wish to make decisions regarding domain name disputes, and certainly not decisions that involve discretion.¹⁸⁶ NSI neither conducts review of applications for domain names,¹⁸⁷ nor evaluates whether identification information is accurate.¹⁸⁸

Thus, courts have held that trademark owners are not subject to any registrar’s policy, nor can the rights of those trademark holders be changed without congressional action.¹⁸⁹ The use of a domain name, however, can create or violate trademark rights so that a domain name holder is subject to whatever liability is provided for by federal law.¹⁹⁰

4. Impact of Uniform Domain Name Dispute Resolution Policy

The Uniform Domain Name Dispute Resolution Policy (“UDRP”) adopted by ICANN on August 26, 1999 affects the development of trademark law in the cyberspace context because the UDRP is a private system with its own registration process, dispute

184. *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 295 n.21 (D.N.J. 1998) (citing *Cardservice Int’l, Inc. v. McGee*, 950 F. Supp. 737, 740 (E.D. Va. 1997)).

185. *See, e.g., PGMedia, Inc. v. Network Solutions, Inc.*, 51 F. Supp. 2d 389, 393-99 (S.D.N.Y. 1999) (noting that NSI is a private non-profit company); ICANN, *supra* note 180, § II.D.2.iii.

186. *See NSI, supra* note 177 (the NSI Policy Statement indicates “no screening for possible trademark infringements” and anyone challenging NSI’s registration of a name needs to submit a federal registration of the trademark at issue); *Beverly v. Network Solutions, Inc.*, 1998 WL 917526, at *5 (N.D. Cal. Dec. 30, 1998) (stating that “[NSI] does not act as arbiter of disputes between registrants and third party complaints arising out of the registration or use of a domain name”).

187. *See Beverly*, 1998 WL 917526 at *9.

188. *See, e.g., Columbia Ins. Co. v. Seescandy.com*, 185 F.R.D. 573, 576-77 (N.D. Cal. 1999) (noting that the defendant may have used a fictitious name and address in registering the domain name).

189. *See Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 295 (D.N.J. 1998).

190. *See id.*

standard, and dispute resolution mechanism that is parallel to the judicial system.¹⁹¹ The Rules for Uniform Domain Name Dispute Resolution Policy (“RUDRP”) adopted by ICANN on August 26, 1999 implements the UDRP.¹⁹² An ICANN board resolution requires that all ICANN-approved registrars agree to use the UDRP to get their accreditation.¹⁹³

According to the UDRP, disputes between parties should be submitted to an ICANN-approved “Provider” which provides dispute-resolution services.¹⁹⁴ The Provider will appoint an administrative “Panel” to conduct administrative proceedings concerning a domain-name registration in such manner as it considers appropriate in accordance with the UDRP and the RUDRP.¹⁹⁵ On December 1, 1999, ICANN approved World Intellectual Property Organization’s (“WIPO”) Arbitration and Mediation Center as its first dispute-resolution service Provider.¹⁹⁶ In addition, ICANN approved two more Providers – the National Arbitration Forum (“NAF”) located in Minnesota on December 23, 1999 and Disputes.org/eResolution Consortium (“DeC”) on January 1, 2000.¹⁹⁷ As to the effect of court proceedings on its Provider’s administrative proceedings, ICANN explicitly states that its “Panel shall have the discretion to decide whether to suspend or terminate the administrative proceeding, or to proceed to a decision” during or prior to any judicial proceedings concerning the same dispute.¹⁹⁸ Since

191. See ICANN, *Uniform Domain Name Dispute Resolution Policy* (approved Oct. 24, 1999) (last modified Jan. 3, 2000) <<http://www.icann.org/udrp/udrp-policy-24oct99.htm>>.

192. See ICANN, *Rules for Uniform Domain Name Dispute Resolution Policy* (approved Oct. 24, 1999) (last modified Jan. 3, 2000) <<http://www.icann.org/udrp/udrp-rules-24oct99.htm>>.

193. See ICANN, *Resolutions Approved by the Board Santiago Meeting, August 26, 1999* (last modified Aug. 28, 1999) <<http://www.icann.org/santiago/santiago-resolutions.htm>>.

194. See ICANN, *UDRP*, ¶ 4(a).

195. See ICANN, *RUDRP*, ¶¶ 1, 10(a).

196. See ICANN, *Implementation Schedule for Uniform Domain Name Dispute Resolution Policy* (last modified Jan. 3, 2000) <<http://www.icann.org/udrp/udrp-schedule.htm>>.

197. See ICANN, *Approved Providers for Uniform Domain Name Dispute Resolution Policy* (last modified Jan. 3, 2000) <<http://www.icann.org/udrp/approved-providers.htm>>.

198. ICANN, *RUDRP*, ¶ 18.

December 9, 1999, ICANN's dispute mechanism has received more than 307 complaints seeking Panel administrative proceedings.¹⁹⁹ So far, ICANN's Providers have resolved nearly seventy disputes, resulting in approximately fifty-eight domain name transfers, three settlements, two cancellations of the disputed domain names, and seven findings for respondents.²⁰⁰

The first complaint seeking international arbitration to resolve disputes over Internet domain names under the UDRP was resolved on January 14, 2000.²⁰¹ Both the complainant, World Wrestling Federation Entertainment, Inc., and the respondent, Michael Bosman, are domiciled in the United States.²⁰² The domain at issue, <worldwrestlingfederation.com>, however, was registered with Melbourne IT, based in Australia.²⁰³ Bosman allegedly offered to sell the domain to the complainant for a significant profit after having registered the domain just three days earlier.²⁰⁴ A WIPO panel in Geneva conducted administrative proceedings based on UDRP ¶ 4(a) and RUDRP ¶ 15(a) and consulted the United States' court decisions in *Panavision* and *Intermatic*.²⁰⁵ The presiding panelist decided for the complainant and took away the domain name registration from Bosman.²⁰⁶ The arbitration

199. See ICANN, *List of Proceedings Under Uniform Domain Name Dispute Resolution Policy* (last modified Mar. 20, 2000) <<http://www.icann.org/udrp/proceedings-list.htm>>. The complaints received were: Dec. 1999: 1 (+N/A%); Jan. 2000: 35 (+340%); Feb. 2000: 179 (+109%); Mar. 2000: > 89 (+N/A%). See *id.*

200. See *id.*; World Wrestling Fed'n Entertainment, Inc. v. Bosman, D99-0001 (WIPO Jan. 14, 2000) (visited May 25, 2000) <<http://arbiter.wipo.int/domains/decisions/html/d99-0001.html>>; American Online, Inc. ("AOL") v. QTR Corp., No. FA0001000092016 (Nat'l Arb. Forum, Feb. 10, 2000) (on file with the Fordham Intellectual Property, Media & Entertainment Law Journal); Mondich v. Brown, D00-0004 (WIPO Feb. 16, 2000) (visited May 25, 2000) <<http://arbiter.wipo.int/domains/decisions/html/d2000-0004.html>>; Stella D'oro Biscuit Co., Inc. v. Patron Group, Inc., D2000-0012 (WIPO Feb. 17, 2000) (visited May 25, 2000) <<http://arbiter.wipo.int/domains/decisions/html/d2000-0012.html>>.

201. See *World Wrestling*, D99-0001 (WIPO); See Clausing, *supra* note 102.

202. See *World Wrestling*, D99-0001 (WIPO).

203. See *id.*

204. See *id.*

205. See *id.*; *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998); *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227 (N.D. Ill. 1996).

206. See *World Wrestling*, D99-0001 (WIPO).

process concluded in less than 40 days and at a cost of less than \$3,000.²⁰⁷ Both sides felt the process was fair.²⁰⁸

The second complaint involved a U.S. complainant, America Online, Inc. (“AOL”), and a French respondent, QTR Corporation (“QTR”).²⁰⁹ On December 3, 1999, QTR registered with NSI, which is located in the U.S., the domain <icqsms.com>, that was allegedly identical to AOL’s marks.²¹⁰ AOL filed its complaint on January 11, 2000 with Provider NAF.²¹¹ Respondent QTR did not appear in the proceedings, and the arbitrator of NAF’s panel decided for the complainant AOL on February 10, 2000 and ordered the respondent QTR to transfer the domain to AOL pursuant to RUDRP ¶ 4(i).²¹²

In their decisions, ICANN’s Providers have applied rules and principles of law deemed applicable in accordance with ¶ 4(a) of the UDRP and ¶ 15(a) of the RUDRP. The Providers in *World Wrestling Federation Entertainment* recognized that rules and principles of law set out in the United States were appropriate because both parties were domiciled in the United States.²¹³ The *Ellenbogen* Provider, however, construed that applicable rules and principles were the law of the country if the parties to the proceeding were domiciled, the domain registrar was located, and the evidence was related in the same country.²¹⁴ Further, Providers have stated that bad faith registration alone, without any proof of the

207. See Clausing, *supra* note 102.

208. See *id.*

209. See American Online, Inc. (“AOL”) v. QTR Corp., FA0001000092016 (NAF Feb. 10, 2000).

210. See *id.* AOL owns numerous trademarks, service marks, and trade names that include the term “ICQ,” e.g. “ICQ,” “ICQ IT!” and “ICQ SMS” (collectively the ICQ Marks). AOL also uses the mark “ICQ.COM” as the domain name for its portal website for the ICQ services. The “ICQ” marks are used extensively at AOL’s portal website, which is AOL’s significant method of promoting its ICQ service. See *id.*

211. See *id.*

212. See *id.*

213. See *World Wrestling Fed’n Entertainment, Inc. v. Bosman*, D99-001 (WIPO Jan. 14, 2000), ¶ 6 (visited May 25, 2000) <<http://arbiter.wipo.int/domains/decisions/html/d99-0001.html>>.

214. See *Ellenbogen v. Pearson*, D00-0001 (WIPO Feb. 20, 2000), § of *Discussion and Findings* (visited May 25, 2000) <<http://arbiter.wipo.int/domains/decisions/html/d00-0001.html>>.

Respondent's use of the domain in bad faith, does not give rise to a remedy under the UDRP.²¹⁵

D. Novel Issues Triggering Trademark Protections in Cyberspace

1. Cybersquatting

"Cybersquatting" refers to the extortionate conduct of registering trademark-based domain names coupled with selling or offering to sell the right to use the domain names to the rightful trademark owners for ransom.²¹⁶ Currently, there are three sources contributing to the definition and resolution of cybersquatting: (1) the Consolidated Appropriations Act of 2000 ("Statute") enacted by the U.S. Congress;²¹⁷ (2) the Uniform Domain Name Dispute Resolution Policy ("UDRP") adopted by ICANN;²¹⁸ and (3) case law decided by the U.S. courts.²¹⁹

The Statute created a cause of action under section 43(d) of the Lanham Act, 15 U.S.C. § 1125(d), for owners of trademarks.²²⁰

215. See *Telstra Corp. v. Nuclear Marshmallows*, D2000-0003 (WIPO Feb. 18, 2000) <<http://arbiter.wipo.int/domains/decisions/html/d2000-0003.html>> (WIPO) ¶¶ 7.4-7.6.

216. See generally *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1318-19 (9th Cir. 1998) (finding the Defendant Toeppen as "cyberpirate" because Toeppen registered domain names for various valuable trademarks and attempted to sell these trademark-based domain names to rightful trademark owners); *Umbro Int'l Inc. v. 3263851 Canada Inc.*, 50 U.S.P.Q.2d 1786, 1787-88 (Va. Cir. Ct. 1999) (finding the Defendant, the <umbro.com> domain registrant, as "classic domain name pirate" because the registrant demanded \$50,000 and other ransom from the trademark owner, Umbro International Inc., for exchanging the right to use the <umbro.com> domain); *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1230 (N.D. Ill. 1996) (finding the Defendant Toeppen as "cybersquatter" because Toeppen registered approximately 240 trademark-based domain names without any permission from rightful trademark owners and attempted to profit from selling or licensing the right to use these domain names).

217. See Pub. L. No. 106-113, tit. III (Trademark Cyberpiracy Prevention), § 3002, 113 Stat. 1501, 1501A-545 to A-551 (1999) (codified as amended at 15 U.S.C.A. § 1125(d) (West Supp. 2000)); see also H.R. 3194, 106th Cong., 1st Sess., tit. III, § 3002 (1999) (engrossed); S. 1948, 106th Cong., 1st Sess., tit. III, § 3002 (1999).

218. See ICANN, *supra* notes 191-92.

219. See Jennifer L. Alvey, *Trademarks: Trademark Interests Welcome Cybersquatting Law, Others See New Dispute Policy Derailed*, BNA PAT., TRADEMARK & COPYRIGHT L. DAILY, Dec. 10, 1999, at PTD(d2).

220. See Consolidated Appropriations Act of 2000, Pub. L. No. 106-113, tit. III

The Statute also created a cause of action against anyone who registers a domain name using the name of an individual with the intent to sell it to the person of that name.²²¹ The purpose is to curb cybersquatters who register well-known marks and names of others as Internet domain names to cause mischief or extract payment from the rightful owner.²²²

Under the statute, cybersquatting occurs when anyone who, with a bad faith intent to profit, registers, traffics in, or uses a domain name that: (1) is identical or confusingly similar to a mark that was distinctive when the domain name was registered; (2) is identical or confusingly similar to, or dilutive of a mark that was famous when the domain name was registered; and (3) is a mark protected under section 706 of Title 18 or section 220506 of Title 36.²²³ The factors for measuring bad faith include whether: (1) the domain name was the registrant's legal name; (2) the registrant intended to divert consumers; (3) the registrant had offered to sell the domain name to the mark owner; and (4) the registrant was "warehousing" multiple domain names that mirror the trademarks of others.²²⁴ The bill limits the inquiry of prior use to the scope of whether a registrant uses the domain in conjunction with any bona fide offering of goods or services.²²⁵

The Uniform Domain Name Dispute Resolution Policy does not explicitly define "cybersquatting" but sets forth types of disputes involving domain names.²²⁶ Paragraph 4(a) of the URDP defines "Applicable Disputes" as those in which the respondent allegedly has: (1) a "domain name [that] is identical or confusingly

(Trademark Cyberpiracy Prevention), § 3002, 113 Stat. 1501, 1501A-545 to A-551.

221. *See id.* § 3002(b), 113 Stat. at 1501A-548.

222. *See* 145 CONG. REC. H10,823-01 (daily ed. Oct. 26, 1999) (statement of the Speaker Mr. J. Dennis Hastert supporting H.R. 3028 and expressing the need for Congress to curb "cyber-prospectors, cyber-pirates or just Joe. Q. Hacker, [to] register the domain names that correspond to marks used in commerce, they may find profit and create mischief by registering the names of ordinary people. [Congress] need[s] to act to remedy this outrageous problem." *Id.* at H10,519).

223. *See id.*

224. *See id.*

225. *See id.*

226. *See ICANN, Uniform Domain Name Dispute Resolution Policy* (adopted Oct. 24, 1999) (last modified Jan. 3, 2000) <<http://www.icann.org/udrp/udrp-policy-24oct99.htm>>.

similar to a trademark or service mark in which the complainant has rights;" (2) "no rights or legitimate interests in respect of the domain name;" and (3) registered and used domain name in "bad faith."²²⁷ Under the UDRP, disputes arising from alleged cybersquatting could be addressed by expedited administrative proceedings initiated by the trademark owner's filing a complaint with an approved dispute-resolution service provider.²²⁸ The complaint has to allege all three elements.²²⁹ The UDRP, however, provides that demonstrable preparations to use a domain name in connection with a bona fide offering of goods or services could defeat such a complaint.²³⁰

The line of cases decided in the U.S. courts illustrates how courts have interpreted the Lanham Trade-Mark Act and Federal Trademark Dilution Act as they apply to "cybersquatting" on the Internet.²³¹ If courts find a defendant falling into the category of "cybersquatter," they tilt toward holding the defendant liable for violating trademark law based on policy grounds.²³² In their analysis, courts have considered the following factors of whether the defendant: (1) has bad faith intent; (2) warehouses domain names; (3) lacks a legitimate purpose or plausible reason; and (4) commits extortionate conduct, in determining whether cybersquatting has occurred.²³³

Courts, however, have not reached a consensus concerning the weights of these factors. The factor of selling or offering to sell a trademark-based domain name to a rightful trademark owner is not dispositive.²³⁴ For example, the *K.C.P.L., Inc. v. Nash* Court

227. *See id.* ¶ 4(a).

228. *See id.* ¶ 4.

229. *See id.*

230. *See id.* ¶ 4(c)(i).

231. *See cases cited supra* note 216.

232. *See discussion infra* Part II.A.4.

233. *See id.*

234. *See generally* *K.C.P.L., Inc. v. Nash*, 49 U.S.P.Q.2d 1584, 1586 (S.D.N.Y. 1998) (distinguishing Nash's \$8,000 request responding to the <reaction.com> domain purchase offer from the action of cyberpirate Toeppen in *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1318-19 (9th Cir. 1998)); *No Mayo-San Francisco v. Memminger*, 1998 WL 544974, at *3 (N.D. Cal. Aug. 20, 1998) (holding the Defendant Memminger's single domain registration with plausible connection to it distinguishable from the action of a "cyberpirate" discussed in *Panavision*, 141 F.3d at 1318-19).

stated that the Defendant Nash was not a cybersquatter even though he had offered to sell <reaction.com>'s right to the plaintiff.²³⁵ However, the *Panavision* and *Intermatic* Courts held that similar actions had constituted cybersquatting.²³⁶ A comparison of *K.C.P.L.*²³⁷ with *Panavision*²³⁸ and *Intermatic*²³⁹ reveals that Nash, in *K.C.P.L.*, had made attempts to create a business providing information services, while Toeppen in *Panavision* and *Intermatic* did not show that he had been engaged in an effort to start a legitimate business. Nash had a plausible connection to the registered domain name, but Toeppen did not.²⁴⁰ Further, Nash registered only four domain names, while Toeppen warehoused approximately two hundred and forty domain names based on famous trademarks of well-known companies.²⁴¹

Courts are split on the issue of warehousing.²⁴² In *Umbro International Inc. v. 3263851 Canada Inc.*,²⁴³ the Court found that the Defendant engaged in cybersquatting even though he only registered one domain name, <umbro.com>.²⁴⁴ In the case of *No Mayo-San Francisco v. Memminger*, the Defendant also registered one domain name, <nomayo.com>.²⁴⁵ However, the Court held that the Defendant was not a cybersquatter because he had at least some historical connection with the domain name.²⁴⁶

235. 49 U.S.P.Q.2d at 1586.

236. Compare *K.C.P.L.*, 49 U.S.P.Q.2d at 1591 (finding that Nash registered the <reaction.com> domain with a legitimate business purpose although later he requested \$8,000 in response to the purchase offer for the domain), with *Panavision*, 141 F.3d at 1316 (finding that Toeppen tried to trade on the value of Panavision's trademarks), and *Intermatic*, 947 F. Supp. at 1227 (finding that Toeppen attempted to arbitrage the <intermatic.com> domain and put Intermatic's name and reputation at his mercy).

237. See *K.C.P.L.*, 49 U.S.P.Q.2d at 1591.

238. See 141 F.3d 1316.

239. See 947 F. Supp. at 1227.

240. See 49 U.S.P.Q.2d at 1591.

241. See *id.*

242. Compare *No Mayo-San Francisco v. Memminger*, 1998 WL 544974, at *3 (N.D. Cal. Aug. 20, 1998), with *Umbro Int'l, Inc. v. 3263851 Canada, Inc.*, 50 U.S.P.Q.2d 1786, 1787-88 (Va. Cir. Ct. 1999).

243. See 50 U.S.P.Q.2d at 1787-88.

244. See *id.*

245. See 1998 WL 544974, at *3.

246. See *id.* at *1, *3.

2. Reverse-Hijacking

Reverse-Hijacking refers to an action initiated in bad faith by a trademark's senior user in an attempt to deprive a registered domain name holder of a domain name.²⁴⁷ The conduct of a junior user of a trademark which has registered the desired domain name and used it in one area would not necessarily have created a likelihood of confusion.²⁴⁸ Because the senior user cannot register the same domain name incorporating the trademark, the senior user will file a protest against the junior users' registration at issue with a domain name registrar to seek control of the domain name.²⁴⁹

Some disputes reported in the news, even though never adjudicated, are illustrative.²⁵⁰ A 12-year-old Pennsylvania boy, Chris Van Allen, received the registered domain <pokey.org> as a 12th birthday gift from his father.²⁵¹ "Pokey" was Chris Van Allen's nickname but also happens to be a trademark owned by Prema Toy Co. ("Company").²⁵² The Company sent Van Allen a cease and desist letter and filed a claim with NSI.²⁵³ NSI put the domain on 90 days notice and created an alternate site for Van Allen.²⁵⁴ The battle sparked a cyberspace rally against the Company.²⁵⁵ Finally, the Company withdrew the claim with NSI and Van Allen has kept the <pokey.org> website running.²⁵⁶

247. *But see, e.g.*, ICANN, *supra* note 192, RUDRP, § 1.

248. *See, e.g.*, Giacalone v. Network Solutions, Inc. & TY, Inc., 1996 U.S. Dist. LEXIS 20807 (N.D. Cal. June 14, 1996) (enjoining TY, Inc. from interfering junior user Giacalone's right to use the Internet domain name <ty.com>); Network Solutions, Inc. v. Clue Computing, Inc. & Hasbro, Inc., 946 F. Supp. 858, 859-60 (D. Colo. 1996) (dismissing the case alleging junior user Clue Computing, Inc.'s domain name <clue.com> infringed Hasbro, Inc.'s trademark).

249. *See* cases cited *supra* note 248 and accompanying text.

250. *See* Jeri Clausing, *Gumby Creator Grants Boy Pokey Domain*, N.Y. TIMES ON THE WEB (visited May 19, 2000) <<http://www.nytimes.com/library/tech/98/04/cyber/articles/24pokey.html>>.

251. *See id.*

252. *See id.*

253. *See id.*

254. *See id.*

255. *See id.*

256. *See id.*

3. Metatags

Metatags consist of HTML code that can describe the contents of a web site.²⁵⁷ Metatags are not visible because they are buried code contained in web pages.²⁵⁸ Metatags are much like the subject index of a card catalog and are used by search engines to deliver a clear indication of the content of a website.²⁵⁹ Among the different forms of metatags, there are descriptive metatags and keyword metatags.²⁶⁰

In *Playboy Enterprises, Inc. v. Terri*, the Defendant, Terri Welles, a 1981 Playmate of the Year, used the term Playboy and Playmate as metatags for her site in order to help users find her when they employ the search terms “playboy” or “playmate” in search engines.²⁶¹ The Court found “fair use” for the Defendant.²⁶² On the contrary, the Court in *Playboy Enterprises, Inc. v. Calvin Designer Label (II)* found that the Defendant’s use of the trademark “playboy” in its metatags and in the hidden text of its homepage’s background constituted violation of the Lanham Act.²⁶³

In *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, West Coast used “moviebuff.com,” which is similar to Plaintiff Brookfield’s trademark, in its metatags.²⁶⁴ The Court analogized the situation of a metatag incorporating another’s

257. See *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1045 (9th Cir. 1999).

258. See *id.* at 1061 n.23; see, e.g., *Playboy Enters., Inc. v. Calvin Designer Label*, 985 F. Supp. 1220, 1221 (N.D. Cal. 1997) [hereinafter *Playboy (Label I)*] (finding that Defendant “repeated[ly] use [] the PLAYBOY trademark in machine readable code, [which was ‘buried code or metatags’], in the Defendant’s Internet Web pages”); *Playboy Enters., Inc. v. Welles*, 7 F. Supp. 2d 1098, 1104 (S.D. Cal. 1998) [hereinafter *Playboy (Welles)*] (noting that “[t]he metatags are not visible to the websurfer” but function “like the subject index of a card catalog”).

259. See *Playboy (Welles)*, 7 F. Supp. 2d at 1104.

260. See *Brookfield*, 174 F.3d at 1045. The descriptive metatags are intended to describe the web site. The keyword metatags contain keywords relating to the contents of the web site. See *id.*

261. See *Playboy (Welles)*, 7 F. Supp. 2d at 1103.

262. See *id.* at 1103-04.

263. See *Playboy Enters, Inc. v Calvin Designer Label*, 1999 WL 329058, at *3 (N.D. Cal. May 7, 1999) [hereinafter *Playboy (Label-II)*].

264. See *Brookfield*, 174 F.3d at 1045.

trademark to that of posting a sign with another's trademark in front of one's store.²⁶⁵ The *Brookfield* Court found for the Plaintiff and held that the metatags would cause initial interest confusion.²⁶⁶

4. Typosite

A typosite bears a domain name consisting of a common mis-typing of a popular website's domain name.²⁶⁷ The mis-typing thus connects a user to a site unrelated to the popular site the user was trying to reach.²⁶⁸ For instance, Hotmail is a famous e-mail server and operates a website <hotmail.com>.²⁶⁹ The domain name <hotmai.com>, however, leads users to a website unrelated to Hotmail.²⁷⁰ In *CIT Group, Inc. v. Citicorp*, Plaintiff CIT Group owned a senior mark "CIT GROUP" and a domain <citigroup.com>.²⁷¹ Defendant Citicorp owned a junior mark "CITIGROUP."²⁷² Senior District Judge Debevoise dismissed the case but expressed concern that there might be a likelihood of confusion on the Internet in the event that Citicorp operates <citigroup.com> as a domain by virtue of Internet technological constraints.²⁷³ Today, both <citigroup.com> and <citigroup.com> are up and running on the Internet, which makes Judge Debevoise's

265. *See id.*

266. *See id.*

267. *See* James Heckman, *Trademarks Protected Through New Cyber Act*, 34 MKT. NEWS 6, 2000 WL 7464094 (Jan. 3, 2000) (stating that "[c]ybersquatters might take a [domain] name and target all around it with typos"); Pullar-Strecker Tom, *You Can't Always Get What You Want*, DOMINION IT;4, 1999 WL 22867855 (Sept. 6, 1999) (referring variations of domain names that are mistyped of a target domain name as typo site, i.e., <yhaoo.com> is the typo site of <yahoo.com>).

268. *See* Robert D. Gilbert, *Squatters Beware: There are Two New Ways to Get You*, 223 NYLJ T5 (col. 1) (Jan. 24, 2000) (referring "typo-squatters" as one "who register domain names that incorporate variations of well-known marks in order to take advantage of unsuspecting Internet users who accidentally misspell a domain name"); Tom, *supra* note 266 (noting that a porn site <http://www.sanfransisco.com> directs Internet users away from their intended website <http://www.sanfrancisco.com>).

269. *See* MSN Hotmail (visited Dec. 18, 1999) <http://www.hotmail.com>.

270. *See* WebCrawlers™ Search Engine Submissions (visited May 19, 1999) <http://www.hotmai.com>.

271. *See* 20 F. Supp. 2d 775, 777 (D.N.J. 1998).

272. *See id.*

273. *See id.* at 794.

concern a reality.

5. Keying

“Keying” links banner ads to search terms to create context-sensitive advertising ability.²⁷⁴ Without keying, banner ads are posted in a random rotation.²⁷⁵ After keying a pre-selected set of banner ads to certain “key” search terms, the search results can target consumers matching a “certain demographic profile.”²⁷⁶ In *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, Defendant Netscape operated search engines on the Internet.²⁷⁷ The Plaintiff owns trademarks “Playboy” and “Playmate” and engages in adult entertainment businesses.²⁷⁸ Netscape keyed “playboy” and “playmate” into a group of over 450 words and tried to sell the group to advertisers for their use in banner ads as a value-added service.²⁷⁹ Plaintiff Playboy alleged that Netscape infringed Playboy’s marks when Netscape’s search engines generated a list of adult websites unrelated to Playboy.²⁸⁰ The Court found for Defendant Netscape.²⁸¹

6. Hyperlinks

A hyperlink is a link between websites on the Internet.²⁸² Hyperlinks contain annotated references to other websites or web pages and are used as cross-references within a single document, between documents on the same site, or between documents on different sites.²⁸³ Typically each website contains a “home page,”

274. See *Playboy Enters., Inc. v. Netscape Communications, Corp.*, 55 F. Supp. 2d 1070, 1072 (C.D. Cal. 1999).

275. See *Netscape*, 55 F. Supp. 2d at 1072. The “banner ads” are advertising space commonly displayed at the top of a computer screen. “The ads themselves are often animated and whimsical, and designed to entice the [sic] Internet user to ‘click’ here.” *Id.*

276. See *id.*

277. See *id.* “[T]he search engine compiles a list of sites matching or related to the user’s search terms, and then posts the list of sites, known as ‘search results.’” *Id.*

278. See *id.*

279. See *Netscape*, 55 F. Supp. 2d at 1072.

280. See *id.* at 1072-73.

281. See *id.* at 1089.

282. See *Intermatic Inc. v. Toepfen*, 947 F. Supp. 1227, 1232 (N.D. Ill. 1996).

283. See *United States v. Microsoft Corp.*, 65 F. Supp. 2d 1, 5 (D.D.C. 1999).

or the first access point to the site.²⁸⁴ The home page generally displays an overview of the website and provides hyperlinks to the other pages of the website.²⁸⁵ Users can connect to particular web pages in an efficient way by following the hyperlinks. This allows information to be accessed and organized in very flexible ways.²⁸⁶

In *LFG, LLC v. Zapata Corp.*, the Plaintiffs, provided financial services under the name Zap Futures.²⁸⁷ Zapata formed a wholly-owned subsidiary, Zap Corp., to conduct its Internet business using <zap.com>.²⁸⁸ Under the heading “OUR SITES” in <zap.com>, there were three hyperlinks.²⁸⁹ These hyperlinks, including “Starting Point,” could connect users to other financial service websites where some of the Plaintiff’s competitors advertised their services.²⁹⁰ The Plaintiff alleged that the representation to the public resulting from hyperlinking to the Plaintiff’s competitors and the Defendant’s use of the Plaintiff’s mark caused public confusion.²⁹¹

The case of the *New York State Society of Certified Public Accountants (“NYSSCPA”) v. Eric Louis Associates, Inc.* involved hyperlinking, metatag, and framing issues in the Internet context.²⁹² The Plaintiff registered its domain <nysscpa.org> using its service mark “NYSSCPA.”²⁹³ The Defendant registered three domains, <eric-louis.com>, <ericlouis.com>, and <nysscpa.com>, all of which displayed identical websites operated by them.²⁹⁴ In the home pages of the three sites, the Defendant claimed ownership, disclaimed any affiliation of the sites with the Plaintiff, and provided a hyperlink to the Plaintiff’s website <nysscpa.org>.²⁹⁵ Upon the Plaintiff’s cease and desist demand, the Defendant

284. *See id.*

285. *See id.*

286. *See American Civil Liberties Union v. Reno*, 929 F. Supp. 824, 836 (E.D. Pa. 1996).

287. *See* 78 F. Supp. 2d 731, 733 (N.D. Ill. 1999).

288. *See id.*

289. *See id.*

290. *See id.* at 734.

291. *See id.* (denying the defendant’s motion to dismiss for lack of personal jurisdiction).

292. *See* 79 F. Supp. 2d 331, 339 (S.D.N.Y. 1999).

293. *See id.* at 338.

294. *See id.* at 339.

295. *See id.*

agreed to discontinue use of <nysscpa.com>, and cease hyperlinking to and the framing of the Plaintiff's website on the condition that the Plaintiff would pay \$20,000 or provide the Defendant an exhibitor's booth at the annual NYSSCPA conference for the next five years for free.²⁹⁶ The Court found for the Plaintiff on grounds of false designation of origin, dilution, and copyright infringement.²⁹⁷

7. Framing

Framing technology allows users to view another website through linking while remaining inside a previous website.²⁹⁸ Users are able to distinguish sources of material appearing on the screen in the different frame.²⁹⁹ In *NYSSCPA*, discussed above, Defendant framed Plaintiff's website <nysscpa.org> inside Defendant's websites <eric-louis.com>, <ericlouis.com>, and <nysscpa.com>.³⁰⁰ The Defendant framed the websites' screen into three parts: (1) a top part with the header of the Defendant's company name; (2) a left part containing options linking solely to Defendant's websites; and (3) a display window taking up two-thirds of the screen containing the home page of the Plaintiff's website.³⁰¹ The hyperlink to the Plaintiff's website would not cause the user to leave the Defendant's website for the Plaintiff's website. Instead, it would take the Plaintiff's website back for viewing inside the Defendant's website display window.³⁰² The Plaintiff's allegation that the Defendant's framing constituted false designation of origin presented an issue of first impression, but the

296. *See id.*

297. *See id.* at 339-51.

298. *See* *Digital Equip. Corp. v. AltaVista Tech., Inc.*, 960 F. Supp. 456, 461 n.12 (D. Mass. 1997). *Cf. id.* at 460 n.6 (explaining that "[a] 'link' or 'hyperlink' is 'highlighted text or images that, when selected by the user, permit him to view another, related Web document'").

299. *See* *Hard Rock Cafe Int'l (USA) Inc. v. Morton, Inc.*, 1999 WL 717995, at *25 n.16 (S.D.N.Y. Sept. 9, 1999).

300. *See* *New York State Soc'y of Certified Pub. Accountants ("NYSSCPA") v. Eric Louis Assocs., Inc.*, 79 F. Supp. 2d 331, 339 (S.D.N.Y. 1999).

301. *See id.*

302. *See id.* (noting that "[u]pon clicking on this hyperlink, [the Plaintiff's] web site would appear "framed" within [the Defendant's] website").

Court left this issue unaddressed.³⁰³ Furthermore, anti-framing technology has been made available, which may make the issue moot.³⁰⁴

8. Spam and Forged Spamming

“Spam” is the process of sending unsolicited commercial bulk e-mail, akin to postal “junk mail.”³⁰⁵ “Forged Spamming” is the practice of routing the returns of junk e-mail to another e-mail address.³⁰⁶ Thus, Forged Spamming allows spammers to get their message out while avoiding the often-irate backlash that can clog computer systems and shut down operations.³⁰⁷ Congress and various state legislatures have been concerned with Spam and Forged Spamming, a controversial and much maligned practice that can be subject to criminal prosecution under Title IX of the Organized Crime Control Act of 1970, the Racketeering Influenced Corrupt Organizations Act (“RICO”).³⁰⁸

In *America Online, Inc. v. LCGM, Inc.*, the Plaintiff AOL was an Internet service provider, which owned a federally registered service mark and trademark, “AOL,” and a domain, <aol.com>.³⁰⁹ The Defendant operated and transacted business from Internet domains offering pornographic websites.³¹⁰ AOL alleged that the Defendants sent more than 92 million spam advertisements to its customers. This equates to approximately 300,000 e-mail mes-

303. *See id.* at 343.

304. *See Web Authoring FAQ: HTML Frames*, § 8.6. *Is There a Way to Prevent Getting Framed?* Web Design Group (last modified Nov. 29, 1999) <<http://www.htmlhelp.com/faq/html/frames.html#stop-framing>> (showing that a JavaScript program can automatically remove any existing framesets to avoid a target website from getting framed); Chuck Musciano, *HTML Q&A: The Best Way to FRAME-Proof Your Pages, Boost Table Speed, & More*, NetscapeWorld (visited May 25, 2000) <<http://www.netscapeworld.com/netscapeworld/nw-05-1997/nw-05-html.html>> (showing that a program written by JavaScript or Perl script could keep a target webpage from being captured by frames on other pages that link to the target webpage).

305. *See America Online, Inc. v. LCGM, Inc.*, 46 F. Supp. 2d 444, 446 n.1 (E.D. Va. 1998); *see also* *Seidl v. Greentree Mortgage Co.*, 30 F. Supp. 2d 1292, 1298 (D. Colo. 1998) (sending bulk e-mail advertising or “spam”).

306. *See Seidl*, 30 F. Supp. 2d at 1308.

307. *See id.*

308. *See* 18 U.S.C. § 1962 (1994).

309. *See* 46 F. Supp. 2d at 447.

310. *See id.*

sages per day over a six-month period.³¹¹ AOL sued the Defendants alleging false designation of origin and dilution of AOL's service marks under the Lanham Act.³¹² The Court granted AOL the summary judgment on these two claims.³¹³

II. CYBERSPACE TRADEMARK DISPUTE APPROACHES

Although trademark law in cyberspace will unavoidably deviate from traditional trademark law's doctrinal approach by reason of cyberspace's unique technical aspects,³¹⁴ the fundamentals of trademark law remain the starting point in adjudicating disputes in cyberspace.³¹⁵ Courts have applied trademark law doctrine to trademark-based domain name disputes.³¹⁶ Presently, the growing body of cyberspace trademark case law has mostly been articulated in scattered lower court opinions, but we can trace a familiar pattern in these rulings. Section A of this part discusses courts' rulings on trademark law causes of action in cyberspace. Section B of this part discusses jurisdictional approaches that are integral parts of cyberspace trademark case law.

311. *See id.* at 448.

312. *See id.* at 449-50.

313. *See id.* at 453.

314. *See generally* CIT Group, Inc. v. Citicorp, 20 F. Supp. 2d 775 (D.N.J. 1998). The Court found that, "[e]xcept in the context of E-mail and the Internet, the names and the manner in which CIT Group and CITI Group presented to the consuming public and to the public at large are sufficiently dissimilar to prevent confusion . . ." *Id.* at 790. The Court, however, recognized that "by virtue of the constraints and technical requirements of the [sic] Internet system there is a likelihood of confusion on the Internet if Citicorp adopted the domain name www.citigroup.com." *Id.* at 794. Therefore, the Court dismissed CIT Group's action without prejudice to its right to future action or relief if Citigroup registers domain names that would likely cause confusion with CIT Group's domain name <www.citigroup.com>. *See id.*

315. *See* SNA, Inc. v. Array, 51 F. Supp. 2d 542, 552 (E.D. Pa. 1999) (stating that the traditional rules of trademark infringement applied to the disputes); *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1228 (N.D. Ill. 1996) (stating that "[a]lthough [the Internet] is a new medium [of communication], courts must still apply traditional trademark law . . .").

316. *See* discussion *supra* Part I.D.

A. Causes of Actions in Cyberspace

1. Trademark Infringement

Protection against trademark infringement is available for federally registered trademarks under section 32(1) of the Lanham Act.³¹⁷ To prevail under section 32(1), a plaintiff must prove that the defendant's use of a trademark-based domain or trademarked content results in a likelihood of confusion with regard to the origin of the goods or services.³¹⁸ Hence, the essential element of a trademark infringement claim is the likelihood of confusion.³¹⁹ Given the technical features of the Internet, the plaintiff can also prevail when the defendant's use of the trademark, via domain or metatags, produces initial interest confusion.³²⁰

Courts have held that "the more similar the marks in terms of appearance, sound, and meaning, the greater the likelihood of confusion."³²¹ No trademark infringement, however, will occur, even for precisely identical trademarks, if the parties are in different geographical areas or in wholly different industries.³²² The key

317. See Lanham Act § 32(1), 15 U.S.C. § 1114(1) (1994 & Supp. IV 1998).

318. See *Gruner + Jahr USA Pub. v. Meredith Corp.*, 991 F.2d 1072, 1074 (2d Cir. 1993); *SMA*, 51 F. Supp. 2d at 547; *Toys"R"Us Inc. v. Abir*, 45 U.S.P.Q.2d 1944, 1947 (S.D.N.Y. 1997).

319. See *Public Serv. Co. of N.M. v. Nexus Energy Software, Inc.*, 36 F. Supp. 2d 436, 439 (D. Mass. 1999); see generally GINSBURG, *supra* note 29, ch. 6. (noting that the "likelihood of confusion" standard has been the basic test for common law as well as for federal statutory infringement).

320. See *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d at 1036, 1062 (9th Cir. 1999).

321. *Id.* at 1054; see, e.g., *Dreamwerks Prod. Group v. SKG Studio*, 142 F.3d 1127, 1130 (9th Cir. 1998) (stating that the pivotal factors are: 1) the arbitrariness of the mark; 2) the similarity of sight, sound and meaning; and 3) the relatedness of the goods); *Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1392 (9th Cir. 1993) (stating that "[t]he court assesses the similarity of the marks in terms of their sight, sound, and meaning").

322. See 15 U.S.C. § 1052(d) (1994); *Brookfield*, 174 F.3d at 1054; see, e.g., *Vitaroz Corp. v. Borden, Inc.*, 644 F.2d 960, 967-68 (2d Cir. 1981) (stating that use of similar mark allowed in connection with different products); *Weiner King, Inc. v. Wiener King Corp.*, 615 F.2d 512, 515-16, 522 (C.C.P.A. 1980) (permitting concurrent use of "Weiner King" as a mark for restaurants featuring hot dogs in New Jersey and "Wiener King" as a mark for restaurants in North Carolina); *Pinocchio's Pizza Inc. v. Sandra Inc.*, 11 U.S.P.Q.2d 1227, 1228 (T.T.A.B. 1989) (permitting concurrent use of "PINOCCHIO'S" as a service mark for restaurants in Maryland and "PINOCCHIOS" as a service mark for restaurants elsewhere in the country).

inquiry is whether the consumer is “likely to be deceived or confused by the similarity of the marks”³²³ In analyzing the likelihood of confusion, courts have considered the trademarks in their entirety and as they appear in the marketplace with similarities weighted more heavily than differences.³²⁴

a. Likelihood of Confusion

The test for determining the likelihood of confusion in the Internet context is essentially the same in all circuits, with only slight variations.³²⁵ When a defendant intentionally uses a plaintiff’s trademark, courts generally find that likelihood of confusion exists as a matter of law.³²⁶ If a defendant’s actions were not intentional, courts conducted the likelihood of confusion analysis based upon a number of factors known in the Second Circuit as “Polaroid Factors.”³²⁷ In the landmark *Polaroid* decision, the Sec-

323. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 780 (1992) (Stevens, J., concurring); *Heartsprings, Inc. v. Heartspring, Inc.*, 143 F.3d 550, 554 (10th Cir. 1998).

324. *See Goss*, 6 F.3d at 1392.

325. *See Public Serv. Co. of N.M. v. Nexus Energy Software, Inc.*, 36 F. Supp. 2d 436, 439 (D. Mass. 1999) (applying the eight-factor test articulated in *Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d 812, 817 (1st Cir. 1987) for assessing the likelihood of confusion on the issue of whether the domain name <energyplace.com> likely infringed the “Energy Place” trademark); *Toys”R”Us Inc. v. Abir*, 45 U.S.P.Q.2d 1944, 1947 (S.D.N.Y. 1997) (applying the eight-factor test articulated in *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961), *cert. denied*, 368 U.S. 820 (1961), for determining likelihood of confusion); *Playboy Enters., Inc. v. Universal Tel-A-Talk, Inc.*, 1998 WL 767440, at *5 (E.D. Pa. Nov. 3, 1998) (applying an open-end, ten-factor test elaborated in *Scott Paper Co. v. Scott’s Liquid Gold*, 589 F.2d 1225, 1229 (3d Cir. 1978) to determine whether a likelihood of confusion exists); *Amicus Communications, L.P. v. Hewlett-Packard Co.*, 1999 WL 495921, at *6-7 (W.D. Tex. June 11, 1999) (recognizing reverse confusion doctrine and applying the non-exclusive seven-factor test articulated in *Union Bank of Tex., Laredo. v. Union Nat’l Bank of Tex., Austin*, 909 F.2d 839, 844 n.10 (5th Cir. 1990)); *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 1163 (C.D. Cal. 1998) (applying the eight-factor test articulated in *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979), for examining the likelihood of confusion); *Prime Media, Inc. v. Primedia, Inc.*, 33 F. Supp. 2d 932, 937 (D. Kan 1998) (applying six-factor test expressed in *Heartsprings, Inc. v. Heartspring, Inc.* 143 F.3d 550, 554 (10th Cir. 1998), to determine whether a likelihood of confusion exists between the two marks).

326. *See Toys”R”Us*, 45 U.S.P.Q.2d at 1947; *see also Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 258 (2d Cir. 1987); *Perfect Fit Indus., Inc. v. Acme Quilting Co.*, 618 F.2d 950, 954 (2d Cir. 1980), *cert. denied*, 459 U.S. 832 (1982).

327. *See Polaroid Corp. v. Polaroid Elecs., Corp.*, 287 F.2d 492, 495 (2d Cir.

ond Circuit enunciated eight factors for evaluating the likelihood of confusion between non-identical goods or services.³²⁸ Other circuits have also developed tests similar to the “Polaroid Factors.”³²⁹

All circuit courts consider the degree of similarity between the trademarks, the proximity of the products, the defendant’s intent in selecting the allegedly infringing trademark, evidence of actual confusion, and the strength of the plaintiff’s trademark.³³⁰ The majority of courts have held that the list is non-exhaustive and that the final determination of the likelihood of confusion must be based on consideration of all relevant factors.³³¹ A finding of bad faith or evidence of actual confusion, however, weighs heavily in the determination.³³²

The New Jersey District Court’s treatment of the likelihood of confusion analysis in the *Jews for Jesus v. Brodsky* case invokes a line of authority recognizing that all factors contribute to the final determination of the likelihood of confusion.³³³ The Court elaborated ten “Scott Paper” factors³³⁴ in detail and incorporated Internet characteristics, such as the Internet users’ sophistication level and audience segment, in its likelihood of confusion analysis.³³⁵

1961). The factors are: “(1) the strength of [the] 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) the sophistication of the buyers.” *Id.* (numbers added).

328. *See id.*

329. *See* GINSBURG, *supra* note 29, at 428.

330. *See* cases cited *supra* note 325; GINSBURG, *supra* note 29, at 428.

331. *See* Prime Media, Inc. v. Primedia, Inc., 33 F. Supp. 2d 932, 937 (D. Kan. 1998) (citing Beernuts, Inc. v. Clover Club Foods Co., 805 F.2d 920, 925 (10th Cir. 1986)); *see also* Nikon Inc. v. Ikon Corp., 987 F.2d 91, 94 (2d Cir. 1993) (noting that the Polaroid factors are not exhaustive and no one factor is determinative).

332. *See, e.g.,* Amstar Corp. v. Domino’s Pizza, Inc., 615 F.2d 252, 263 (5th Cir. 1980) (stating that defendants’ intent in adopting their mark is a critical factor, which alone may be sufficient to justify the inference that there is confusing similarity).

333. *See* 993 F. Supp. 282, 301-05 (D.N.J. 1998).

334. *See* Scott Paper Co. v. Scott’s Liquid Gold, 589 F.2d 1225, 1229 (3d Cir. 1978).

335. *See* *Jews for Jesus*, 993 F. Supp. at 301, 303-05. In addition to the similar eight Polaroid factors, the court examined the price of the goods and the length of time, which the Defendant had used the mark without evidence of actual confusion.

The Plaintiff, an organization of Jews for Jesus, had been using the name “Jews for Jesus” continuously in interstate commerce for over twenty-four years at the time of litigation.³³⁶ The Plaintiff disseminated information to millions of people in the United States and abroad, and spent, on average, nearly half a million dollars per year on advertising.³³⁷ Its website, <jews-for-jesus.org>, was established in 1995, and most of the organization’s advertisements used the mark “Jews for Jesus.”³³⁸ The public, Internet users in particular, had associated the mark “Jews for Jesus” with the Plaintiff and its mission.³³⁹ The Defendant, a professional Internet site developer, was aware of the existence of the Plaintiff’s organization prior to the registration of his domain name, <jewsforjesus.org>.³⁴⁰

The central issue considered by the Court was whether the owner of a mark containing unique characteristics had rights to the plain attribute of the mark in the Internet.³⁴¹ After considering the overall impression of the marks, rather than the individual component parts, the Court held that the Plaintiff’s mark and the Defendant’s domain were virtually identical on their face.³⁴² Because the Internet users were not sophisticated enough to distinguish between the subtle difference in the parties’ domain names, the functional differences between the Plaintiff’s mark and the Defendant’s domain name did not mitigate the likelihood of confusion.³⁴³ After balancing the ten Scott Paper factors, the Court found for the Plaintiff under both federal and common law.³⁴⁴

336. *See id.* at 288. The Plaintiff, a non-profit international outreach ministry founded in 1973, has twelve permanent branches worldwide and sixty-eight additional chapters that perform voluntary activities on its behalf. *See id.* The mark was for “Religious Pamphlets” within International Classification 16, considered incontestable pursuant to section 15 of the Lanham Act. *See id.*; 15 U.S.C. § 1065 (1994).

337. *See id.* at 289 n.10.

338. *See id.* at 289-90.

339. *See id.*

340. *See id.* at 290-91. The Defendant also registered <jews-for-jesus.com> but cancelled this domain name himself. *See id.* at 287 n.4.

341. *See id.* at 295-96 (noting that on the Internet, the domain name can not contain unique characteristics or stylized letters).

342. *See id.*

343. *See id.* at 302-03.

344. *See id.* at 305.

In *Public Service Co. of New Mexico v. Nexus Energy Software*, a New Mexico utility company sued Nexus Energy in Massachusetts alleging the defendant's use of the mark "eENERGY-place" and the domain <energyplace.com> infringed the plaintiff's service mark "Energy Place."³⁴⁵ The Plaintiff's mark "Energy Place" was federally registered while the Defendant's mark was not.³⁴⁶ The Massachusetts District Court conducted an eight factor examination in its likelihood of confusion analysis.³⁴⁷ After balancing these factors as a whole, the Court found that the Defendant's use could reasonably cause a likelihood of confusion.³⁴⁸

In the case of *SNA, Inc. v. Array*, SNA brought an action alleging trademark infringement when Horizon Unlimited established a website with the domain name, <seawind.net>.³⁴⁹ Horizon used SNA's exact mark as Horizon's domain on its website, which was used to publish copies of Seawind Builders Newsletters and other information and commentary.³⁵⁰ The Pennsylvania Eastern District Court found that Internet users expect a website with a trademark-based domain name to be somehow related to the owner of the trademark because consumers are already familiar with the mark and may favorably associate quality with the trademark.³⁵¹ Thus, users who unwittingly enter the Defendant's website are likely to be confused about the relationship between the Plaintiff and the Defendant.³⁵² Therefore, the SNA Court held that Horizon's trademark-based domain falsely designated origin and infringed SNA's mark.³⁵³

Because of the uniqueness and technical quality of a number of novel issues in cyberspace, courts have recognized that several of

345. See *Public Serv. Co. of N.M. v. Nexus Energy Software, Inc.*, 36 F. Supp. 2d 436, 437 (D. Mass. 1999).

346. See *id.*

347. See *id.*

348. See *id.*

349. See 51 F. Supp. 2d 542, 552 (E.D. Pa. 1999). SNA is a manufacturer of amphibious airplane kits. See *id.*

350. See *id.*

351. See *id.*

352. See *id.* (citing *Jews for Jesus v. Brodsky*, 993 F. Supp. 282 (D.N.J. 1998); *Planned Parenthood Fed'n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d 1430 (S.D.N.Y. 1997)).

353. See *SNA*, 51 F. Supp. 2d at 552; see also 15 U.S.C. §§ 1114, 1125(a)(1)(A) (1994).

the factors weigh heavily in finding infringement even when no actual confusion exists.³⁵⁴ *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, a case best known for developing the doctrine of “initial interest confusion” in cyberspace, is exemplary of the flexible approach towards the likelihood of confusion analysis in the Internet context.³⁵⁵ *Brookfield Communications, Inc. (“Brookfield”)*³⁵⁶ sued *West Coast Entertainment Corp. (“West Coast”)*³⁵⁷ alleging that West Coast’s use of <moviebuff.com> infringed Brookfield’s trademark “MovieBuff.”³⁵⁸ The Court held that conventional factors did not exhaust the list of all factors and that other factors, not included, might be important in the Internet context.³⁵⁹ Therefore, the *Brookfield* Court developed a flexible approach governing cyberspace trademark infringement disputes, adjusting the traditional analysis of likelihood of confusion to reflect the changing circumstances of emerging technologies in cyberspace.³⁶⁰

Contrary to the majority view, the *Brookfield* Court expressly held that a court could find the likelihood of confusion only under a subset of the standard factors.³⁶¹ Among these factors, the Court held that the similarity of the mark, the relatedness of product offerings, and the overlap in marketing channels were important.

354. *Compare* *Amstar Corp. v. Domino’s Pizza, Inc.*, 615 F.2d 252, 263 (5th Cir. 1980) (stating that “[a]lthough evidence of actual confusion is not necessary to a finding of a likelihood of confusion, it is nevertheless the best evidence of likelihood of confusion”), *with* *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1061-62, 1064 (9th Cir. 1999) (stating that actual confusion is not needed for the court to find infringement).

355. *See* 174 F.3d at 1061-65. *Brookfield’s* analysis covered the traditional approach, such as tacking and intervening marks, to the Internet domain names, metatags, and advertising banner. *See id.*

356. *See id.* at 1041. Founded in 1987, Brookfield creates and markets software and services for professionals in the entertainment industry. The mark “MovieBuff” initially marketed in the broader consumer software market for the searchable entertainment industry; it now targets smaller companies and individual consumers. *See id.*

357. *See id.* West Coast is one of the nation’s largest video rental store chains.

358. *See id.* at 1043. The allegation that West Coast’s use of “moviebuff” in its website’s meta tags infringed Brookfield’s trademark “MovieBuff” will be discussed *infra* Part II.A.1.b.

359. *See id.* at 1054.

360. *See id.* at 1053-61.

361. *See id.* at 1054.

Evidence of actual confusion was not necessary, and intent to confuse consumers was not a requirement for finding trademark infringement.³⁶² Moreover, contrary to the majority view that each factor in the likelihood of confusion factors has equal force, the *Brookfield* Court held that these factors had an order of importance.³⁶³ The strength of a mark had diminished importance in the likelihood of confusion analysis because the parties had closely related products and West Coast's domain name was virtually the same as Brookfield's mark.³⁶⁴

b. Initial Interest Confusion

Although the traditional likelihood of confusion test has worked well in cyberspace trademark infringement and unfair competition actions, courts have increasingly had difficulties protecting a trademark from infringement when one party improperly appropriates a trademark owner's goodwill even though no source confusion exists or the party later rectifies the mistake.³⁶⁵ Under these circumstances, consumers are still able to associate the trademark with the owner while the violating party diverts or capitalizes consumers' initial interest to itself.³⁶⁶ Courts are split between the narrow sense and broad sense of actionable initial interest confusion.³⁶⁷

Some courts have narrowly read the Lanham Act to protect consumers only from likelihood of confusion so that initial interest confusion in the physical world is not actionable.³⁶⁸ Under traditional likelihood of confusion analysis, courts conclude that infringement or unfair competition occurs when there is actual or po-

362. *See id.* at 1054, 1057, 1059-60.

363. *See id.* at 1055 n.16; *accord* Comp Exam'r Agency, Inc. v. Juris, Inc., 1996 WL 376600, at *1 (C.D. Cal. Apr. 26, 1996) (finding the likelihood of confusion under subset of factors of virtual identity of marks, the relatedness of the parties' goods, and the simultaneous use of the Web the parties' marketing channel).

364. *See id.* at 1058-59.

365. *See Brookfield*, 174 F.3d at 1061-62, 1064.

366. *See id.*

367. *See id.* at 1062-64.

368. *See, e.g.,* Astro Pharm. Prods., Inc. v. Beckman Instruments, Inc., 718 F.2d 1201, 1206-08 (1st Cir. 1983); Teletech Customer Care Management (Cal.), Inc. v. Tele-Tech Co., 977 F. Supp. 1407, 1414 (C.D. Cal. 1997).

tential confusion that has long lasting effects on consumers as to the source of goods or services.³⁶⁹ Accordingly, the First Circuit in *Astra Pharmaceutical Products, Inc. v. Beckman Instruments, Inc.* suggested that only confusion that affected “the ultimate decision of a purchaser whether to buy a particular product” was actionable.³⁷⁰ The California Central District Court in *Teletech Customer Care Management (California), Inc. v. Tele-Tech Co.* concluded that trademark law did not recognize such brief confusion although the Court found for the Plaintiff on other grounds.³⁷¹

However, because consumers are not confused in the narrow sense,³⁷² many courts hold that initial interest confusion is actionable under the Lanham Act.³⁷³ Courts have held that the traditional eight-factor analysis does not apply to initial interest confusion claims.³⁷⁴ Rather, the initial interest confusion concept permits a finding of a likelihood of confusion even though the consumer quickly becomes aware of the source’s actual identity and no purchase is made as a result of the confusion.³⁷⁵ When potential customers initially are attracted to the junior user’s mark by virtue of its similarity to the senior user’s mark, the junior user could gain an opportunity to secure the initial business contact through assumed association between the parties.³⁷⁶ Therefore,

369. See *Astro Pharm. Prods.*, 718 F.2d at 1206-08.

370. *Id.*

371. See 977 F. Supp. at 1410, 1414.

372. See *Brookfield*, 174 F.3d at 1061.

373. See *Interstellar Starship Serv., Ltd. v. EPIX, Inc.*, 1999 WL 515658, at *3 (9th Cir. July 19, 1999); *Dr. Seuss Enters. v. Penguin Books USA*, 109 F.3d 1394, 1405 (9th Cir. 1997); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 260 (2d Cir. 1987); *Securacomm Consulting, Inc. v. Securacom Inc.*, 984 F. Supp. 286, 298 (D.N.J. 1997); *Blockbuster Entertainment Group v. Laylco, Inc.* 869 F. Supp. 505, 513 (E.D. Mich. 1994); *Jordache Enters., Inc. v. Levi Strauss & Co.*, 841 F. Supp. 506, 514-15 (S.D.N.Y. 1993); *Sara Lee Corp. v. Kayser-Roth Corp.*, 1992 WL 436279, at *14 (M.D.N.C. Dec. 1, 1992); *Koppers Co. v. Krupp-Koppers GmbH*, 517 F. Supp. 836, 844 (W.D. Pa. 1981).

374. See *Playboy (Welles)*, 7 F. Supp. 2d 1098, 1103 (S.D. Cal. 1998); *Brookfield*, 174 F.3d at 1062-64.

375. See *Interstellar*, 1999 WL 515658, at *3; *Jordache Enters.*, 841 F. Supp. at 514-15; see, e.g., *SNA, Inc. v. Array*, 51 F. Supp. 2d 542, 552 (E.D. Pa. 1999) (noting that “initial confusion of drawing the viewer to the site is the relevant confusion”).

376. See *Television Enter. Network v. Entertainment Network*, 630 F. Supp. 244, 247 (D.N.J. 1986); *Koppers*, 517 F. Supp. at 844.

courts have held that initial interest confusion works to mislead consumers and causes trademark infringement.³⁷⁷

The *Brookfield* Court applied initial interest confusion analysis to the issue of whether one party's use of its competitor's trademark in its metatags infringed the competitor's trademark rights, concluding that the Lanham Act bars such use.³⁷⁸ The focal point in the Court's analysis was goodwill.³⁷⁹ The analysis revealed that the Defendant West Coast would still have gained customers by appropriating the goodwill that Brookfield had developed in its mark "MovieBuff" even if the customers could have immediately realized that they did not reach Brookfield's website upon accessing <moviebuff.com>.³⁸⁰ The Court further analogized a rival's use of a competitor's trademark in its metatags to a scenario of posting a competitor's sign, such as "Blockbuster," on a super-highway billboard directing customers to the next exit, where there was only a rival's store and no Blockbuster store.³⁸¹ Consumers immediately realize that they have not arrived at Blockbuster's store.³⁸² Although preferring Blockbuster's service and knowing no relationship between the rival and Blockbuster, consumers might simply try the available alternative video rental service instead.³⁸³

If a party passively acts while trying to attract consumer attention through initial interest confusion using metatags, would courts hold differently?³⁸⁴ The *Brookfield* Court left this question open but distinguished the facts in the instant case from that in *Holiday Inns Inc. v. 800 Reservations, Inc.*³⁸⁵ The *Holiday Inns* Court held

377. See *Mobil Oil*, 818 F.2d at 260.

378. See *Brookfield*, 174 F.3d at 1062-65.

379. See *id.* at 1064.

380. See *id.* at 1062-64.

381. See *id.* at 1064.

382. See *id.*

383. See *id.*

384. See, e.g., *id.* at 1065 (differentiating acts into two categories of passive role and active role); *Holiday Inns Inc. v. 800 Reservations, Inc.*, 86 F.3d 619, 625 (6th Cir. 1996) (reading that section 4.3(a) of the Lanham Act does not cover the act of using existing confusion, absent any showing of the offending marks' use).

385. See *Brookfield*, 174 F.3d at 1065; *Holiday Inns*, 86 F.3d at 620-23. The *Holiday Inns* case involved 1-800 "complementary" numbers that are "vanity" phone numbers misdialed. The Defendant used but did not publicize the "complementary" numbers

that the Defendant did not violate the Lanham Act because they did not create but merely took advantage of confusion already in existence.³⁸⁶ The *Brookfield* Court, however, found that the Defendant affirmatively placed Brookfield's trademark in its meta-tags.³⁸⁷ Accordingly, the *Brookfield* Court held that the rival, West Coast, created initial interest confusion, which was actionable under the Lanham Act.³⁸⁸

c. Constructive Use – Tacking

Tacking refers to an attempt that a holder of trademarks essentially seeks to “tack” the first use date in the previously used mark onto the later used mark.³⁸⁹ In general, courts agree that “tacking” should be permitted unless two marks are so dissimilar that the public would not view them as identical.³⁹⁰ Courts, however, have held that the “tacking” standard is higher than the “likelihood of confusion” standard.³⁹¹ Courts have allowed tacking only where the later mark at issue: (1) is legally equivalent to the previously used mark; (2) does not materially differ from or alter the character of the previously used mark; (3) is identical to the previously used mark in the view of consumers, and (4) creates commercial impression that is the same as or broader than that of the mark attempted to be tacked.³⁹²

In *Brookfield*, the Defendant West Coast tried to tack its do-

to Holiday Inns' 800 numbers. The Defendant was reaping benefits from preexisting confusion created by Holiday Inns' 800 numbers. *See id.*

386. *See Holiday Inns*, 86 F.3d at 621 (finding that the phone dialing public often misdialed the number zero for the letter O).

387. *See Brookfield*, 174 F.3d at 1065.

388. *See id.*

389. *See id.* at 1048.

390. *See id.* at 1047-52 (stating that “[g]iving the trademark owner the same rights in the new mark as he has in the old helps to protect source-identifying trademarks from appropriation by competitors and thus furthers the trademark law’s objective of reducing the costs that customers incur in shopping and making purchasing decisions”); *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998); *see also Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-64 (1995).

391. *See Brookfield*, 174 F.3d at 1048; *Data Concepts*, 150 F.3d at 623; *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1159 (Fed. Cir. 1991).

392. *See Brookfield*, 174 F.3d at 1047-48; *Data Concepts*, 150 F.3d at 623; *Van Dyne-Crotty*, 926 F.2d at 1159.

main-based mark “moviebuff.com” to “The Movie Buff’s Movie Store,” which became incontestable in 1996 after the federal registration was issued in 1991.³⁹³ If West Coast’s tacking attempt had succeeded, “moviebuff.com” would have become incontestable in 1996 and thus been presumably valid over Brookfield’s challenge.³⁹⁴ In fact, the Court found clear-cut differences: “moviebuff.com” materially altered characters of “The Movie Buff’s Movie Store” in terms of the length of the words, spacing, apostrophe, and “.com.”³⁹⁵ Furthermore, the Court found that there was no showing of consumers’ recognition of the tacking and that the commercial impression created by “moviebuff.com” was narrower than that of “The Movie Buff’s Movie Store.”³⁹⁶ Hence, West Coast’s tacking attempt failed.³⁹⁷

d. Priority Use – Intervening Mark

An intervening mark occurs in a three-competing-trademark situation in which the first use date of one party’s trademark falls in between the first use dates of the two other trademarks owned by the party’s competitor.³⁹⁸ Courts have held that an intervening mark can gain priority when it is confusingly similar to the competitor’s later mark, but not to the competitor’s earlier mark.³⁹⁹ The first use date of the competitor’s earlier used mark has no effect on courts’ priority use analysis.⁴⁰⁰

393. See *Brookfield*, 174 F.3d at 1043.

394. But see *id.* at 1049 (holding that West Coast could not tack “moviebuff.com” to “The Movie Buff’s Movie Store”).

395. See *id.* Cf. U.S. Patent and Trademark Office, *Examination Guide No. 2-99* (Sept. 29, 1999), § VIII, *Marks Composed, In Whole or In Part, of Domain Names* (instructing that the adding or dropping “.com” would not materially change the mark).

396. See *Brookfield*, 174 F.3d at 1049. The mark “Movie Buff’s Movie Store” covered “retail store services featuring video cassettes and video game cartridges” and rental of video cassettes and video game cartridges.” *Id.* at 1042. The mark “moviebuff.com” was used for <moviebuff.com> to market “a searchable entertainment database” for “movie reviews, Hollywood news and gossip, provocative commentary, and coverage of the independent film scene and films in production.” *Id.*

397. See *id.* at 1049.

398. See *id.*; *Lone Star Steakhouse & Saloon, Inc. v. Longhorn Steaks, Inc.*, 106 F.3d 355, 362-63 (11th Cir. 1997).

399. See *J. Wiss & Sons Co. v. W.E. Bassett Co.*, 59 C.C.P.A. 1269, 462 F.3d 567, 568-69 (C.C.P.A. 1972).

400. See *id.*

Brookfield presented a situation in which there were three competing trademarks: Brookfield's intervening mark "MovieBuff," West Coast's ordinary mark "The Movie Buff's Movie Store" and domain-based mark "moviebuff.com."⁴⁰¹ Because the Defendant West Coast conceded that there was no actual confusion between Brookfield's mark "MovieBuff" and West Coast's mark "The Movie Buff's Movie Store," the Court held that the two marks were not confusingly similar.⁴⁰² Hence, the Court's focus turned to the comparison of the seniority between marks "MovieBuff" and "moviebuff.com."⁴⁰³

In order to rebut the presumption of validity of Brookfield's "MovieBuff" created by federal registration, West Coast attempted to establish senior use of its domain-based mark "moviebuff.com" based on common law rights garnered in the domain <moviebuff.com>.⁴⁰⁴ West Coast registered <moviebuff.com> in February 1996 before Brookfield used "MovieBuff."⁴⁰⁵ Unfortunately, it did not commercially launch its website under <moviebuff.com> until November 1998.⁴⁰⁶ On the other hand, Brookfield started to market its products under "MovieBuff" in December 1993 and began to sell its "MovieBuff" marked computer software and services over its Internet websites in 1996.⁴⁰⁷ The federal registration for "MovieBuff's" trademark and service mark was issued in September 1998 before West Coast commercially launched its website <moviebuff.com>.⁴⁰⁸

The *Brookfield* Court expressly rejected the notion that a domain name registration with a domain name registrar constituted

401. See *Brookfield*, 174 F.3d at 1049-50.

402. See *id.*

403. See *id.*

404. See *id.* at 1047 (stating that "a fundamental tenet of trademark law is that ownership of an inherently distinctive mark . . . is governed by priority of use . . . [that is] the first or actually use the mark in the sale of goods or services") (citing *Sengoku Works Ltd. v. RMC Int'l, Ltd.*, 96 F.3d 1217, 1219 (9th Cir. 1996), *cert. denied.*, 521 U.S. 1103). But see, e.g., *Public Serv. Co. of N.M. v. Nexus Energy Software, Inc.*, 36 F. Supp. 2d 436, 438 (D. Mass. 1999) (stating that a registered mark with the Principal Register is presumably valid).

405. See *Brookfield*, 174 F.3d at 1042.

406. See *id.*

407. See *id.*

408. See *id.*

“commercial use” for purposes of acquiring trademark priority under the Lanham Act.⁴⁰⁹ “The talismanic test is whether . . . the use is sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark.”⁴¹⁰ Accordingly, the Court rejected West Coast’s claim that its limited e-mail correspondence through <moviebuff.com> with its lawyers and a few customers constituted use.⁴¹¹ Therefore, the Court granted priority to Brookfield’s mark “MovieBuff.”⁴¹²

e. Functional Top-Level Domains –
Contributing Factor to Likelihood of Confusion?

Courts are split on the issue of whether functional top-level domains (“TLD”) contribute to the finding of likelihood of confusion or dilution.⁴¹³ Expanding functional TLDs could further complicate and affect trademark law on this issue.⁴¹⁴ The *Avery Dennison* Court differentiated domain names between functional top-level domains under <.net> and under <.com>.⁴¹⁵ The Court recognized that <.net> applies to networks and <.com> applies to commercial entities.⁴¹⁶ After reviewing the record, the Court supported the distinction that “courts applying the dilution cause of ac-

409. *See id.* at 1051.

410. *Id.* at 1052.

411. *See id.* at 1053. West Coast used e-mail to communicate with its lawyers and a few customers before Brookfield used its “MovieBuff.” *See id.*

412. *See id.*

413. *Compare* *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 880-81 (9th Cir. 1999) (inferring that dilution occurs with a domain registration under <.com> TLD, but not under <.net> TLD), *with* *Playboy Enters. Int’l, Inc. v. Global Site Design, Inc.*, 1999 WL 311707, at *2 (S.D. Fla. May 15, 1999) [hereinafter *Playboy (Global Site)*] (finding trademark infringement, unfair competition and dilution occurred with domain registrations under <.net> TLD), *Brookfield*, 174 F.3d at 1055 (stating that “the addition of [<.com> TLD] is of diminished importance in distinguish the mark” and becomes further irrelevant in considering similarity in meaning), *and* *SNA, Inc. v. Array*, 51 F. Supp. 2d 542, 552-53 (E.D. Pa. 1999) (finding that <seawind.net> domain caused initial interest confusion).

414. *See infra* notes 420-28 and accompanying text. For example, <.deli> and <.restaurant> could be used to differentiate commercial activities and may reduce the likelihood of confusion. On the other hand, the expansion might have a downside when a company has multiple lines of business, i.e., a deli and a restaurant.

415. *See Avery Dennison*, 189 F.3d at 880-81.

416. *See id.*

tion to domain name registrations have universally considered <trademark.com> registration.”⁴¹⁷ Therefore, the Court inferred that dilution did not occur from a <trademark.net> registration.⁴¹⁸

The majority of courts, however, declined to differentiate among functional TLDs any legal impact on their dilution or infringement analysis.⁴¹⁹ The Court in *Playboy Enterprises International, Inc. v. Global Site Design, Inc.* did not distinguish the likelihood of dilution that could occur under different functional top-level domains <.com> and <.net>.⁴²⁰ Contrary to the *Avery Dennison* Court’s holding, the *Playboy (Global Site)* Court found that the Defendants’ use of the “Playboy” and “Playmate” marks in their domains under <.net> could create a likelihood of dilution and a likelihood of confusion.⁴²¹ Likewise, the Court in *SNA, Inc. v. Array* found that the Defendant’s use of <seawind.net> infringed the Plaintiff’s “Seawind” mark.⁴²² The Eastern Virginia District Court in *Washington Speakers Bureau, Inc. v. Leading Authorities, Inc.* found infringement of a competitor’s mark without regard to <.com> or <.net>.⁴²³ Furthermore, the Court in *Jews for Jesus v. Brodsky* found that the Defendant’s use of the Plaintiff’s mark would likely cause dilution even under <.org>, a functional top-level domain traditionally not used for commercial purposes.⁴²⁴ Thus, for the purpose of determining likelihood of confusion in the Internet context, the Court in *Brookfield Communications, Inc. v. West Coast Entertainment Corp.* found that the importance of functional top-level domains such as <.com> diminished in distin-

417. *Id.*

418. *See id.* at 881 (acknowledging the fact that the distinction between <trademark.com> and <trademark.net> was illusory).

419. *See Playboy (Global Site)*, 1999 WL 311707, at *2; *accord* *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1055 (9th Cir. 1999); *see also* *Washington Speakers Bureau, Inc. v. Leading Authorities, Inc.*, 33 F. Supp. 2d 488, 501 (E.D. Va. 1999); *SNA, Inc. v. Array*, 51 F. Supp. 2d 542, 552-53 (E.D. Pa. 1999); *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 308 (D.N.J. 1998).

420. *See* 1999 WL 311707, at *2 (S.D. Fla. May 15, 1999). The Defendant registered <playboyonline.net> and <playmatesearch.net>.

421. *See id.* at *2.

422. *See* 51 F. Supp. 2d at 552-53.

423. *See* 33 F. Supp. 2d at 501.

424. *See Jews for Jesus*, 993 F. Supp. at 308.

guishing the mark.⁴²⁵ Therefore, the *Brookfield* Court concluded that the comparison of similarities should be between the Defendant's domain and the Plaintiff's trademark, i.e., comparing <moviebuff.com> with "MovieBuff," not between the parties' domains, i.e., comparing <moviebuff.com> with <moviebuffonline.com> or <moviebuff.net>.⁴²⁶

Notwithstanding the conflicts between courts, *Examination Guide No. 2-99* adopted by the Patent and Trademark Office in the United States Department of Commerce simply states that adding or deleting TLDs in domain-named marks does not materially alter the mark.⁴²⁷ For instance, amending a mark from "xyz" to "xyz.com," or from "xyz.org" to "xyz.com" would not materially change the mark.⁴²⁸

2. Unfair Competition, Deception, False Advertising, and Misrepresentation

Section 43(a) of the Lanham Act protects against unfair competition of all marks, trade names, and trade dress without regard to registration.⁴²⁹ To prevail under section 43(a), a plaintiff, how-

425. See *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1055 (9th Cir. 1999).

In terms of appearance, there are differences in capitalization and the addition of .com in West Coast's complete domain name, but these differences are inconsequential in light of the fact that Web addresses are not caps-sensitive and that the .com top-level domain signifies the site's commercial nature [In terms of] the similarity of sound and meaning[,] [t]he two marks are pronounced the same way, except that one would say "dot com" at the end of West Coast's mark Web users are likely to associate moviebuff.com with the trademark "MovieBuff"

Id.

426. See *id.*

427. See U.S. Patent and Trademark Office, *Examination Guide No. 2-99* (Sept. 29, 1999), § VIII, *Marks Composed, In Whole or In Part, of Domain Names*.

428. See *id.*

429. See Lanham Act § 43(a), 15 U.S.C. § 1125(a) (1994) (stating that a federal protection for trademark regardless of registration is triggered by a use that "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association" of the user with the senior user); *Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery*, 150 F.3d 1042, 1046 (9th Cir. 1998); see also *Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121, 124 (4th Cir. 1990); *Washington Speakers Bureau, Inc. v. Leading Authorities, Inc.*, 33 F. Supp. 2d 488, 494 (E.D. Va. 1999).

ever, still has to show that it has “a valid, protectable trademark.”⁴³⁰ The standard for determining unfair competition under section 43(a) is the same as the infringement standard under section 32(1) of the Lanham Act – likelihood of confusion.⁴³¹ Thus, courts have treated unfair competition and infringement in the same manner and use the same multi-factor test to determine whether a likelihood of confusion exists.⁴³²

Contrary to the Ninth Circuit’s finding that use of a domain incorporating a portion of a competitor’s trademark did not establish a cause of action, the Eastern Virginia District Court in *Washington Speakers Bureau, Inc. v. Leading Authorities, Inc.* found that the use of the segment of a competitor’s mark in a defendant’s domain name still constituted unfair competition.⁴³³ The Plaintiff Washington Speakers Bureau owned a recognized, but unregistered, trademark.⁴³⁴ It had used the name “Washington Speakers Bureau” continuously for eighteen years before the lawsuit commenced.⁴³⁵ Its trademark registration had not begun⁴³⁶ when it sued the Defendant, Leading Authorities, for federal trademark infringement and dilution. However, the lawsuit was based on the Defendant’s use of a substantial portion of the Plaintiff’s trademark as the Defendant’s domains, <www.washingtonspeakers

430. 15 U.S.C. § 1125(a); *Washington Speakers Bureau*, 33 F. Supp. 2d at 493; *see also Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc.*, 43 F.3d 922, 930 (4th Cir. 1995).

431. *See* 15 U.S.C. §§ 1114(1), 1125(a) (1994); *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1047 n.8 (9th Cir. 1999) (stating that despite its differences, the analysis under the two provisions is oftentimes identical); *see also* RESTATEMENT (THIRD) OF UNFAIR COMPETITION, ch. 1, § 9, comment g (stating that “[a]s the distinctions between the actions for trademark infringement and unfair competition diminished, the law of trademarks eventually subsumed descriptive designations that had acquired significance as indications of source”).

432. *See* *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961); *see also supra* note 431 and accompanying text.

433. *Compare* *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 880 (9th Cir. 1999) (stating that a domain name incorporated a portion of a competitor’s mark does not dilute or infringe the competitor’s mark), *with* *Washington Speakers Bureau*, 33 F. Supp. 2d at 501 (stating that the use of the segment of a competitor’s mark could also infringe the competitor’s mark).

434. *See* *Washington Speakers Bureau*, 33 F. Supp. 2d at 490.

435. *See id.*

436. *See id.* at 494 n.17.

.com>, <www.washington-speakers.com>, <www.washingtonspeakers.net>, and <www.washington-speakers.net>.⁴³⁷

The Defendant, Leading Authorities, registered multiple domains under the belief that it would increase the potential use of its website.⁴³⁸ In its domains, Leading Authorities made use of service fashion description, geographic place names, speakers' areas of expertise, and relatively generic or laudatory terms describing the speakers or services offered.⁴³⁹ Some of these domains arguably duplicated Leading Authorities' competitors' names.⁴⁴⁰ Leading Authorities knew at least some of its competitors' names before choosing its domain names.⁴⁴¹

At first, the Court in *Washington Speakers Bureau* applied the spectrum of distinctiveness test⁴⁴² to decide whether the Plaintiff's mark was a valid, protectable trademark.⁴⁴³ Because the word "Washington" connoted more than mere geography,⁴⁴⁴ the Court found that "Washington Speakers Bureau" was not a fanciful, arbitrary, or suggestive mark,⁴⁴⁵ but instead was either a descriptive or

437. *See id.* at 491.

438. *See id.* at 492.

439. *See id.* For example, these domain names included <floridaspeakers.com>, <californiaspeakers.com>, <chicagospeakers.com>, <americanspeakers.com>, <internationalspeakers.com>, <orlandospeakers.com>, <washingtonspeakers.com>, <washington-speakers.com>, and etc. *See id.* n.6.

440. *See id.* at 493.

441. *See id.*

442. *See supra* notes 53-54 and accompanying text.

443. *See Washington Speakers Bureau*, 33 F. Supp. 2d at 494 (stating that "[t]he degree of protection a trademark receives 'is directly related to the mark's distinctiveness'") (quoting *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 464 (4th Cir. 1996)).

444. *See Washington Speakers Bureau*, 33 F. Supp. 2d at 495. Other than geographic meaning, the word "Washington" also implies politics, public affairs, and power.

445. *See id.* at 494.

"Fanciful" marks are usually coined words expressly designed to serve as a trademark, such as "Kodak" or "Exxon." "Arbitrary" marks are generally real words in common usage that do not describe any quality or characteristic of the products with which they are associated, such as "Apple" computers. "Suggestive" marks connote, but do not describe, some quality, ingredient, or characteristic of the product, such as "Coppertone" suntan lotion. These marks are not descriptive in that a person without actual knowledge of the product involved would not likely surmise what product a suggestive mark represents. These three categories of marks merit the highest level of trademark protection; when a mark is shown to be fanciful, arbitrary, or suggestive, its distinctiveness is

generic mark.⁴⁴⁶ The addition of “Washington” to the phrase “Speakers Bureau,” however, identified the term’s special characteristics.⁴⁴⁷ Hence, the Court held that the combination converted the phrase “Washington Speakers Bureau” to a descriptive mark.⁴⁴⁸

As to secondary meaning, the Court in its analysis applied a six-factor inquiry: “(1) advertising expenditures; (2) consumer studies linking the mark to a source; (3) sales success; (4) unsolicited media coverage of the product; (5) attempts to plagiarize the mark; and (6) the length and exclusivity of the mark’s use.”⁴⁴⁹ The inquiry in whole indicated that “Washington Speakers Bureau” held secondary meaning; thus, the Plaintiff owned a protectable descriptive mark.⁴⁵⁰ The phrase “Washington Speakers,” however, was a weak segment of the mark “Washington Speakers Bureau” so that the distinctiveness of the segment might not be as strong as that of the mark itself.⁴⁵¹ Thus, “Washington Speakers” caused

presumed without further showing.

Id. (citations omitted).

446. *See id.*

“Descriptive” marks, on the other hand, are not inherently distinctive, but merely describe a function, use, characteristic, size, or intended purpose of the product. Examples of such descriptive marks include “After Tan” post-tanning lotion, “5 Minute” glue, and the “Yellow Pages” telephone directory. Descriptive marks are the weakest category of protectable marks; they are not accorded trademark protection unless they have acquired “secondary meaning.” . . . A “generic” mark is simply the name of the good or product itself and as such cannot ever receive trademark protection. Examples of such generic names are Convenient Store retail stores, Dry Ice solid carbon dioxide, and Light Beer beverages.

Id. at 494-95 (citations omitted).

447. *See id.* at 494-96.

448. *See id.* at 495. “A generic term identifies the general nature of an article, whereas a descriptive term indicates its special characteristics.” *Id.* (citing *Dayton Progress Corp. v. Lane Punch Corp.*, 917 F.2d 836, 839 (4th Cir. 1990)). “Geographic terms are generally understood to constitute descriptive marks when they indicate the geographic source of the service or product.” *Washington Speakers Bureau*, 33 F. Supp. 2d at 495.

449. *Id.* at 496 (quoting *Perini Corp. v. Perini Constr.*, 915 F.2d 121, 125 (4th Cir. 1990)).

450. *See Washington Speakers Bureau*, 33 F. Supp. 2d at 496-97.

451. *See id.* at 498 (stating that “a mark as a whole may be stronger than the sum of its parts”); accord *Avery Dennison*, 189 F.3d at 874; *see e.g.*, *California Cooler v. Loretto Winery, Ltd.*, 774 F.2d 1451 (9th Cir. 1985) (noting that words that individually could

only limited consumer association with the Plaintiff.⁴⁵² Although the weakness reduced the likelihood of consumer confusion, the Court held that it was not conclusive of the likelihood of confusion issue.⁴⁵³

Subsequently, in its Lanham Act section 43(a) analysis, the *Washington Speakers Bureau* Court applied similar infringement factors⁴⁵⁴ in determining whether there was a likelihood of confusion between the “Washington Speakers Bureau” mark and the <washingtonspeakers.com> domain.⁴⁵⁵ Acknowledging the unique characteristics of the Internet, the Court held that these factors did not have equal force in the Internet context.⁴⁵⁶ Accordingly, the Court gave more weight to the factors that reflect the similarity between parties’ services, the similarity in their advertising for those services, the parties’ marketing channel over the Internet, and the Defendant’s intent.⁴⁵⁷

Because both parties needed to rely upon the Internet to attract potential customers, the Court found that the unique character of the Internet might heighten the potential for confusion.⁴⁵⁸ The Defendant’s use of the segment of the Plaintiff’s mark as the Defendant’s domain might cause significant confusion because of the limit on the number of letters that could be used in a domain.⁴⁵⁹

not become a trademark may become a trademark when used in combination).

452. See *Washington Speakers Bureau*, 33 F. Supp. 2d at 501. “When an association is so automatic, it is descriptive only, as the consuming public will immediately understand the nature of the product so described, without exercise of the imagination.” *Id.* at 495 n.18.

453. See *id.* at 499. The court expressed concern that “[when] [t]he challenged domain names do not contain the [trademark] . . . [but only] obviously bear substantial similarity to the protected mark, it is not clear that any portion of the protected mark may properly be characterized as ‘dominant’ and thus especially relevant to the analysis.” *Id.*

454. See *id.* at 497. These factors are: “(a) the strength or distinctiveness of the mark; (b) the similarity of the two marks; (c) the similarity of the goods/services the marks identify; (d) the similarity of the facilities the two parties use in their businesses; (e) the similarity of the advertising used by the two parties; (f) the defendant’s intent; and (g) [evidence of] actual confusion.”

455. See *id.*

456. See *id.* “Certain factors may not be relevant in some cases, and the factors may not deserve equal emphasis in each case.” *Id.*

457. See *id.* at 501.

458. See *id.*

459. See *id.* at 499-500.

This limitation increased the likelihood of Internet users mistakenly arriving at the Defendant's website.⁴⁶⁰ Although no actual confusion was found, the Court in *Washington Speakers Bureau* found conclusive evidence that the Defendant exhibited "bad faith" in registering these domains with the intent to exploit the Plaintiff's goodwill created by the protected mark.⁴⁶¹ The analysis of the factors compelled the Court to conclude that the Defendant's domains incorporated a segment of the Plaintiff's protected mark under <.com> and <.net> that caused the likelihood of confusion.⁴⁶²

3. Trademark Dilution

Traditionally, the dilution doctrine protects a mark from two types of harm: (1) the "blurring" or "whittling away" of the distinctive quality of the mark; and (2) the "tarnishing" of the mark through negative associations created by a defendant's use.⁴⁶³ The Federal Trademark Dilution Act in 1995 ("Act") created a federal cause of action in dilution when a violator blurs the distinctive quality of a famous mark.⁴⁶⁴ Although the Act did not define dilution in terms of "tarnishment," courts have considered claims for tarnishment under section 43(c) of the Act by relying legislative intent.⁴⁶⁵ Currently, the statute affords protection to both common

460. *See id.* at 500.

461. *See id.* at 501.

462. *See id.*

463. *See I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 48 (1st Cir. 1998).

464. *See* 15 U.S.C. § 1125(c) (Supp. IV 1998); *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 875 n.5 (9th Cir. 1999) (stating that the "[o]wner of any protectable mark or trade name can bring a cause of action under the enacted version of the Federal Trademark Dilution Act").

465. *See* 15 U.S.C. §§ 1125(c), 1127 (Supp. IV 1998); H.R. REP. NO. 104-374, at 8 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1034 (the legislative history of section 43(c) indicates that the statutory definition of dilution "is designed to encompass all forms of dilution recognized by the courts, including dilution by blurring, by tarnishment, and [sic] disparagement"); *Toys'R'Us, Inc. v. Akkaoui*, 40 U.S.P.Q.2d 1836, 1838 (N.D. Cal. 1996) (finding that "TOYS R' US" and "KIDS R' US" for children's retail stores tarnished by "ADULTS R' US" for on-line provider of sexual devices and clothing); *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*, 40 U.S.P.Q.2d 1479, 1480-81 (W.D. Wash. 1996) (finding that the Plaintiff's "Candyland" board game was tarnished by the sexually explicit Internet websites "CANDY LAND" and <candyland.com>).

law marks and federally registered marks.⁴⁶⁶ A trademark owner may have injunctive relief if he proves that (1) his mark is famous; (2) another party used his mark in commerce; (3) his mark became famous prior to the other party's use; and (4) the other party's use caused a likelihood of dilution of the distinctive quality of the mark.⁴⁶⁷

Recently, in the Internet context, some courts have held that a court is not bound by traditional definitions such as blurring and tarnishment in order to find dilution.⁴⁶⁸ On the other hand, unlike the likelihood of confusion standard for infringement and unfair competition, the likelihood of dilution standard does not rest on actual or potential consumer confusion.⁴⁶⁹ Rather, dilution theory assumes that even a non-confusing unauthorized use of a mark may cause an actionable harm to the mark's owner by gradually whittling away the mark's distinctiveness and ability to identify the source of goods or services.⁴⁷⁰ Courts are striking a balance between protecting a trademark and permitting non-infringing uses.⁴⁷¹ The threshold issue in domain disputes under dilution doctrine has focused on a mark's famousness.⁴⁷²

466. See *Intermatic Inc. v. Toebben*, 947 F. Supp. 1227, 1237 (N.D. Ill. 1996); *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 305 (D.N.J. 1998).

467. See 15 U.S.C. § 1125(c) (Supp. IV 1998); *Intermatic*, 947 F. Supp. at 1238; *Panavision Int'l, L.P. v. Toebben*, 141 F.3d 1316, 1324 (9th Cir. 1998); *S Indus., Inc. v. Diamond Multimedia Sys., Inc.*, 991 F. Supp. 1012, 1020 (N.D. Ill. 1998) (stating that under the federal dilution act, a plaintiff must show its mark is famous and the defendant's use of the same or similar mark creates a likelihood of dilution through blurring or tarnishment).

468. See *Panavision*, 141 F.3d at 1326 (noting that the Defendant Toebben's conduct varied from the two traditional dilution categories of blurring and tarnishment, but stating the court could find dilution not limited to these two categories).

469. See GINSBURG, *supra* note 29, ch. 10 (stating that the dilution doctrine grants trademark protection beyond that provided by the classic likelihood of confusion test); *Avery Dennison*, 189 F.3d at 873 (stating that "a likelihood of confusion is not required to present a claim for relief" in a dilution case); *Genovese Drug Stores, Inc. v. TGC Stores, Inc.*, 939 F. Supp. 340, 349 (D.N.J. 1996) (stating that in order to succeed on a dilution claim, the plaintiff need not demonstrate a likelihood of consumer confusion).

470. See 15 U.S.C. § 1127 (Supp. IV 1998) (defining "dilution").

471. See *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 875 (9th Cir. 1999).

472. See *id.* at 874-75; *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 305-06 (D.N.J. 1998).

a. Threshold Issue – Distinctiveness of a Famous Mark

A mark has to be famous in order to invoke the protection of the Lanham Act.⁴⁷³ Although a famous mark will always be distinctive, a distinctive mark is not necessarily famous.⁴⁷⁴ In determining whether a mark is famous, courts will consider the eight factors listed in section 43(c) of the Lanham Act.⁴⁷⁵

Avery Dennison Corp. v. Sumpton is a leading case emphasizing the narrow reach of dilution protection.⁴⁷⁶ The Ninth Circuit established a high threshold to gauge the fame of a trademark, which is a strict measure beyond the needed degree of distinctiveness and strength.⁴⁷⁷ Plaintiff Avery Dennison owns the federally registered trademarks “Avery” and “Dennison” and maintains commercial websites under the trademark-based domains <avery.com> and <averydennison.com>.⁴⁷⁸ The Defendants, Jerry

473. See 15 U.S.C. § 1125(c) (Supp. IV 1998); *Avery Dennison*, 189 F.3d at 875 (stating that “[d]ilution is a cause of action invented and reserved for a select class of marks. . .”); *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 46 (1st Cir. 1998) (stating that “[a] mark [must] be truly prominent and renowned”) (citation omitted).

474. See 15 U.S.C. § 1127 (1994) (defining “trademark”); *Accuride Int’l, Inc. v. Accuride Corp.*, 871 F.2d 1531, 1539 (9th Cir. 1989) (requiring that famous has to show more than mere distinctiveness); see also *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768-69 (1992) (holding that in order to be protected, a trademark or trade dress must be either: (1) “inherently distinctive,” — i.e., “arbitrary,” “fanciful,” or “suggestive;” or (2) acquire distinctiveness through “secondary meaning” or association in the minds of the consumer with source).

475. See 15 U.S.C. § 1125(c) (Supp. IV 1998). The eight factors includes: “(A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks’ owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.” *Id.*; see also, *Jews for Jesus*, 993 F. Supp. at 306; *Genovese*, 939 F. Supp. at 349; *Avery Dennison*, 189 F.3d at 875-76.

476. See *Avery Dennison*, 189 F.3d at 875-76.

477. See *id.* at 876.

478. See *id.* at 873. “Avery Dennison sells office products and industrial fasteners under ‘Avery’ and ‘Dennison’ . . . ‘Avery’ has been in continuous use since the 1930s and registered since 1963, and ‘Dennison’ has been in continuous use since the late 1980s and registered since 1908. Avery Dennison spends more than \$5 million per year adver-

Sumpton and Freeview Listings Ltd., operate a “Mailbank”⁴⁷⁹ under the domain names <avery.net> and <dennison.net>.⁴⁸⁰

Among eight non-exclusive factors for the famousness inquiry, the *Avery Dennison* Court emphasized the factors of inherent or acquired distinctiveness, overlapping channels of trade, and use of the marks by third parties.⁴⁸¹ Acknowledging that people have a right to use their own names in connection with their businesses,⁴⁸² the Court held that the marks “Avery” and “Dennison” had to show acquired distinctiveness through secondary meaning.⁴⁸³ Although proof of acquired distinctiveness is a matter of empirical inquiry, the federal registrations of “Avery” and “Dennison” on the Principal Register create prima facie evidence that both marks possess the secondary meaning required for distinctiveness.⁴⁸⁴ Notwithstanding the finding of the secondary meaning, the Court held that the marks “Avery” and “Dennison” did not meet the famousness prong because the marks did not show greater than mere distinctiveness.⁴⁸⁵ The Court’s conclusion comported with the legislative intent that the dilution doctrine only grants relief for marks that are “truly distinctive and famous, and therefore most likely to be adversely affected by dilution.”⁴⁸⁶ The Court also distinguished the instant case from the cybersquatting case of *Panavision* in terms of the famousness prong and profit arbitrage with famous

tising its products, including those marketed under the separate ‘Avery’ and ‘Dennison’ trademarks, and the company boasts in the neighborhood of \$3 billion in sales of all of its trademarks annually.” *Id.*

479. *See id.* at 872. “Mailbank offers ‘vanity’ e-mail addresses to users for an initial fee of \$19.95 and \$4.95 per year thereafter, and has registered thousands of domain-name combinations for this purpose.” *Id.*

480. *See id.* at 871, 873.

481. *See id.* at 877-78.

482. *See id.* at 877 (quoting that “[t]he [Senate Judiciary] [C]ommittee intended to give special protection to an individual’s ability to use his or her own name in good faith.” S. REP. NO. 100-515, at 43 (1988)).

483. *See Avery Dennison* at 877 (stating that a surname mark is not inherently distinctive).

484. *See id.* at 876-77.

485. *See id.*; *Accuride Int’l, Inc. v. Accuride Corp.*, 871 F.2d 1531, 1539 (9th Cir. 1989) (stating that anti-dilution statutes are designed to protect only strong, well recognized marks).

486. *Avery Dennison*, 189 F.3d at 876 (quoting S. REP. NO. 100-515, at 42 (1988)).

trademarks.⁴⁸⁷

The Ninth Circuit further supported its conclusion that the marks “Avery” and “Dennison” were not famous by finding third party use of the marks “Avery” and “Dennison” and showing Avery Dennison’s low recognition among Internet users.⁴⁸⁸ The Court also declined to recognize that the international use of a mark or use of a mark over the Internet carries any weight in the famousness inquiry.⁴⁸⁹ As to the finding of use of the marks by third parties, the Court held that a mark used widely by a number of businesses might not claim famousness.⁴⁹⁰ As to the showing of overlapping channels of trade, the Court acknowledged the general rule that the parties’ localized overlapping trading areas satisfies the famousness inquiry element under the Lanham Act.⁴⁹¹ The *Avery Dennison* Court, however, differentiated cyberspace into two segments, under <.com> and <.net>.⁴⁹² Accordingly, the Court found both that Avery Dennison had not achieved any degree of recognition among Internet users seeking variety e-mail addresses under <.net> and that the Defendants had no particular recognition among Avery Dennison’s customer base for office products under <.com>, so that there were in fact no overlapping channels of trade in the Internet context.⁴⁹³ Therefore, the widespread use of the marks “Avery” or “Dennison” and Avery Dennison’s low degree of recognition among Internet users under TLD <.net> contributed to defeating Avery Dennison’s dilution claim.⁴⁹⁴

On the other hand, *Jews for Jesus* is exemplary of a low threshold in favor of finding trademark dilution in the Internet con-

487. *See Avery Dennison*, 189 F.3d at 880.

488. *See id.* at 878.

489. *See id.* at 878-79.

490. *See id.* at 878.

491. *See id.* at 877-78.

492. *See id.* at 878. One segment is “Appellants’ sought-after customer base [that] Internet users who desire vanity e-mail addresses under [<.net>]” Another segment is “Avery Dennison’s customer base [that] includes purchasers of office products and industrial fasteners.” *Id.*

493. *See id.*

494. *See id.*

text regardless of the differences among functional TLDs.⁴⁹⁵ A comparison of *Jews for Jesus* and *Avery Dennison* reveals that Jews for Jesus had used its name for only half as long as Avery Dennison had, spent less amount of money on advertising to publicize its name than Avery Dennison did, but was publicized worldwide to the same extent as Avery Dennison was.⁴⁹⁶ Notwithstanding the holding in *Avery Dennison*, the Court in *Jews for Jesus* held that the mark “Jews for Jesus” had become famous.⁴⁹⁷ Accordingly, the *Jews for Jesus* Court found the Defendant’s use of <jewsforjesus.org> likely diluted the Plaintiff’s trademark of “Jews for Jesus.”⁴⁹⁸

In *Playboy Enterprises, Inc. v. Asiafocus International, Inc.*, the Court adopted a low threshold and found that the marks “Playboy” and “Playmate” were famous because they had acquired such substantial goodwill and secondary meaning.⁴⁹⁹ Courts have classified both Playboy and Playmate as suggestive marks.⁵⁰⁰ In the instant case, the Court found that the Plaintiff Playboy’s suggestive marks became famous after acquiring goodwill and secondary meaning through national and international advertising.⁵⁰¹ As a result, the public has associated the marks “Playboy” and “Playmate” exclusively with Plaintiff Playboy.⁵⁰² Therefore, the Defen-

495. See *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 308 (D.N.J. 1998).

496. Compare *Avery Dennison*, 189 F.3d at 872-73, 879, with *Jews for Jesus*, 993 F. Supp. at 306. “ ‘Avery’ has been in continuous use since the 1930s and registered since 1963, and ‘Dennison’ has been in continuous use since the late 1980s and registered since 1908. Avery Dennison spends more than \$5 million per year advertising its products” *Avery Dennison*, 189 F.3d at 872-73. Avery Dennison “markets its products worldwide.” *Id.* at 879. “The Name of [Jews for Jesus] has been used . . . for more than twenty-four years and has been publicized worldwide in the media. The Mark has been registered and used since 1983.” *Jews for Jesus*, 993 F. Supp. at 306.

497. See *Jews for Jesus*, 993 F. Supp. at 306. Cf. *Avery Dennison*, 189 F.3d at 876-77 (concluding that the “Avery” and “Dennison” trademarks acquired distinctiveness, but goes no further).

498. See *Jews for Jesus*, 993 F. Supp. at 308.

499. See 1998 U.S. Dist. LEXIS 10359, at *20 (E.D. Va. Feb. 2, 1998). But see *Playboy Enters., Inc. v. Netscape Communications, Corp.*, 55 F. Supp. 2d 1070, 1072 (C.D. Cal. 1999).

500. See *Playboy Enters., Inc., v. Asiafocus Int’l, Inc.*, 1998 U.S. Dist. LEXIS 10359, at *17 (E.D. Va. Feb. 2, 1998) [hereinafter *Playboy (Asiafocus)*].

501. See *id.* But see *Avery Dennison*, 189 F.3d at 878-79 (stating that international use of a mark or use over the Internet carries no weight to the famousness inquiry).

502. See *Playboy (Asiafocus)*, 1998 U.S. Dist. LEXIS 10359, at *7.

dant's use of domains <aisan-playmates.com> and <playmates-asian.com> would likely blur the distinctiveness of "Playmate" and "Playboy."⁵⁰³

By the same token, the Court in *Playboy Enterprises International, Inc. v. Global Site Designs, Inc.* did not distinguish a scenario in which a domain incorporated a competitor's trademark from another scenario in which a domain used a competitor's exact trademark.⁵⁰⁴ The Court simply stated that the Plaintiff Playboy had showed sufficient likelihood of success on the merits of its dilution claims as well as its claims for trademark infringement and unfair competition.⁵⁰⁵

Minnesota Mining & Manufacturing Co. ("3M") v. Taylor demonstrated the willingness of courts to extend traditional trademark protection against dilution in the Internet context to its utmost limits.⁵⁰⁶ A footnote to the Court's opinion stated that the Minnesota dilution statute did not require proof of a famous element even though the statute has similar requirements to the Lanham Act.⁵⁰⁷ Thus, the Court held that the Plaintiff 3M's "Post-it" mark was famous without detailed discussion.⁵⁰⁸ Therefore, the Court found that the Defendant's registration, use, and attempts to sell <post-it.com>, <post-its.com>, and <ipost-it.com> would likely dilute the distinctive quality of the famous mark "Post-it."⁵⁰⁹

b. The Scope of Use in Commerce

Section 45 of the Lanham Act defines "Commerce" as "all commerce that may lawfully be regulated by Congress."⁵¹⁰ Courts

503. *See id.* at *6, *19.

504. *See* 1999 WL 311707, at *2 (S.D. Fla. May 15, 1999). The Defendant registered the domain name <playboyonline.net> and <playmateserach.net>. *Cf. Avery Denison*, 189 F.3d at 880-81 (distinguishing the dilution that could occur with a <.net> registration from that of a <.com> registration).

505. *See Playboy (Global Site)*, 1999 WL 311707, at *2.

506. *See* 21 F. Supp. 2d 1003, 1005 (D. Minn. 1998).

507. *See id.* at 1004 n.1.

508. *See id.*

509. *See id.* at 1005.

510. 15 U.S.C. § 1127 (1994). In most cases, "commerce" means that the applicant does business in multiple states, or solicits customers in multiple states. However, there have been cases in which federal trademark registration has been granted to an applicant

have read the Lanham Act as providing broad and sweeping jurisdictional reach through the term “in commerce.”⁵¹¹ In the case of *Planned Parenthood Federation of America, Inc. v. Bucci*, the Defendant argued for a narrow definition of “in commerce” as defined in section 1127 of the Lanham Act.⁵¹² Considering the Defendant’s use on the Internet, the Court rejected their argument.⁵¹³

The Court’s finding was grounded on the nature of the Internet, since a home page accessible to all users on the Internet may be said to satisfy the Lanham Act’s “in commerce” requirement.⁵¹⁴ Therefore, a defendant’s actions will meet the “in commerce” standard when (1) either the defendant’s interstate activities affect a plaintiff’s activities or services over the Internet, or the defendant’s non-interstate activities affect the plaintiff’s interstate activities over the Internet; and (2) Internet users have to use interstate telephone lines to access the defendant’s Internet website.⁵¹⁵ Therefore, satisfaction of the “in commerce” requirement could be presumed with respect to a typical Internet message.⁵¹⁶

with a business or businesses located solely within one state, but with customers from a multi-state area. *See, e.g.,* Larry Harmon Pictures Corp. v. Williams Restaurant Corp., 929 F.2d 662, 663, 666 (Fed. Cir.), *cert. denied*, 502 U.S. 823 (1991) (Bozo’s Pit Barbecue restaurant located outside of Memphis with customers from the mid-south region considered to be engaged in “commerce”); *In re Gastown, Inc.*, 326 F.2d 780, 781, 784 (C.C.P.A. 1964) (a chain of service stations with only a few located on federal highways considered to be engaged in “commerce”). *But see In re Bookbinder’s Restaurant, Inc.*, 240 F.2d 365, 366, 368 (C.C.P.A. 1957) (single-location restaurant in Philadelphia with largely tourist clientele denied federal registration based upon failure to meet the “commerce” requirement).

511. *See Planned Parenthood Fed’n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d 1430, 1434 (S.D.N.Y. 1997); *Steele v. Bulova Watch Co.*, 344 U.S. 280, 283 (1952).

512. *See* 15 U.S.C. § 1127; *Planned Parenthood*, 42 U.S.P.Q.2d, at 1441 n.7 (stating that “Congress defines the ‘use in commerce’ as, inter alia, its use ‘on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services’”).

513. *See Planned Parenthood*, 42 U.S.P.Q.2d at 1441 n.7. The Patent and Trademark Office still applies the higher standard of use in determining initially whether a mark qualifies for federal registration. *See id.*

514. *See id.* at *2; *accord Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1239 (N.D. Ill. 1996).

515. *See Planned Parenthood*, 42 U.S.P.Q.2d at 1434.

516. *See id.*

c. Commercial Use – Another Threshold Issue

Because the mere registration of a domain name without more cannot trump trademark law, the domain name registration itself does not constitute a commercial use of a trademark.⁵¹⁷ Therefore, the non-commercial use of a domain name that impedes a trademark owner's use of the same domain name will not cause dilution.⁵¹⁸

The *Planned Parenthood Federation of America, Inc. v. Bucci* Court defined commercial use as the effect on the Plaintiff's activities because of the Defendant's appropriation of the Plaintiff's mark.⁵¹⁹ In the *Planned Parenthood* case, the Defendant used the Plaintiff's mark as his website's domain in order to reach Internet audiences who wanted to reach the Plaintiff's services and viewpoint.⁵²⁰ The Defendant's website not only provided Internet users with competing and directly opposing information, but also prevented those users from reaching the Plaintiff's services and message.⁵²¹ In that way, the Defendant's use was classically competitive: he had taken the Plaintiff's mark as his own in order to intercept and mislead Internet audiences in an attempt to offer his own political message.⁵²² Accordingly, the Court found that the Defendant's activities of promoting his book, soliciting funds in connection with his anti-abortion efforts, and harming the Plaintiff commercially by using <plannedparenthood.com>, constituted commercial use.⁵²³

The *Jews for Jesus v. Brodsky* Court construed the "effects

517. See *Jews for Jesus*, 993 F. Supp. at 307; *Academy of Motion Picture Arts & Sciences v. Network Solutions, Inc.*, 989 F. Supp. 1276, 1278 (C.D. Cal. 1997); *Juno Online Servs., L.P. v. Juno Lighting, Inc.*, 979 F. Supp. 684, 691 (N.D. Ill. 1997); see also *Planned Parenthood*, 42 U.S.P.Q.2d at 1436; *Panavision Int'l, L.P. v. Toeppen*, 945 F. Supp. 1296, 1303 (C.D. Cal. 1996).

518. See 28 U.S.C. § 1125(c)(4) (Supp. IV 1998); *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 959 (C.D. Cal. 1997) (stating that NSI's acceptance of a domain name for registration is not a commercial use within the meaning of the Trademark Dilution Act).

519. See *Planned Parenthood*, 42 U.S.P.Q.2d at 1436.

520. See *id.*

521. See *id.*

522. See *id.*

523. See *id.* at *5.

doctrine” of *Planned Parenthood*⁵²⁴ as “classically competitive theory.”⁵²⁵ Following this theory, the *Jews for Jesus* Court held that the Defendant’s conduct constituted a commercial use of the Plaintiff’s mark because the Defendant calculated to harm the Plaintiff commercially by disparaging and preventing them from exploiting its mark.⁵²⁶ In addition, the Court found that use of a hyperlink in the Defendant’s <jewsforjesus.org> to reach the Outreach Judaism Organization Internet site, which was commercial in nature, also constituted commercial use.⁵²⁷

The Ninth Circuit in *Avery Dennison* construed “Commercial use” as “capitalizing” on trademark status.⁵²⁸ The Court held that it would not be a commercial use under the Federal Trademark Dilution Act if the Defendant did not use the trademark as a trademark.⁵²⁹ Because the Defendants-Appellants in *Avery Dennison* only intended to capitalize on the surname status of “Avery” and “Dennison” when they registered these common surnames in domain combinations and licensed e-mail addresses using these surnames, the Court found no commercial use was established.⁵³⁰ Rather, the Court held that “[a]ppellants use[d] words that happen[ed] to be trademarks for their non-trademark value.”⁵³¹

4. Cybersquatting Dilution

Courts have recognized cybersquatting dilution as a new cause of action, one that is not based upon the Federal Trademark Dilution Act of 1995.⁵³² The major reforms affecting “cybersquatting” came on November 29, 1999 when President Clinton signed the

524. *See id.* at *6

525. *See Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 308 (D.N.J.), *aff’d*, 159 F.3d 1351 (3d Cir. 1998).

526. *See id.* (finding that the Defendant’s actions were designed to harm the Plaintiff commercially).

527. *See id.*

528. *See Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 880 (9th Cir. 1999).

529. *See id.*

530. *See id.*

531. *Id.*

532. *See* 15 U.S.C. § 1125(c) (Supp. IV 1998), 15 U.S.C.A. § 1125(d) (West Supp. 2000); *Avery Dennison*, 189 F.3d at 880.

Consolidated Appropriations Act of 2000 into law.⁵³³ Before that, courts had adjudicated cybersquatting issues based on the cybersquatting dilution doctrine.⁵³⁴ In consensus, cybersquatting dilution diminishes the capacity of a trademark owner's marks to identify and distinguish its goods and services on the Internet.⁵³⁵

In two seminal cases, *Intermatic Inc. v. Toeppen*⁵³⁶ and *Panavision International, L.P. v. Toeppen*⁵³⁷, the Defendant Toeppen, a resident of Champaign, Illinois, operated an Internet Service provider business known as Net66.⁵³⁸ Toeppen registered about 240 domain names incorporating either the entirety or segments of trademarks and trade names without the owners' authorization.⁵³⁹ To transfer the right to use <intermatic.com> and <panavision.com> to the trademark owners, Toeppen sought \$10,000 and \$13,000 from them, respectively.⁵⁴⁰

In *Intermatic*, Toeppen initially placed a map of Champaign-Urbana, the community where he resided, on the webpage under <intermatic.com>.⁵⁴¹ Then he moved the map to <www.c-u.com> and placed a link on the <intermatic.com> webpage with the caption "Champaign-Urbana Map Page/has Moved To www.c-u.com."⁵⁴² Toeppen had not conducted any sales or advertising

533. See Pub. L. No. 106-113, tit. III (Trademark Cyberpiracy Prevention), § 3002, 113 Stat. 1501, 1501A-545 to A-551 (1999) (codified as amended at 15 U.S.C.A. § 1125(d) (West Supp. 2000)); see also H.R. 3194, 106th Cong., 1st Sess., tit. III, § 3002 (1999) (engrossed); S. 1948, 106th Cong., 1st Sess., tit. III, § 3002 (1999).

534. See *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1324-27 (9th Cir. 1998); *Umbro Int'l, Inc. v. 3263851 Canada Inc.*, 50 U.S.P.Q.2d 1786, 1788, 1788 n.3 (Va. Cir. Ct. Feb. 3, 1999); *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1236-41 (N.D. Ill. 1996).

535. See *Panavision*, 141 F.3d at 1326; *Intermatic*, 947 F. Supp. at 1240.

536. See 947 F. Supp. 1227.

537. See 141 F.3d 1316.

538. See *Intermatic*, 947 F. Supp. at 1230.

539. See *id.* For example, Toeppen registered <deltaairlines.com>, <britishairways.com>, <crateandbarrel.com>, <ramadainn.com>, <ediebauer.com>, <greatameria.com>, <neiman-marcus.com>, <northwest airlines.com>, <americanstandard.com>, <intermatic.com>, and <panavision.com>. See *id.*; *Panavision*, 141 F.3d at 1319.

540. See *Panavision*, 141 F.3d at 1319. Toeppen also asked for \$15,000 for transferring <americanstandard.com> to American Standard, Inc. See *id.*

541. See *Intermatic*, 947 F. Supp. at 1232.

542. *Id.* at 1233.

under the domain <intermatic.com> prior to the litigation.⁵⁴³ Likewise, Toeppen in *Panavision*, conducted activities categorized as non-commercial in the traditional sense by displaying photographs of the City of Pana, Illinois under <panavision.com>, and the word “Hello” under <panaflex.com>.⁵⁴⁴

Whether Toeppen-like conduct constitutes “commercial use” has become the threshold issue in courts’ dilution analysis.⁵⁴⁵ In analyzing commercial use, courts are less concerned with whether the trademark used by a defendant as its website’s domain attaches to any of the defendant’s products.⁵⁴⁶ Instead, courts have focused on whether the defendant was attempting to capitalize on commercial confusion caused by the defendant’s use of an owner’s mark or to sell the right to use the trademark-based domain itself.⁵⁴⁷

Courts have held that a defendant’s conduct constitutes “cybersquatting” if the defendant (1) has “intention to arbitrage” trademark-based domains;⁵⁴⁸ (2) acts as a “spoiler” to prevent trademark owners from doing business on the Internet under their trademark-based domains unless they pay a fee;⁵⁴⁹ or (3) trades on the value of rightful owners’ trademarks.⁵⁵⁰ Once courts label a defendant as a “cybersquatter”⁵⁵¹ or a “spoiler”⁵⁵² or even a “cyber pirate,”⁵⁵³ courts adopt a broader approach than traditional dilution doctrine to find that dilution occurred.⁵⁵⁴ The traditional dilution

543. *See id.*

544. *See Panavision*, 141 F.3d at 1319.

545. *See id.* at 1324; *Intermatic*, 947 F. Supp. at 1239.

546. *See Panavision*, 141 F.3d at 1325.

547. *See id.*

548. *See Intermatic*, 947 F. Supp. at 1239.

549. *See Panavision*, 141 F.3d at 1325.

550. *See id.*

551. *See id.*

552. *See id.*

553. *See id.* at 1318.

554. *Compare Panavision* 141 F.3d at 1326-27 (finding dilution occurred not within traditional dilution doctrine because the public policy would not allow a “cybersquatter” to “put[] [trademark owner’s] name and reputation at his mercy”), and *Intermatic*, 947 F. Supp. at 1239-41 (finding dilution occurred beyond traditional dilution doctrine because defendant intended to arbitrage a trademarked domain name), with *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 880-81 (9th Cir. 1999) (declining to find that Sumpton’s registration of “Avery” and “Dennison” as his domain names diluted Avery Dennison’s trademark because Sumpton was not a cybersquatter), *Jews for Jesus v. Brodsky*, 993 F.

doctrine of “blurring” and “tarnishment” could no longer bar courts from finding dilution.⁵⁵⁵ Although courts still engage in analyzing the dilution prongs, i.e., “famous,” “in commerce,” “commercial use,” and “diminishing capacity,”⁵⁵⁶ courts tilt their analysis in cybersquatting dilution akin to tort cases.⁵⁵⁷ As long as “Toeppen’s use of Panavision.com [] put[] Panavision’s name and reputation at his mercy,” the *Panavision* Court found Toeppen’s use diluted those marks.⁵⁵⁸

The *Intermatic Inc. v. Toeppen* Court found that “one of Toeppen’s intended uses for registering the Intermatic mark was to eventually sell it back to Intermatic or to some other party.”⁵⁵⁹ Likewise, the *Panavision International, L.P. v. Toeppen* Court found that Toeppen was engaged in the business to register trademark-based words as domains and then sell the right to use these domains to the rightful trademark owners.⁵⁶⁰ Therefore, both Courts labeled Toeppen as a cybersquatter who attempted to profit from the value of the trademarks and thus held that Toeppen’s conduct constituted commercial use of trademarks.⁵⁶¹

The Court in *Umbro International, Inc. v. 3263851 Canada, Inc.* also found that the Defendant was engaged in cybersquatting.⁵⁶² Umbro International makes soccer clothing and equipment, using a trademark, “UMBRO,” that was registered ten years

Supp. 282, 306-08 (D.N.J.), *aff’d*, 159 F.3d 1351 (3d Cir. 1998) (finding dilution occurred after went through all factors in a step-by-step traditional dilution analysis), and *Planned Parenthood Fed’n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d 1430, 1435-37 (S.D.N.Y. 1997) (conducting dilution analysis based on traditional dilution doctrine).

555. See *Panavision*, 141 F.3d at 1326 (stating that “[t]o find dilution, a court need not rely on the traditional definitions such as ‘blurring’ and ‘tarnishment’”).

556. See *id.* at 1324; *Intermatic*, 947 F. Supp. at 1239-40.

557. See *Panavision*, 141 F.3d at 1321.

558. *Id.* at 1327.

559. 947 F. Supp. at 1239.

560. See 141 F.3d at 1325.

561. See *Intermatic*, 947 F. Supp. at 1233 (stating that “[t]hese individuals attempt to profit from the Internet by reserving and later reselling or licensing domain names back to the companies that spent millions of dollars developing the goodwill of the trademark”); *Panavision*, 141 F.3d at 1325 (finding that “Toeppen traded on the value of Panavision’s marks”); *Umbro Int’l Inc. v. 3263851 Canada Inc.*, 50 U.S.P.Q.2d 1786, 1790 (noting that “[s]ometimes these sales involve ‘huge’ amounts of money”).

562. See 50 U.S.P.Q.2d 1786, 1787-1790 (Va. Cir. Ct. 1999). This case also presents a novel issue whether domain names can be subjected to garnishment.

ago.⁵⁶³ The Defendant 3263861 Canada, which distributed pornography over the Internet, registered <umbro.com>.⁵⁶⁴ In a faxed demand for transferring the right to use the domain, the Defendant asked Umbro International to pay \$50,000, to pay the same amount to an Internet Charity, and to give the Defendant's owner a free and unlimited lifetime supply of Umbro products.⁵⁶⁵ Resting on the grounds established in *Panavision*⁵⁶⁶ and *Intermatic*,⁵⁶⁷ the *Umbro* Court found the Defendant was a "cybersquatter" who attempted to profit from reselling the right to use the domain <umbro.com> to Umbro International, which had spent millions of dollars developing the goodwill of its trademark, "UMBRO."⁵⁶⁸

B. Cyberspace Jurisdiction Involving Trademark Rights

Jurisdiction issues are critical to cyberspace trademark law because trademark law is territorial in nature while the Internet transcends geographical boundaries.⁵⁶⁹ Courts generally apply *in personam* jurisdiction doctrine in cyberspace trademark cases except in cybersquatting cases, where an *in rem* jurisdiction approach is taken.⁵⁷⁰ Recognizing that the Internet is bringing about the latest and greatest globe-shrinking trend, some courts have adopted an approach that relaxes the limits imposed on courts' jurisdiction by the Due Process Clause.⁵⁷¹ Other courts, however, have found it implausible for the Internet to change the traditional approach, while acknowledging that the Internet will necessarily have an effect on many aspects of jurisdictional issues involving trademark

563. *See id.* at 1787.

564. *See id.*

565. *See id.* at 1787-88.

566. *See Panavision*, 141 F.3d at 1318, 1324-27.

567. *See Intermatic*, 947 F. Supp. at 1233-34, 1237-38.

568. *See* 50 U.S.P.Q.2d at 1790.

569. *See* Desktop Techs., Inc. v. Colorworks Reprod. & Design, Inc., 1999 WL 98572, at *1-6 (E.D. Pa. Feb. 25, 1999).

570. *Compare* Umbro Int'l Inc. v. 3263851 Canada Inc., 50 U.S.P.Q.2d 1786, 1787-88 (Va. Cir. Ct. 1999) (attaching *in rem* jurisdiction to the <umbro.com> domain after finding the domain registrant as a "classic domain name pirate"), *with* Porsche Cars North Am., Inc. v. Porsch.com, 51 F. Supp. 2d 707, 712-13 (E.D. Va. 1999) (stating that the language of the Trademark Dilution Act strongly favors *in personam* actions alone, although Congress did not expressly draft the statute to preclude *in rem* actions).

571. *See* CompuServe, Inc. v. Patterson, 89 F.3d 1257, 1262 (6th Cir. 1996).

law.⁵⁷² On some issues there is close to a consensus.⁵⁷³ Most courts have held that simply registering someone else's trademark as a party's domain and posting a website with the trademark-based domain on the Internet is not sufficient to subject the party domiciled in one state to jurisdiction in another.⁵⁷⁴

1. *In personam* Jurisdiction

The starting point in the Internet context is still the fundamental traditional approach from which courts analyze personal jurisdiction issues involving trademark protection.⁵⁷⁵ To exercise personal jurisdiction over a foreign defendant under the Lanham Act, federal courts ask (1) whether the exercise of jurisdiction accords with the Fifth and Fourteenth Amendment due process principles; and (2) whether the defendant is amenable to service of process.⁵⁷⁶ Although the Due Process Clause under the Fifth Amendment is satisfied where the defendant in a federal question case has sufficient contact with the United States as a whole rather than any particular state or other geographic area, the Lanham Act does not authorize national service of process.⁵⁷⁷

General jurisdiction is normally invoked when a defendant has "systematic and continuous" contacts with the forum state, such that the defendant may be regarded as "present" in the state.⁵⁷⁸

572. See *Molnlycke Health Care AB v. Dumex Med. Surgical Prods. Ltd.*, 64 F. Supp. 2d 448, 451 (E.D. Pa. 1999).

573. See *Millennium Enters., Inc. v. Millennium Music, LP*, 33 F. Supp. 2d 907, 921 (D. Or. 1999); *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119, 1124 (W.D. Pa. 1997).

574. See *Millennium Music*, 33 F. Supp. 2d at 921; accord *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1322 (9th Cir. 1998).

575. See *Rannoch, Inc. v. Rannoch Corp.*, 52 F. Supp. 2d 681, 684 (E.D. Va. 1999); *McMaster-Carr Supply Co. v. Supply Depot, Inc.*, 1999 WL 417352, at *2-3 (N.D. Ill. June 16, 1999); *International Star Registry of Ill. v. Bowman-Haight Ventures, Inc.*, 1999 WL 300285, at *2-4 (N.D. Ill. May 6, 1999); *Mid City Bowling Lanes & Sports Palace, Inc. v. Ivercrest, Inc.*, 35 F. Supp. 2d 507, 509-11 (E.D. La. Feb. 10, 1999); *K.C.P.L., Inc. v. Nash*, 49 U.S.P.Q.2d 1584, 1686-88 (S.D.N.Y. 1998); *No Mayo-San Francisco v. Memminger*, 1998 WL 544974, at *3-4 (N.D. Cal. Aug. 20, 1998).

576. See *United States v. De Ortiz*, 910 F.2d 376, 381 (7th Cir. 1990); *McMaster-Carr*, 1999 WL 417352, at *2.

577. See *McMaster-Carr*, 1999 WL 417352, at *2.

578. See *Helicopteros Nacionales de Colombia v. Hall*, 466 U.S. 408, 414-16 (1984).

These contacts must be “so substantial and of such a nature as to justify suit against it on causes of action arising from dealings entirely distinct from those activities.”⁵⁷⁹ In the Internet context, general jurisdiction is harder to establish than specific jurisdiction because plaintiffs have to show that defendants’ websites are “central” to their business and defendants have very extensive contacts with the state.⁵⁸⁰

Specific jurisdiction can be exercised where the “minimum contacts” exist that are purposefully aimed at the forum state.⁵⁸¹ Jurisdiction will be found only if the claim sued upon is related to those contacts.⁵⁸² In order to comport with the Due Process Clause of the Fourteenth Amendment, a nonresident defendant must have sufficient minimum contacts with the forum state so that the maintenance of a trademark suit does not offend traditional notions of fair play and substantial justice.⁵⁸³ Physical presence is no longer necessary to establish minimum contacts for the purposes of personal jurisdiction.⁵⁸⁴ The minimum contacts test for specific jurisdiction involves a two-prong inquiry: (1) foreseeability—the plaintiff must show that the defendant reasonably anticipated being haled into the forum court;⁵⁸⁵ and (2) fairness—a court must inquire whether the assertion of personal jurisdiction would comport with fair play and substantial justice.⁵⁸⁶ Under the foreseeability prong, courts need to examine the quality of the contacts between the forum, the defendant and the litigation,⁵⁸⁷ to test whether the cause of action flows from the contacts and whether the defendant has purposefully availed himself of the privilege of conducting ac-

579. *International Shoe Co. v. Washington*, 326 U.S. 310, 318 (1945).

580. *See Molnlycke Health Care AB v. Dumex Med. Surgical Prods. Ltd.*, 64 F. Supp. 2d 448, 452 n.3 (E.D. Pa. 1999).

581. *See International Shoe*, 326 U.S. at 316.

582. *See Shaffer v. Heitner*, 433 U.S. 186, 204 (1977) (stating that a court needs to consider “the relationship among the defendant, the forum, and the litigation”).

583. *See International Shoe*, 326 U.S. at 316.

584. *See Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 476 (1985).

585. *See World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297 (1980); *Pennzoil Prods. Co. v. Colelli & Assocs.*, 149 F.3d 197, 201 (3d Cir. 1998).

586. *See Burger King*, 471 U.S. at 476; *International Shoe*, 326 U.S. at 320; *see also Pennzoil Prods.*, 149 F.3d at 154.

587. *See Shaffer*, 433 U.S. at 204.

tivities in the forum state.⁵⁸⁸

The growing body of case law addressing personal jurisdiction issues in Internet trademark cases have established a “sliding scale” of jurisdiction based largely on the degree and type of interactivity on the website in question.⁵⁸⁹ Under the minimum contacts inquiry, the general focus is on the nature and quality of activity that a defendant conducts over the Internet.⁵⁹⁰ Therefore, unless the issue involves cybersquatting, many courts have adopted a sliding scale approach to decide what type of Internet activity is sufficient to establish personal jurisdiction in a particular forum.⁵⁹¹

a. Sliding Scale Approach

The sliding scale approach concerning cyberspace trademark issues remains basically the same in both a general jurisdiction and a specific jurisdiction analysis.⁵⁹² In general, the sliding scale approach divides Internet activities into three categories: (1) active website; (2) interactive website; and (3) passive website.

At one end of the spectrum is the active website where a defendant clearly does business over the Internet.⁵⁹³ For instance, when a defendant enters into contracts with residents of a foreign jurisdiction with the knowledge that computer files repeatedly transmit over the Internet.⁵⁹⁴ In these situations, courts have held

588. *See* *Hanson v. Denckla*, 357 U.S. 235, 253 (1958).

589. *See* *Zippo Mfg. Co. v. Zippo Dot Com*, 952 F. Supp. 1119, 1124-25 (W.D. Pa. 1997) (describing the spectrum of Internet personal jurisdiction cases); *see also* *Desktop Techs., Inc. v. Colorworks Reprod. & Design, Inc.*, 1999 WL 98572, at *1, *4 (E.D. Pa. Feb. 25, 1999).

590. *See* *Zippo Mfg.*, 952 F. Supp. at 1124 (noting that “[t]he likelihood that personal jurisdiction can be constitutionally exercised is directly proportionate to the nature and quality of commercial activity that an entity conducts over the Internet”).

591. *See* *Desktop*, 1999 WL 98572, at *2-5; *Mid City Bowling Lanes & Sports Palace, Inc. v. Ivercrest, Inc.*, 35 F. Supp. 2d 507, 511-12 (E.D. La. Feb. 10, 1999); *K.C.P.L., Inc. v. Nash*, 49 U.S.P.Q.2d 1584, 1588 (S.D.N.Y. 1998); *Patriot Sys. Inc. v. C-Cubed Corp.*, 1998 WL 668625, at *5-6 (D. Utah Sept. 25, 1998) (noting a “sliding scale” for evaluating jurisdiction); *Zippo Mfg.*, 952 F. Supp. at 1124-25 (establishing the frame for “sliding scale”).

592. *See* *Desktop*, 1999 WL 98572, at *2-5 (applying the same sliding scale’s three categories of Internet contacts under the general and specific jurisdiction analysis).

593. *See id.* at *4; *Zippo Mfg.*, 952 F. Supp. at 1124.

594. *See* cases cited *supra* note 591.

that personal jurisdiction is proper because the defendants “intentionally reached beyond their own state to engage in business with residents of the forum state.”⁵⁹⁵

The District Court for the Western District of Pennsylvania framed the sliding scale in *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.*⁵⁹⁶ The Plaintiff Zippo Manufacturing, a manufacturer of “Zippo” lighters with its principal place of business in Pennsylvania, sued the Defendant Zippo Dot Com (“Dot Com”) alleging trademark dilution, infringement, and false designation under the Lanham Act and common law.⁵⁹⁷ Dot Com, a computer news service with its principal place of business in California, used domains <zippo.com>, <zippo.net>, and <zipponews.com>.⁵⁹⁸ Dot Com had no offices, employees, or agents in Pennsylvania, but did have seven Internet access providers in Pennsylvania.⁵⁹⁹ Among its 140,000 paying subscribers worldwide, approximately two percent, or 3,000 subscribers, were Pennsylvania residents.⁶⁰⁰ These Pennsylvania residents contracted to receive Dot Com’s services when they visited Dot Com’s website, filled out the application with their names and addresses over the Internet, and made payments by credit card over the Internet or the telephone.⁶⁰¹ The Court found that Dot Com conducted electronic commerce with Pennsylvania residents over the Internet, which constituted the purposeful availment of doing business in Pennsylvania.⁶⁰² Accordingly, the Court asserted personal jurisdiction over Dot Com.⁶⁰³

In a seminal case, *CompuServe, Inc. v. Patterson*, the Sixth Circuit addressed the significance of doing business over the Internet, which could result in dramatic implications not contemplated

595. *K.C.P.L.*, 49 U.S.P.Q.2d at 1589; see also *Desktop*, 1999 WL 98572, at *4; *Zippo Mfg.*, 952 F. Supp. at 1124.

596. See *Zippo Mfg.*, 952 F. Supp. at 1123-25.

597. See *id.*

598. See *id.* at 1119, 1121.

599. See *id.* at 1121, 1126.

600. See *id.*

601. See *id.*

602. See *id.* at 1125-26.

603. See *id.* at 1128.

in the traditional sense.⁶⁰⁴ The Ohio Plaintiff, CompuServe, provided computer information service to individual subscribers via the Internet.⁶⁰⁵ In addition, CompuServe operated as an electronic conduit providing its subscribers computer shareware products.⁶⁰⁶ The Defendant Patterson, an attorney and a Houston resident, was a shareware provider and entered into a "Shareware Registration Agreement" ("Agreement") with CompuServe.⁶⁰⁷ Under the Agreement, Patterson became an independent contractor of CompuServe.⁶⁰⁸ The Agreement and an additional Service Agreement expressly provided that they were entered into in Ohio; the Service Agreement further called for Ohio law to govern.⁶⁰⁹ Patterson agreed electronically and transmitted to CompuServe 32 master software files that were stored in CompuServe's system in Ohio.⁶¹⁰

During disputes over whether CompuServe infringed Patterson's trademark "WinNav," "Windows Navigator," and "Flash-Point Windows Navigator," Patterson demanded at least \$100,000 to settle, using regular and electric mail.⁶¹¹ In CompuServe's declaratory judgment action, the Sixth Circuit found that Patterson was a third-party provider of shareware products and a marketer who used CompuServe to market his products in Ohio.⁶¹² The Court concluded that Patterson consciously reached out from Texas to Ohio over the Internet, purposefully availed himself of Ohio privileges, benefited from CompuServe's service, and made contacts to Ohio residents in his threats.⁶¹³ Although Patterson claimed that he sold less than \$650 worth of this software to only 12 Ohio residents via CompuServe and never visited Ohio physically, the Sixth Circuit asserted personal jurisdiction over Patterson.⁶¹⁴

604. See 89 F.3d 1257, 1263-68 (6th Cir. 1996).

605. See *id.* at 1260.

606. See *id.*

607. See *id.*

608. See *id.*

609. See *id.*

610. See *id.* at 1260-61.

611. See *id.* at 1261, 1267.

612. See *id.* at 1264, 1266.

613. See *id.* at 1266-67.

614. See *id.* at 1261, 1269.

In the middle of the spectrum is the interactive website that allows users to exchange information with the host computer.⁶¹⁵ Courts have considered the level of interactivity and the commercial nature of the exchange of information that occurs on the web site in determining the jurisdiction issue.⁶¹⁶ Courts, however, have split over what triggers personal jurisdiction in interactive websites.⁶¹⁷ There is no general agreement as to the required level of interactivity and commercial nature of the information on the interactive website.⁶¹⁸

In one line of cases involving interactive websites, courts have upheld personal jurisdiction.⁶¹⁹ The case of *Maritz, Inc. v. CyberGold, Inc.* is often cited for the proposition that interactive websites constitute minimum contacts.⁶²⁰ In this case, the Plaintiff Maritz sued the Defendant CyberGold alleging violation of section 43(a) of the Lanham Act in connection with CyberGold's Internet activities.⁶²¹ CyberGold maintained a website <www.cybergold.com> that invited users to join a mailing list in order to receive information about CyberGold's new upcoming service.⁶²² Noting that users could join the mailing list and receive information through the website, the Court rejected Cybergold's characteriza-

615. See *Desktop Techs., Inc. v. Colorworks Reprod. & Design, Inc.*, 1999 WL 98572, at *4 (E.D. Pa. Feb. 25, 1999); *Zippo Mfg.*, 952 F. Supp. at 1124.

616. See *Desktop*, 1999 WL 98572, at *4; *Zippo Mfg.*, 952 F. Supp. at 1124.

617. Compare *Desktop*, 1999 WL 98572, at *5-6 (finding that "[t]he level of interactivity [of the Defendant's website was] insufficient to justify exercising specific personal jurisdiction over the Defendant, although the Defendant posted information in his website that could allow users "to send a message via e-mail and to exchange files via [the Internet]"), with *Maritz, Inc. v. Cybergold, Inc.*, 947 F. Supp. 1328, 1330, 1333 (E.D. Mo. 1996) (rejecting the Defendant's characterization of its website as passive and favoring the exercise of personal jurisdiction over the Defendant although the interactivity of the Defendant's website was only operated at the level of posting information, providing a user with a personal e-mail, and forwarding to the user advertisements that matched the user's selected interests).

618. See *supra* notes 615-17 and accompanying text.

619. See *Maritz*, 947 F. Supp. at 1333; see, e.g., *GTE New Media Servs. Inc. v. Ameritech Corp.*, 21 F. Supp. 2d 27, 38-39 (D.D.C. 1998) (finding that the website is highly interactive and the quality and nature significant so as to allow the assertion of personal jurisdiction).

620. See 947 F. Supp. at 1333.

621. See *id.* at 1329.

622. See *id.* at 1330. The CyberGold's website was not operational yet. See *id.* at 1335.

tion of the website as “passive.”⁶²³ After finding that the Defendant “consciously decided to transmit advertising information to all Internet users, knowingly that such information will be transmitted globally,” the *Maritz* Court asserted personal jurisdiction over Cybergold.⁶²⁴ The Court stated that “modern technology . . . must broaden correspondingly the permissible scope of jurisdiction exercisable by the courts.”⁶²⁵

Another line of cases, however, declines to exercise personal jurisdiction over defendants based solely on the defendants’ interactive website.⁶²⁶ Ordinarily, the website will be interactive where it allows users to type in an e-mail address and receive a copy of a publication in return,⁶²⁷ or to order product information and send e-mail to the website’s representatives,⁶²⁸ or to purchase, license, and download photography images.⁶²⁹ The *Scherr v. Abrahams* Court nonetheless declined personal jurisdiction over the Defendants after concluding that the website had a low level of interactivity and did not specifically target forum residents.⁶³⁰ The Court in *Edberg v. Neogen* reached the same result after finding no evidence suggesting that users in the forum state accessed or purchased products based on the Defendant’s website, or was targeted by the Defendant’s website.⁶³¹ In *E-Data Corp. v. Micropatent Corp.*, the Court rejected an argument for establishing personal jurisdiction based on the potential of the Defendant to reach out through its interactive website when there was no evidence that the website ever reached forum residents.⁶³²

When a defendant operates an interactive website and conducts additional activities through its website or regular channels of

623. *See id.* at 1333.

624. *Id.*

625. *Id.* at 1334.

626. *See* Desktop Techs., Inc. v. Colorworks Reprod. & Design, Inc., 1999 WL 98572, at *1, *6 (E.D. Pa. Feb. 25, 1999); *Edberg v. Neogen*, 17 F. Supp. 2d 104, 113-14 (D. Conn. 1998); *CD Solutions v. Tooker*, 965 F. Supp. 17, 20 (N.D. Tex. 1997).

627. *See* *Scherr v. Abrahams*, 1998 WL 299678, at *5 (N.D. Ill. 1998).

628. *See* *Edberg*, 17 F. Supp. 2d at 113-14.

629. *See* *E-Data Corp. v. Micropatent Corp.*, 989 F. Supp. 173, 176 (D. Conn. 1997).

630. *See* *Scherr*, 1998 WL 299678, at *5.

631. *See* *Edberg*, 17 F. Supp. 2d at 113-14.

632. *See* *E-Data*, 989 F. Supp. at 176-77.

commerce, courts are generally willing to exercise personal jurisdiction over the defendant.⁶³³ In *Hasbro, Inc. v. Clue Computing, Inc.*, a Massachusetts Plaintiff sued a Colorado Defendant, a small computer consulting company, for trademark infringement in connection with the Defendant's use of the domain name <clue.com> for its website.⁶³⁴ Clue Computing's website allowed users to send e-mail to the company and thus was interactive.⁶³⁵ Although the Court expressed concern that "imposing traditional concepts on commercial Internet users might have dramatic implications, subjecting them to nationwide or even international jurisdiction," the Court asserted personal jurisdiction after finding the Defendant had performed non-litigation related services for a forum company in addition to having the interactive website.⁶³⁶

At the other end of the spectrum is the passive website where a defendant does little more than make information available on the Internet to users who are interested in it.⁶³⁷ Courts have applied the concept of passive rather broadly in distinguishing a passive website from an interactive website although the line of demarcation is still not crystal clear.⁶³⁸ The Court in *Desktop Technologies, Inc. v. Colorworks Reproduction & Design, Inc.* held that Internet FTP⁶³⁹ and e-mail links – interactive elements of websites – alone

633. See *Hasbro, Inc. v. Clue Computing, Inc.*, 994 F. Supp. 34, 45 (D. Mass. 1997); see, e.g., *American Network, Inc. v. Access Am./Connect Atlanta, Inc.*, 975 F. Supp. 494, 498-99 (S.D.N.Y. 1997) (finding that in addition to its interactive website the Defendant entered into contracts with forum residents that were related to the Plaintiff's cause of action for trademark infringement); *Digital Equipment Corp. v. AltaVista Tech., Inc.* 960 F. Supp. 456, 464, 468-69 (D. Mass. 1997) (concluding that the defendant purposefully availed itself of benefits of the forum state when the defendant sold products in three separate occasions through its interactive website).

634. See *Hasbro*, 994 F. Supp. at 34.

635. See *id.* at 45.

636. *Id.* at 39, 45.

637. See *Zippo Mfg. Co. v. Zippo Dot Com*, 952 F. Supp. 1119, 1124 (W.D. Pa. 1997).

638. See *Desktop Techs., Inc. v. Colorworks Reprod. & Design, Inc.*, 1999 WL 98572, at *1, *5 (E.D. Pa. Feb. 25, 1999); *K.C.P.L., Inc. v. Nash*, 49 U.S.P.Q.2d 1584, 1588; *Bensusan Restaurant Corp. v. King*, 937 F. Supp. 295, 301 (S.D.N.Y. 1996); *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 418-19 (9th Cir. 1997).

639. See *Hearst Corp. v. Goldberger*, 1997 U.S. Dist. LEXIS 2065, at *1, *4 n.2 (S.D.N.Y. Feb. 26, 1997). Internet FTP is Internet File Transfer Protocol that allows users to exchange or transfer files via the Internet.

do not make the website interactive.⁶⁴⁰ The Court in *Bensusan Restaurant Corp. v. King* held that the website was passive because a user had to call or visit a ticket outlet to pick up tickets at the club on the night of the show although the website at issue contained general information about the Defendant's club, a calendar of events, and ticket information.⁶⁴¹ The *K.C.P.L., Inc. v. Nash* Court held that a website that pointed to an "Under Construction" web page was passive.⁶⁴² The *Hearst Corp. v. Goldberger* Court held that an advertisement that was at most an announcement of the future availability of services was passive.⁶⁴³

Under the circumstances of a passive website alone, courts have held that a defendant's activities generally do not give rise to "minimum contacts" or purposeful availment.⁶⁴⁴ The nature of the claim may be more relevant.⁶⁴⁵ For example, when the alleged wrong in the communication is libel—i.e., defamation or negative association of a plaintiff's mark with the posted information or the website's domain—the passive website might be enough to subject a defendant in any forum where any Internet service provider used by a defendant is located or where any server on which the bulletin board used by a defendant is stored.⁶⁴⁶ In *Bochan v. La Fontaine*, the Defendants posted certain defamatory messages to an Internet Newsgroup via the Virginia facilities of Internet service providers – AOL and Earthlink.net.⁶⁴⁷ The Court found personal jurisdiction over the Defendants in Virginia although they had not physically been in Virginia for six years and did not conduct commercial ac-

640. See *Desktop*, 1999 WL 98572, at *4.

641. See 937 F. Supp. at 297.

642. See 40 U.S.P.Q.2d at 1586.

643. See 1997 U.S. Dist. LEXIS 2065, at *10. The owner and publisher of *Esquire* magazine sued an individual who registered <esquire.com> for a business offering law office infrastructure network services to attorneys.

644. See *Desktop*, 1999 WL 98572, at *5; *K.C.P.L.*, 49 U.S.P.Q.2d at 1590-91; *Bensusan*, 937 F. Supp. at 301; *Cybersell*, 130 F.3d at 418-19.

645. See, e.g., *Calder v. Jones*, 465 U.S. 783, 784-86 (1984); *Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 772-74 (1984); *Asashi Metal Indus. Co., Inc. v. Superior Court of Cal.*, 480 U.S. 102, 112 (1987).

646. See *Bochan v. La Fontaine*, 68 F. Supp. 2d 692, 699 (E.D. Va. 1999); see, e.g., *Calder*, 465 U.S. at 788-89; *Keeton*, 465 U.S. at 780-81.

647. See 68 F. Supp. 2d at 698.

tivity over the Internet.⁶⁴⁸ Without the evidence of using an Internet service provider or a bulletin board server, however, the Court would not exercise personal jurisdiction over a defendant unless the defendant's website was interactive, even under a defamatory context.⁶⁴⁹

Absent a showing of libel, courts have declined to exercise personal jurisdiction where the website is passive.⁶⁵⁰ In *Cybersell, Inc. v. Cybersell, Inc.*, the Florida Defendant Cybersell registered the domain <cybsell.com> at about the same time Arizona Plaintiff Cybersell removed its website for reconstruction while its service mark application was pending.⁶⁵¹ In the on-going trademark infringement litigation, the Ninth Circuit found that the "something more" was missing and that the Defendant's use of Arizona Cybersell's name in an essentially passive website advertisement did not constitute purposeful availment of the privilege of doing business in Arizona.⁶⁵²

Courts premise their general unwillingness to exercise personal jurisdiction through a defendant website's advertisement on the concern that such jurisdiction could subject the defendant to nationwide or indeed worldwide jurisdiction.⁶⁵³ A minority view, however, has held that advertising on websites can be more than passive and the assertion of jurisdiction can be proper under the totality of the circumstances.⁶⁵⁴ In *Inset Systems, Inc. v. Instruction Set, Inc.*, a Connecticut corporation sued a Massachusetts Defendant alleging trademark infringement based on the use of the Internet domain, <inset.com>.⁶⁵⁵ The Defendant posted advertising on its website that was accessible to approximately 10,000 Connecti-

648. *See id.* at 696-99.

649. *See id.* at 701-02.

650. *See Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 418-19 (9th Cir. 1997); *see also Hearst Corp. v. Goldberger*, 1997 U.S. Dist. LEXIS 2065 (S.D.N.Y. Feb. 26, 1997).

651. *See* 130 F.3d at 418-19.

652. *See id.* at 418-19.

653. *See K.C.P.L., Inc. v. Nash*, 49 U.S.P.Q.2d 1584, 1589 (S.D.N.Y. 1998); *Cybersell*, 130 F.3d at 418-20; *Hearst*, 1997 U.S. Dist. LEXIS 2065, at *1.

654. *See Inset Sys., Inc. v. Instruction Set, Inc.*, 937 F. Supp. 161, 165 (D. Conn. 1996).

655. *See id.* at 162.

cut residents and maintained a toll-free number for inquires.⁶⁵⁶ The Court found that the advertisement could be available continuously to any Internet user while television and radio advertising could not.⁶⁵⁷ Hence, the *Inset* Court held that the advertisement on the Internet constituted purposeful availment in Connecticut so as to trigger personal jurisdiction.⁶⁵⁸ Notwithstanding this view, the weight of the case law requires something more than a website that acts as a worldwide advertisement to trigger personal jurisdiction.⁶⁵⁹

b. Cybersquatting Jurisdiction v. Business Tort Jurisdiction

Once a court concludes that a defendant is a cybersquatter, the court will likely aggressively assert personal jurisdiction, taking the approach used in business tort cases.⁶⁶⁰ Business tort personal jurisdiction is based upon the effects test when the court finds: “(1) intentional actions (2) expressly aimed at the forum state (3) causing harm, the brunt of which is suffered—and which the defendant knows is likely to be suffered—in the forum state.”⁶⁶¹ Cybersquatting jurisdiction, however, is different from traditional business tort cases in terms of the forum. While business tort personal jurisdiction is exercised in the forum state where the tort is felt,⁶⁶² cybersquatting personal jurisdiction is asserted in the plaintiff’s home state.⁶⁶³ Furthermore, cybersquatting personal jurisdiction may be exercised differently depending on which long-arm statute is applicable.⁶⁶⁴ New York’s long-arm statute is more strin-

656. *See id.* at 165.

657. *See id.*

658. *See id.*

659. *See, e.g.,* Keeton v. Hustler Magazine, Inc., 465 U.S. 770, 774 (1984); Asahi Metal Indus. Co., Inc. v. Superior Court of Cal., 480 U.S. 102, 112 (1987).

660. *See* Panavision Int’l, L.P. v. Toeppen, 141 F.3d 1316, 1321 (9th Cir. 1998).

661. *Id.* (quoting Core-Vent Corp. v. Nobel Indus. AB, 11 F.3d 1482, 1486 (9th Cir. 1993) (internal quotation marks omitted)).

662. *See* International Star Registry of Ill. v. Bowman-Haight Ventures, Inc., 1999 WL 300285, at *6 (N.D. Ill. May 6, 1999) (noting that “[i]n determining whether specific jurisdiction exists when a plaintiff’s intellectual property rights have been harmed, the Seventh Circuit has given consideration to where the injury is felt”).

663. *See* Panavision, 141 F.3d at 1320-22.

664. *See* K.C.P.L., Inc. v. Nash, 49 U.S.P.Q.2d 1584, 1590 (S.D.N.Y. 1998).

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stringent than California's.⁶⁶⁵ New York's long-arm statute does not extend to the limits of due process, while California's provides for jurisdiction to the full extent permissible under the Constitution.⁶⁶⁶

665. *See id.*

666. *See id.*

2. *In rem* Jurisdiction

Courts generally have declined to exercise *in rem* jurisdiction in cyberspace trademark cases,⁶⁶⁷ although courts have recognized that a plaintiff might have difficulties in identifying a defendant sufficiently so that a summons could be served on the defendant.⁶⁶⁸ The Court in *Porsche Cars North America, Inc. v. Porsch.com* found that the language of the Trademark Dilution Act strongly favors *in personam* jurisdiction.⁶⁶⁹ In its analysis, the Court concluded that the exercise of *in rem* jurisdiction did not comport with the Due Process Clause of the Constitution.⁶⁷⁰ Therefore, the Court held that the congressional intent and the constitutional touchstone—traditional notions of fair play and substantial justice—do not permit *in rem* jurisdiction under the Trademark Dilution Act.⁶⁷¹

As an exception to the general rule, there is special treatment for cybersquatting jurisdiction.⁶⁷² The Consolidated Appropriations Act of 2000 established *in rem* jurisdiction, allowing a trademark owner to file an action against a domain itself, in addition to allowing an action against the cybersquatter.⁶⁷³

3. Mutual Jurisdiction under UDRP

The Uniform Domain Name Dispute Resolution Policy (“UDRP”) provides not a judicial forum but an administrative one.⁶⁷⁴ The rule implementing the UDRP (“RUDRP”) sets forth a “Mutual Jurisdiction,” which requires waiver of traditional judicial

667. See *Porsche Cars North Am., Inc. v. Porsch.com*, 51 F. Supp. 2d 707, 712-13 (E.D. Va. 1999).

668. See *Columbia Ins. Co. v. Seescandy.com*, 185 F.R.D. 573, 577 (N.D. Cal. 1999) (noting that defendants might use their Internet pseudonyms to register domain names).

669. See 51 F. Supp. 2d at 711.

670. See *id.* at 712-13.

671. See *id.*

672. See Consolidated Appropriations Act of 2000, Pub. L. No. 106-113, tit. III (Trademark Cyberpiracy Prevention), § 3002, 113 Stat. 1501, 1501A-548 (1999) (codified as amended at 15 U.S.C.A. § 1125(d)(4) (West Supp. 2000)).

673. See *id.*

674. See ICANN, *Rules for Uniform Domain Name Dispute Resolution Policy* (last modified Jan. 3, 2000) <<http://www.icann.org/udrp/udrp-rules-24oct99.htm>>.

jurisdiction.⁶⁷⁵ Under this procedure, complainants must agree to submit to mutual jurisdiction located in a court's jurisdiction that covers either "the principal office of the Registrar" or "the domain-name holder's address" as found in the domain registration at the time of submitting the complaint.⁶⁷⁶ So far, the UDRP does not require any minimum contacts or due process analysis in asserting mutual jurisdiction.⁶⁷⁷

It is worth mentioning that electronic transmission of a complaint notice could suffice for service of process under UDRP and RUDRP.⁶⁷⁸ In *Stella D'oro Biscuit Co. v. The Patron Group, Inc.* and *Nabisco Brands Co. v. The Patron Group, Inc.*, Complainants submitted claims electronically and via hard copy.⁶⁷⁹ Providers transmitted via e-mail, facsimile, and air mail the Notification of Complaint and Commencement of the Administrative Proceeding to Respondents.⁶⁸⁰ The procedures then proceeded after Respondents answers via e-mail and facsimile.⁶⁸¹

III. RESOLUTION: BALANCED APPROACH — POLICY AND DOCTRINE

The collective weight of case law shows that trademark law remains a foundation and serves as a last resort to resolve disputes in cyberspace.⁶⁸² Courts, however, need to consider policy implications because the Internet is a new medium of communication that forces trademark law to evolve.⁶⁸³ Further, a synergetic approach is required to promote the interaction between trademark law, cyberspace, and ICANN. The development of cyberspace

675. *See id.* § 1.

676. *See id.*

677. *But see id.*

678. *See Stella D'oro Biscuit Co., Inc. v. The Patron Group, Inc.*, D2000-0012, § 3 (WIPO Feb. 17, 2000) <<http://arbiter.wipo.int/domains/decisions/html/d2000-0012.html>>; *Nabisco Brands Co. v. The Patron Group, Inc.*, D2000-0032, § 3 (WIPO Feb. 23, 2000) <<http://arbiter.wipo.int/domains/decisions/html/d2000-0032.html>>.

679. *See cases cited supra* note 678.

680. *See id.* Providers were WIPO Arbitration and Mediation Center.

681. *See id.*

682. *See Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1228 (N.D. Ill. 1996). (stating that "[a]lthough [the Internet] is a new medium of communication, courts must still apply traditional trademark law, while also considering the policy implications").

683. *See id.*

will enrich trademark law. Trademark law is in a position to become a shaping force in developing cyberspace.

A. Policy-Based Balancing Approach is Inevitable in Resolving Cyberspace Trademark Disputes

The lines of cases discussed in Part II of this Note reveal that policy often tips the scale in court decisions on trademark law and jurisdiction issues.⁶⁸⁴ This is inevitable because the Internet has driven users and legal professionals to confront new economic, political, legal, and social challenges.⁶⁸⁵ Mark Twain did not foresee the Internet, but he was right to point out that the only problem with prediction is it involves the future. In the Internet age, technology advances significantly within months, rather than years, and even Moore's Law⁶⁸⁶ seems outdated.⁶⁸⁷ Consequently, legal decisions will not be viable without balancing policy implications.⁶⁸⁸ On the other hand, judicial discretion has to be exercised within the context of broader political, technological, and intellectual trends of the times.

Judge Frank Easterbrook stated, in *Scandia Down Corp. v. Euroquilt, Inc.*, that trademarks benefit consumers by reducing search costs and by creating incentives in trademark owners to develop

684. See discussion *supra* Parts II.A., II.B.1., & II.B.2.

685. See generally George J. Church, *The Economy of the Future?* TIME, Nov. 29, 1999, at 35 (noting that "the Internet will transform nearly everything, mostly for good"); James P. Lucier, *Goodtimes.com*, INSIGHT MAG., July 19, 1999, at 10 (saying that "[the Internet] left government regulatory agencies behind in the dust").

686. See John Markoff, *A Renaissance in Computer Science: Chip Designers Search for Life After Silicon*, N.Y. TIMES, July 19, 1999, at C1. In 1965, Gordon Moore predicted that the computing power of silicon chips would double every 18 to 24 months. The consequence of Moore's Law, the doubling of computational power every eighteen months, has spurred ever-expanding applications to employ information and communications technology in virtually all aspects of life. His prediction remains valid today. See *id.*

687. See, e.g., Michael Harvey, *Click for the New Automated Car*, FIN. TIMES, Aug. 21, 1999, at 20 (citing Gordon Moore, chairman emeritus of the Intel Corp., stating that "[human being's] ability to process information multiplies fivefold every 18 months").

688. See Alan Greenspan, Statements to the U.S. Congress (June 14, 1999), FED. RESERVE BULL. 556 (stating that "[i]nnovations in information technology . . . have begun to alter the manner in which we do business and create value, often in ways that were not readily foreseeable even five years ago").

quality products.⁶⁸⁹ Hence, the goal of economic efficiency justifies protecting consumers from the likelihood of confusion.⁶⁹⁰ Because trademark owners have to spend a great amount of time and money developing goodwill,⁶⁹¹ there is incentive for free riders capturing a trademark's good will at little or no cost. Free riding can hurt consumers because it destroys the information capital embodied in a trademark. Businesses also lose incentive to develop valuable trademarks. Thus, the principle of unjust enrichment demonstrates the need for ethical or fairness norm to protect trademarks' good will.⁶⁹²

On the other hand, extending protection cannot be justified if it impairs competition.⁶⁹³ The Third Restatement of the Law also declares that the freedom to compete is a fundamental premise of the free enterprise system.⁶⁹⁴ Courts remain concerned that allowing overprotection or protection devoid of market significance may raise substantial barriers to entry by competitors.⁶⁹⁵ Further, a trademark used on the Internet has incorporated some importance to the public and no longer entirely benefits its owner.⁶⁹⁶ In some sense, it belongs to the public domain so that the owners' rights have to be balanced with the public's right to use trademark-based words on the Internet.⁶⁹⁷

689. See 772 F.2d 1423, 1429-30 (7th Cir. 1985), *cert. denied*, 475 U.S. 1147 (1986); *Inwood Lab. Inc. v. Ives Lab. Inc.*, 456 U.S. 844, 854 n.14 (1982).

690. See *Inwood Lab.*, 456 U.S. at 854 n.14; see generally Landes & Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265 (1987) (stating that trademarks has apparent benefits in lowering consumer search costs presuppose legal protection of trademarks).

691. See, e.g., *Umbro Int'l Inc. v. 3263851 Canada Inc.*, 50 U.S.P.Q.2d 1786, 1790 (Va. Cir. Ct. 1999) (noting that trademark owners have "spent millions of dollars developing the goodwill of their trademarks").

692. See generally *International News Serv. v. Associated Press*, 248 U.S. 215, 239-43 (1918) (stating that unfair competition is contrary to good conscience).

693. See *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 347 (7th Cir. 1985).

694. See RESTATEMENT (THIRD), *supra* note 431, ch. 1, § 9, comment g.

695. See, e.g., Carter, *The Trouble with Trademark*, 99 YALE L.J. 759, 760, 773-74 (1990).

696. See Alex Kozinski, *Trademark Unplugged*, 68 N.Y.U.L. REV. 960, 961-975 (1993) (stating that "trademarks play a significant role in our public discourse . . . the public's right to make use of the word or image must be considered in the balance as we decide what rights the owner is entitled to assert").

697. See *id.*

Accordingly, harmonizing conflicts in cyberspace trademark cases can be resolved through a four-prong inquiry: (1) protecting consumers from the likelihood of confusion;⁶⁹⁸ (2) protecting trademark owners from free riding on good will;⁶⁹⁹ (3) promoting interbrand competition;⁷⁰⁰ and (4) preserving public interest.⁷⁰¹ The weight of these factors varies and no one factor is dispositive. Ultimately, the manner in which these factors are analyzed will depend upon the application of the fact-finding tribunal's experience with the mainsprings of human conduct to the totality of the facts of each case.⁷⁰²

To some extent, courts' decisions have reflected this balancing approach in various ways. In dilution analysis, courts have adopted a sliding scale measuring the threshold of famousness: a high threshold permits non-infringing use while a low threshold favors finding trademark dilution.⁷⁰³ A comparison of *Avery Dennison* and *Jews for Jesus* reveals that the *Avery Dennison* Court raised a high threshold while the *Jews for Jesus* Court lowered the threshold in their analysis of trademark dilution.⁷⁰⁴ Thus, the Courts found that the mark "Jews for Jesus" was famous but the marks "Avery," "Dennison," or "Avery Dennison" was not.⁷⁰⁵ Notwithstanding the discrepancy, the policy-based balancing approach rooted on the four-prong inquiry justifies both Courts' findings.

For instance, in *Jews for Jesus*, the Court strongly considered the public interest in protecting a trademark owner from unfair competition, and favored protection of the trademark's goodwill

698. See *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 873 (9th Cir. 1999). Trademark law in the federal scheme has a two-prong goal of: (1) seeking to protect consumers who have formed particular associations with a mark; and (2) seeking to protect a owner's investment in a mark. See *id.*

699. See *id.*

700. See RESTATEMENT (THIRD), *supra* note 431, ch. 1 § 1, Comment a.

701. See *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 312 (D.N.J.), *aff'd*, 159 F.3d 1351 (3d Cir. 1998) (quoting that "[i]n trademark cases, the public interest is most often a synonym for the right of the public not to be deceived or confused") (original quotation omitted).

702. See, e.g., *Commissioner v. Duberstein*, 363 U.S. 278, 289 (1960).

703. See discussion *supra* Part II.A.3.a.

704. Compare *supra* note 478 with 496.

705. Compare *supra* note 485 with 497.

from tarnishment without regard to the Defendant's activities under functional TLD, <.org>.⁷⁰⁶ It was crucial in the *Jews for Jesus* Court's dilution analysis to determine that the mark "Jews for Jesus" was famous in order to prohibit the Defendant from tarnishing the Plaintiff's mark.⁷⁰⁷ On the other hand, public interest in *Avery Dennison* favored competition between domain names under different functional TLDs.⁷⁰⁸ Hence, the *Avery Dennison* Court distinguished the domain name under <.net> from that under <.com> and concluded that consumers were not confused by the Defendant's use of trademark-based words in his domain name.⁷⁰⁹ The *Avery Dennison* Court's decision sanctioned the proposed expansions of functional TLDs, which allows owners of concurrent trademarks to have a presence on the Internet under different functional TLDs, i.e., <pretzel.com>, <pretzel.deli>, or <pretzel.store>. But the effect of this decision may be to force trademark owners to register domain names under all possible TLDs in order to foreclose their competitors' possible presence on the Internet.

In the same vein, the balancing approach has also been reflected in the courts' likelihood of confusion analysis. The majority approach emphasizes the promotion of interbrand competition while protecting consumers from the likelihood of confusion.⁷¹⁰ This goal is reached through the confusion analysis conducted under the whole set of factors, rather than the subset of the factors.⁷¹¹ On the contrary, the flexible approach that allows finding likelihood of confusion under a subset of traditional factors reflects the modern trend of protecting trademarks' goodwill and businesses'

706. See 993 F. Supp. 282, 306-09, 312 (D.N.J. 1998). The Defendant posted the website <jeswforjesus.org>. See *id.* at 290.

707. See *id.* at 291, 306-07 (noting that the Defendant "appears to have been aware of the existence of the Plaintiff Organization and the extensive advertising efforts . . . [and] to intercept potential converts before they have a chance to see the [Plaintiff's website]").

708. See *supra* notes 413-18, 486 and accompanying text.

709. See *supra* notes 413-18.

710. See *supra* notes 322-24 and accompanying text.

711. See, e.g., *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 624-25 (6th Cir. 1998) (noting that it is not easy to find the likelihood of confusion under the whole factors test and the finding of each factor could cut both ways to make the decision inconclusive).

interests.⁷¹² The doctrine of initial interest confusion, developed in the Internet context, also reflects this trend.⁷¹³ The doctrine sanctions courts to find for trademark owners although the alleged wrong may not cause Internet users any long lasting effects of either actual or potential confusion.⁷¹⁴ The split between courts' narrow and broader approaches exhibits the scope of how far courts are willing to extend protection of corporate interests.

Since jurisdictional analysis already requires a fair amount of balancing, court decisions on cyberspace trademark-related jurisdiction issues have reflected the four-prong based balancing approach through measures of sliding scale, effects test, and anti-cybersquatting stance.⁷¹⁵ The courts' decisions have suggested that passive websites will not give rise to jurisdiction while active websites will.⁷¹⁶ It strikes practitioners that the hard questions are focused on the middle ground – interactive websites, where the law is still largely unresolved.⁷¹⁷ The four-prong inquiry could help courts define a demarcation of their willingness to assert personal jurisdiction, which could advance public interest of promoting interbrand competition, preserving trademark owner's goodwill, and protecting consumers from confusion. Here, indeed, as so often in other branches of law, the decisive distinctions between alternative approaches are those of degree and not of kind. To the extreme, the division between the Pure Interactive Websites and Passive Websites are largely art, not science. For example, had *Desktop's* website not been held passive,⁷¹⁸ the District Court of the Eastern District of Pennsylvania would have had to face trademark territo-

712. See, e.g., *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1057 (9th Cir. 1999) (focusing on "goodwill"); see generally Jeri Clausen, *Proposal on Internet Names Favors Corporate Interests*, N.Y. TIMES ON THE WEB (visited Feb. 19, 1999) <<http://www.nytimes.com/library/tech/99/02/cyber/articles/19wipo.html>> (commenting on WIPO's proposal dominated by corporate and trademark interests).

713. See *supra* notes 365-66 and accompanying text.

714. See *id.*

715. See *supra* notes 659-62 and accompanying text.

716. See discussion *supra* Part II.B.1.a.

717. See discussion *supra* Part II.B.1.a.

718. *But see Desktop Techs., Inc. v. Colorworks Reprod. & Design, Inc.*, 1999 WL 98572 at *5-6 (E.D. Pa. Feb. 25, 1999) (finding that visitors to Desktop's website were able to exchange information over the website via Internet FTP and e-mail).

rial issues in the proceeding. The decision of the *Desktop* Court properly advanced the public interest of globalizing the world market while preserving interbrand competition.⁷¹⁹

The public interest prong often tips the scale one way or the other.⁷²⁰ For example, in *Prime Media, Inc. v. Primedia, Inc.*, Plaintiff had a registered trademark that deserved protection.⁷²¹ The Plaintiff, however, failed to show a significant likelihood of confusion because of considerable third-party use of its mark.⁷²² The Court found that issuing an injunction against the Defendant would have resulted in over four million dollars in sunk costs and other intangible losses.⁷²³ Thus, concern for the public interest overcame the demand for preliminary injunctive relief.⁷²⁴ Similarly, the Court in *Minnesota Mining & Manufacturing Co. v. Taylor* considered several factors, including the public interest, before granting a preliminary injunction against the Defendant.⁷²⁵

Cybersquatting dilution doctrine demonstrates the outmost limits of the policy-based balancing approach rooted on the four-prong inquiry. The Consolidated Appropriations Act of 2000 reflects an on-going public sentiment against cybersquatting.⁷²⁶

719. See, e.g., *id.* at *1. A Pennsylvania trademark owner of "COLORWORKS" conducted business in the United States while a Vancouver trademark owner of "Color-Works" conducted the same line of business in British Columbia at the same time. The Vancouver owner registered domain <colorworks.com>. See *id.*

720. See *Prime Media, Inc. v. Primedia, Inc.*, 33 F. Supp. 2d 932, 941 (D. Kan. 1998); *Minnesota Mining & Mfg. Co. v. Taylor*, 21 F. Supp. 2d 1003, 1004 (D. Minn. 1998).

721. See *Prime Media*, 33 F. Supp. 2d at 940.

722. See *id.* at 941.

723. See *id.* at 940-41.

724. See *id.* at 941.

725. See 21 F. Supp. 2d 1003, 1004-05 (D. Minn. 1998) (stating that a strong public interest was justified to stop the Defendant's misuse of the Internet, a resource that could benefit the public).

726. See 145 CONG. REC. S10,513-02 (daily ed. Aug. 5, 1999) (statement by Senator Hatch that: "[T]he Senate considers legislation to address the serious threats to American consumers, businesses, and the future of electronic commerce, which derive from the deliberate, bad-faith, and abusive registration of Internet domain names in violation of the rights of trademark owners." *Id.* at S10,515; statement by Senator Abraham that: "This legislation will combat a new form of high-tech fraud that is causing confusion and inconvenience for consumers, increasing costs for people doing business on the Internet, and posing substantial threat to a century of pre-Internet American business efforts." *Id.* at S10,519).

Hence, public interest relaxes the strictness of traditional doctrine in terms of dispositive factors and jurisdictional requirements. It is fair to say that public interest has dictated the doctrinal approach holding cybersquatters liable for their actions.⁷²⁷ For instance, in *Intermatic*, the Court actually found that it was technically feasible for Intermatic to use trademark-based domain variations to establish its website, such as <intermatic-inc.com> without impeding its Internet presence.⁷²⁸ The Court, however, focused on Congressional concern⁷²⁹ and other focal issues of whether Toeppen-like conduct is illegal, and finally adopted a stance against cybersquatting.⁷³⁰

The policy-based balancing approach could further reconcile apparently different approaches that courts have considered. In *Playboy Enterprises, Inc. v. Netscape Communications Corp.*,⁷³¹ the Plaintiff Playboy Enterprises sued the Defendants Netscape and Excite alleging that the Defendants had infringed and diluted its trademarks in the Internet context.⁷³² Netscape and Excite included “playboy” and “playmate” in their package of over 450 words for the use by “banner ads.”⁷³³ The Ninth Circuit found that both “Playboy” and “Playmate” had become incontestable under 15 U.S.C. § 1065 in connection with a wide variety of goods and

727. See *supra* notes 545-58 and accompanying text.

728. See *Intermatic Inc. v. Toeppen*, 947 F. Supp. at 1227, 1232 (N.D. Ill. 1996).

729. See *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1326 (9th Cir. 1998) (citing Senator Leahy's statement that “it is [his] hope that this anti-dilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others.” 141 CONG. REC. S19,312-01 (daily ed. Dec. 29, 1995)).

730. See *Intermatic*, 947 F. Supp. at 1233.

731. See 55 F. Supp. 2d 1070, 1073-76 (C.D. Cal. 1999).

732. See *id.* at 1072. “[Playboy Enterprises] is a leading publisher of adult entertainment in a variety of media forms and uses its Playboy and Playmate marks in connection with numerous products and services.” *Id.* at 1076. “[Its Web] site at [<]http://www.playboy.com[>] receives approximately 6.5 million visits and generates approximately 74.8 million impressions per month.” *Id.* at 1077. “[Netscape] operates Netcenter, a World Wide Web portal that offers users the ability to, among other things, search the Internet using a Netscape search engine, which is co-branded with Excite and programmed by Excite.” *Id.*

733. See *id.* at 1077-78. “A banner ad is an advertisement that stretches across the top and sometimes the bottom of a Web page which contains a link to the sponsor's Web site.” *Id.*

services.⁷³⁴ The Court further recognized that “Playboy” and “Playmate” have become inherently distinctive and had acquired secondary meaning because of the marks’ significant worldwide recognition and goodwill.⁷³⁵ The Court, however, held that “playboy” and “playmate” are generic English words in their own right.⁷³⁶ Because Playboy Enterprises had not registered “Playboy” and “Playmate” for use in the Internet context, the Court distinguished the Defendants’ use of “Playboy” and “Playmate” from “playboy” and “playmate,” which are generic words in the trademark form.⁷³⁷ Therefore, the Court held that Netscape and Excite’s use of “playboy” and “playmate” in their “banner ads” did not dilute Playboy’s trademarks and permitted the use for the purpose of encouraging competition.⁷³⁸

The *Playboy (Netscape)* Court, however, did not elaborate why “playboy” and “playmate” had not acquired common law trademark fame through having acquired secondary meaning and goodwill.⁷³⁹ The conclusion that the words “playboy” or “playmate” without the suffix symbol indicating registration did not function as a trademark in the Internet context contradicts the Courts’ findings in *Playboy Enterprises, Inc. v. Asiafocus International, Inc.*⁷⁴⁰ and *Playboy Enterprises International, Inc. v. Global Site Design, Inc.*⁷⁴¹ that “playboy” or “playmate” alone are famous because they have acquired such goodwill and secondary meaning. Moreover, the Courts in *Playboy Enterprises International, Inc. v. Universal Tel-A-Talk, Inc.*⁷⁴² and *Playboy Enterprises International, Inc. v. Chuckleberry Publishing, Inc.*⁷⁴³ also found that the trademark “Playboy” and “Playmate” had previously been adjudicated

734. *See id.* at 1077.

735. *See id.*

736. *See id.* at 1073.

737. *See id.* at 1074-75.

738. *See id.* at 1089.

739. *See id.* The Court offered examples that other trademarks not owned by Playboy Enterprises contain the words “playboy” or “playmate,” such as federal registered and North Carolina registered “Playboy” for fresh yams and sweet potatoes. *See id.* at 1079.

740. *See* 1998 U.S. Dist. LEXIS 10359, at *17 (E.D. Va. June 16, 1998).

741. *See* 1999 WL 311707, at *2 (S.D. Fla. May 15, 1999).

742. *See* 1998 WL 767440, at *6 (E.D. Pa. Nov. 3, 1998).

743. *See* 687 F.2d 563, 565 (2d Cir. 1982).

as very strong. Virtually, a supermajority of courts in cases involving Playboy Enterprises has held that the marks “Playboy” and “Playmate” are both strong and valuable.⁷⁴⁴

The *Playboy (Netscape)* Court premised its high threshold on its policy concern that the dilution doctrine was not an alternative means for the trademark owners who could not succeed on an infringement claim.⁷⁴⁵ Reasonable people may differ upon whether the Court’s decision could be justified under the four-prong inquiry and whether the four-prong inquiry could advocate a different outcome. Generally, the nature of the four-prong inquiry, the close relationship of it to the data of practical human experience, and the multiplicity of relevant factual elements, with their various combinations, creating the necessity of ascribing the proper force to each, confirm that primary weight in the *Playboy (Netscape)* case should be given to the conclusion of the trier of fact. However, as Justice Cardozo stated nearly 70 years ago, “[the four-prong inquiry] is not a rule of law; it is rather a way of life. Life in all its fullness must supply the answer to the riddle.”⁷⁴⁶ Indeed, a supermajority of courts has held that life has demonstrated that “Playboy” and “Playmate” are famous.⁷⁴⁷ To find otherwise would controvert ordinary people’s experience.

Furthermore, if a mark was compelled to be registered for Internet use, this practice would have imposed an undue burden on trademark owners and caused confusion to the general public. This also does not comport with conventional wisdom that a trademark could gain protection through bona fide usage.⁷⁴⁸ Thus, allowing Netscape to have unjustified “fair use” of “playboy” and “playmate” in its “banner ads” would cause confusion among ordi-

744. See *Playboy Enters., Inc. v. Webbworld, Inc.*, 991 F. Supp. 543, 555 (N.D. Tex. 1997).

745. See 1999 WL 428223, at *4. “Dilution law is not intended to serve as mere fallback protection for trademark owners unable to prove trademark infringement.” *Id.* (original quotation omitted). Playboy Enterprises, Netscape and Excite are not competitors with similar products or services. Hence, Playboy would likely not succeed in their trademark infringement claim. See *id.*

746. *Welch v. Helvering*, 290 U.S. 111, 115 (1933).

747. See *supra* notes 740-44 and accompanying text.

748. *But see* Carter *supra* note 33.

nary consumers concerning the sponsorship of the “banner ads.”⁷⁴⁹ On the other hand, the Lanham Act affords trademark owners protection under both dilution doctrine and infringement claims.⁷⁵⁰ Imposing the success on an infringement claim as the condition of applying the dilution doctrine⁷⁵¹ can not be justified where the benefit of promoting competition does not outweigh the detriment to consumer confusion and trademark’s goodwill. Therefore, the four-prong inquiry may suggest that an outcome opposite to the court’s holding could be warranted.

Although the policy-based balancing approach has many advantages, the legal community should not ignore its downside. Policy changes over time and varies locally and nationally. Internet technology is evolving at an unpredictable pace that may also affect policy. Under these circumstances, unrestricted judicial discretion could encourage judicial activism. Therefore, the Supreme Court should determine a test or a model to hammer out conflicts between courts and harmonize variant approaches under the totality of circumstances.

B. Synergy — *The Interaction Between Trademark Law and the Internet*

The Internet removes many of the geographic boundaries on which traditional legal systems are built and practiced.⁷⁵² Furthermore, in the Internet age, one year is an extraordinary amount of time.⁷⁵³ Everything and everyone involved with the Internet moves faster than the rest of the world.⁷⁵⁴ The value of information changes so quickly that some of the old rules may no longer

749. *But see* Playboy Enters., Inc. v. Netscape Communications Corp., 55 F. Supp 2d 1070, 1081-82 (C.D. Cal. 1999).

750. *See* discussion *supra* Parts II.A.1, II.A.3.

751. *See supra* note 745 and accompanying text.

752. *See, e.g.*, Carl S. Kaplan, *In Internet Time, a Year Is Much Too Long, Judge Finds*, N.Y. TIMES ON THE WEB (visited Nov. 5, 1999) <<http://www.nytimes.com/library/tech/99/11/cyber/cyberlaw/05law.html>> (commenting on the case of *EarthWeb Inc. v. Schlack*).

753. *See id.*

754. *See id.*

apply.⁷⁵⁵ Hence, trademark law must accommodate technology and must effectively use technology to enforce the law.

Future technological developments will make the debate on current novel issues obsolete and, undoubtedly, historically quaint. The current debate is based on the notion that a memorable, easy-to-spell domain name is more valuable than diamonds.⁷⁵⁶ A trademark owner will be at a disadvantage when he cannot register his trademark as his website's domain name.⁷⁵⁷ The new technology discussed in Part I.B.4 of this Note – the RealName system – could dissipate the obsession with domain names.⁷⁵⁸

Whether the RealName system can become effective remains to be seen. At least, the technological development of the Internet can have impacts on the application of trademark law in the Internet age if it takes away some factorial premises of current case law. Undoubtedly, the Internet will reshape trademark law.⁷⁵⁹

Conversely, trademark law will reshape the Internet through decisions about intellectual property and new types of regulations and standards.⁷⁶⁰ First of all, the development of trademark law in the Internet calls for the evolution of Internet technology to accommodate conflicts among holders of intellectual property rights and conflicts between commercial and non-commercial users of the Internet.⁷⁶¹ Secondly, increasing commercial activities involving trademark law call for the evolution of Internet technology to overcome the problem of concurrent uses of the same trademark in different classes of goods and geographical areas.⁷⁶² Technical in-

755. *See id.*

756. *See supra* notes 21-24 and accompanying text.

757. *See supra* notes 164-67 and accompanying text.

758. *See* Steven Levy, *We are Running Out of Dot.coms: Good domain names have become so scarce that the techies need to create a new approach*, NEWSWEEK, Oct. 11, 1999, at 79 (quoting Ester Dyson, chairman of ICANN, that “[domain name will] still be there, but people won’t always need them to go directly where they want to on the web”).

759. *See, e.g.*, Church, *supra* note 685 at 35 (quoting Paul Romer, professor of economics at the Stanford Graduate School of Business and an expert in economic-growth theory).

760. *See id.*

761. *See* Lockheed Martin Corp. v. Network Solutions, Inc., 985 F. Supp. 949, 968 (C.D. Cal. 1997).

762. *See id.*

novation would provide trademark owners as well as Internet users a solution to the current difficulties faced today.⁷⁶³

However, there are still many novel issues that cannot be resolved simply by the innovation of Internet technology. One issue is that the Internet does not currently bar “scandalous” domains although trademark law bars such marks.⁷⁶⁴ Another issue in particular is whether prospectors can warehouse or use generic words as domains. Some people find it irritating that they cannot use their own names to identify their sites or at the very least negotiate to pay for the privilege.⁷⁶⁵ Most of the time, if they check out their last name plus the TLDs <.com>, <.net>, or <.org>, they will find that someone else owns their family-name-based domain.⁷⁶⁶ For instance, Jerry Sumpton, a Canadian entrepreneur, discovered that 70% of the U.S. population shares one of only 9,000 last names.⁷⁶⁷ Sumpton teamed with investors, including the majority owner of <mailbank.com>, to put up money for these names.⁷⁶⁸ Now, <mailbank.com> controls versions of the surnames of over 60% of the population.⁷⁶⁹

Actually, people are losing the privilege of using words on the Internet because somebody else has already registered these words as domains. Search results reveal that virtually all words describing people’s daily lives are registered.⁷⁷⁰ Whenever one uses these words, it may be somebody else’s domain name. Thus, the legal and Internet communities face inevitable questions: could or

763. *See id.*

764. *See Bloods* (visited Dec. 18, 1999) <<http://www.bloods.com>>, *Cybergangs.com* (visited Dec. 18, 1999) <<http://www.cybergangs.com>>.

765. *See* John Elvin, *Who Owns Your — Name.Com?*, *INSIGHT MAG.*, Aug. 23, 1999, at 34.

766. *See id.* There are many variations on the tactic, but basically someone will register a domain name such as <hansen.com>, then offer every Tom, Dick and John Hansen an opportunity to pay to have their website listed as a subcategory.

767. *See* Scott Woolley, *Master of your domain. (Mailbank.com)*, *FORBES*, July 26, 1999, at 244.

768. *See id.*

769. *See id.*

770. In cyberspace, one has no “home” because the word “home” is registered. Can one “drink” “water,” climb the highest “mountain” and swim across the deepest “river”? Probably not, as all of these words are registered. *See Network Solutions® – A VeriSign® Company* (last researched Dec. 22, 1999) <<http://www.networksolutions.com>>.

should trademark law on the Internet bar ordinary people from using these domained words in their websites or metatags? Would the use of these domained generic words by ordinary people constitute infringement, dilution, or unfair competition?

Traditionally, trademark owners can lose trademark rights once the mark becomes generic, but a generic word can be registered as domain and last forever as long as the registrant pays the applicable fee. Judge Easterbrook stated that a trademark holder could not obtain rights to merely descriptive words because that would constitute a free ride on the language.⁷⁷¹ Judge Posner also noted that generic names are not subject to trademark protection.⁷⁷² If a trademark owner is not allowed to take away from the public dominion a name that the public is using to signify other goods or services, a domain holder should not be allowed to withdraw from the public dominion a word or phrase that the public is using to denote daily life or body parts.⁷⁷³ A domain holder cannot leave the public speechless.⁷⁷⁴

Domained generic words, such as <business.com>, <buy.com>, <stamps.com>, and <food.com>, however, have a tremendous amount of value capitalized in them not seen before by the traditional view. The economic efficiency theory advanced by Judge Easterbrook and Judge Posner also seeks to maximize wealth.⁷⁷⁵ Does the value created by these generic words maximize the wealth contemplated by Judges Easterbrook and Posner? There is no straight answer, but the legal community might have to consider the balance between the public's right and the owner's right, which Judge Kozinski advanced a decade ago.⁷⁷⁶ At the

771. See *Scandia Down Corp. v. Euroquilt, Inc.*, 772 F.2d 1423, 1430 (7th Cir. 1985), *cert. denied*, 475 U.S. 1147 (1986).

772. See *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 347 (7th Cir. 1985).

773. *But see Illinois High School Ass'n v. GTE Vantage Inc.*, 99 F.3d 244, 247 (7th Cir. 1996).

774. See, e.g., *id.*

775. See generally *Scandia Down Corp. v. Euroquilt, Inc.*, 772 F.2d 1423, 1429-30 (7th Cir. 1985) (stating that trademarks "convey valuable information to consumers at lower costs" and consumers' expectation alter trademarks' value); *W.T. Rogers*, 778 F.2d at 347-48 (7th Cir. 1985) (stating that there may come a point that the protection for trademarks ceases when the value as information about product origin is exceeded by their cost in impeding competition).

776. See Kozinski, *supra* note 696 and accompanying text.

very least, the synergy will promote the development of both cyberspace and trademark law in the years to come.

CONCLUSION

Trademark law remains a starting point and serves as a last resort in resolving novel issues concerning domestic trademark rights in cyberspace. Whether future developments of Internet technology will make this current debate obsolete or historically quaint in an environment where traditional barriers are deteriorating remains to be seen. The collective weight of these decisions sends several messages to those who are legal professionals and users in the Internet community. First, trademark law needs to adapt to the Internet. Second, the application of trademark law can reshape the development of the Internet. Lastly, for the application of trademark law in cyberspace to be effective, courts should adopt an approach balancing policy considerations and trademark doctrines.

The balancing approach requires courts to conduct the four-prong inquiry under the totality of the circumstances. Ultimately, resolution of conflicts must come from the Supreme Court, which ideally will determine a test or a model less susceptible to judicial activism. This conclusion may not satisfy an academic desire of tidiness, symmetry and precision. But, it reflects an implicit, practical desire that individual rights, prospectors' interests, and corporate interests should remain in a delicate balance in the legal and Internet communities for years to come.