

INTERNET DOMAIN NAME AND TRADEMARK DISPUTES: SHIFTING PARADIGMS IN INTELLECTUAL PROPERTY

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I. INTRODUCTION

What do Johannes Gutenberg, Eli Whitney, Alexander Bell, Thomas Edison, and Henry Ford have in common? Granted, "They have sweated beneath the same sun, looked up in wonder at the same moon."¹ But they share something else. Each discovered or invented something—the printing press, cotton gin, telephone, lightbulb, and Model T, respectively—that was a harbinger of profound and inevitable change in the course of human history. As the Second Millennium has closed, we can add Jon Postel and the Internet to this list of notable individuals and inventions in American history.² Although Postel did not "invent" the Internet, without him it would not be configured and managed as it is.

The Internet is changing the way we communicate, shop, and conduct business. These changes are precipitating an unprecedented paradigmatic shift in communication and intellectual property values. This shift, in turn, is being propelled by the exponentially expanding Internet, which is in the throes of a global redefinition of its own institutional framework.³

Some herald the emergence of the Internet as "the best of times," while others rail against it as a vanguard of "the worst of times."⁴ Certainly its phenomenal growth has brought with it the usual exploitation of new opportunities and conflicts. One of the most salient of these conflicts is between the owners of

1. NEIL DIAMOND, *Done Too Soon, on HOT AUGUST NIGHT* (MCA Records 1972).

2. See Martin B. Schwimmer, *Domain Names and Everything Else: Trademark Issues in Cyberspace*, 528 PLI/PAT 263, 296–297 (1998).

3. See *Developments in the Law—The Law of Cyberspace; The Domain Name System: A Case Study of the Significance of Norms to Internet Governance*, 112 HARV. L. REV. 1657, 1658–59 (1999) [hereinafter *Developments in the Law*].

4. See CHARLES DICKENS, *A TALE OF TWO CITIES* 1 (1859).

trademarks and Internet domain names.⁵ "Chaos" and "crisis" have been used to describe this conflict.⁶ This is *not* a "Chicken Little" drama.⁷ The sky is not falling; it is simply being blown by the winds of change.

This Note discusses the controversies associated with Internet domain names and trademarks. Part II gives a short history of the Internet (because there is no long history), what domain names are and how they operate, and the nature of the conflict between domain names and trademarks. Part III examines specific aspects of trademark law, including the Lanham Act⁸ and the Federal Trademark Dilution Act.⁹ Intellectual property rights in the context of trademarks and domain names are discussed in Part IV. Part V defines cybersquatters and discusses some of the cases involving them. National and international attempts to manage the Internet are briefly discussed in Part VI. Finally, Part VII offers some concluding remarks.

II. THE INTERNET PHENOMENON

Seemingly out of the ether, the World Wide Web, the fastest-growing part of the Internet (or "Net"), has exploded to the forefront of the news, business, and popular culture.¹⁰ Since 1992, when commercial activity was permitted, the Internet has become available to the public.¹¹ Internet use has grown exponentially in the last eight to ten years and was expected to increase to 450 million users by the year 2000.¹² One billion users are predicted in the next decade.¹³ It is estimated that a new web page appears every minute.¹⁴ Almost twenty-five percent of homes in the United States are now online.¹⁵

5. See Young June (Jay) Yang, *Domain Names and Trademarks on the Internet: Asian Pacific Rim Perspective*, 564 PLI/PAT 295, 298 (1999).

6. See Andra Brunel & May Liang, *Trademark Troubles with Internet Domain Names and On-Line Screen Names: Roadrunning Right into the Frying Pan*, 8 NO. 9 J. PROPRIETARY RTS. 2, 2 (1996).

7. "Chicken Little" is a classic children's story. According to the story, an acorn falls on Chicken Little's head one day, and she instantly concludes that the "sky is falling." In a panic, she runs and tells her feathered friends (Turkey Lurkey, Goosey Loosey, Henny Penny, and Ducky Lucky) "The sky is falling! The sky is falling!" and stirs up much anxiety and fear among them. She and her friends mistakenly consult a fox about this impending doom. The doom is theirs alone, however, but not because the sky falls; the fox tricks them into going into his den, and they never come out again. See *The Story of Chicken Little* (visited January 15, 2000) <<http://www.princeton.edu:80/~nspicher/chicken.html>>.

8. 15 U.S.C.A. §§ 1051-127 (1994 & Supp. IV 1998).

9. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, § 3(a), 109 Stat. 985 (1996) (codified at 15 U.S.C. § 1125) (Supp. II 1996).

10. See *ACLU v. Reno*, 929 F. Supp. 824, 830-49.

11. See Schwimmer, *supra* note 2, at 297.

12. See Yang, *supra* note 5, at 297.

13. Cameron R. Graham & Matt Zinn, *Cable On-Line Services*, 551 PLI/PAT 205, 214 (1999).

14. See *id.*

15. See *id.*

A. Jon Postel's Legacy

The Internet was established by U.S. Department of Defense's ("DOD") Advanced Research Projects Agency ("DARPA") in the 1960s and came to be known as ARPAnet.¹⁶ It was originally intended to link military bases together in a decentralized way in case of military attack.¹⁷

Dr. Jon Postel, a graduate student at the University of California, spearheaded the efforts of a few other graduate students to set up this experimental network of computer links in 1969.¹⁸ Universities, government agencies, and research groups were eventually connected.¹⁹ During the next ten years, Postel was the driving force behind the design and development of the Internet Protocol ("IP"), a system of addresses that enabled computers on the ARPAnet to communicate with those on a second network built by the National Science Foundation ("NSF"), a federal government entity.²⁰

Management of the nascent Net was likened to "a monarchy with gossamer ties to the United States government."²¹ Dr. Postel was its "reigning monarch."²² He managed the Internet computer network almost single-handedly through the Internet Assigned Numbers Authority ("IANA").²³ He was able to do this by gaining the trust and respect of those with whom he worked. "[D]uring his long tenure managing the Internet, Postel never appeared to make self-interested or foolish judgments."²⁴

The system's heavy reliance on the charismatic leadership of one individual for its executive decisions made Internet operations intrinsically precarious. One of Postel's colleagues, David Clark, opined that "the loss of Postel could devastate the Internet because his 'personal stature' helped hold the domain name system together."²⁵ While plans for developing such a system were underway, Postel did pass away suddenly in October 1998.²⁶ Now, just as suddenly, the need to institutionalize the responsibilities that he had previously managed alone became acute.

Even as "reigning monarch," Postel did not work in isolation.²⁷ Other Internet scientists and technicians serving on a variety of nonprofit advisory

16. See Schwimmer, *supra* note 2, at 296.

17. See G. Peter Albert, *Right on the Mark: Defining the Nexus Between Trademarks and Internet Domain Names*, 15 J. MARSHALL J. COMPUTER INFO. L. 277, 278 (1997).

18. See *Developments in the Law*, *supra* note 3, at 1660.

19. See Albert, *supra* note 17, at 278.

20. *Developments in the Law*, *supra* note 3, at 1661. 21. *Id.* at 1660.

22. *Id.*

23. See *id.* at 1661.

24. *Id.*

25. *Id.* at 1661.

26. See *id.*

27. See *id.*

boards helped to establish Internet operational and governing policies.²⁸ One such advisory entity, the Internet Society (“ISOC”), helped define Internet standards and allocate resources.²⁹ ISOC was neither a government nor corporate entity, but a volunteer organization.³⁰ Therefore, the ISOC and its subsidiary bodies had no official power but governed through principles of consensus, open participation, and bottom-up management—principles upon which the Internet was built.³¹ Those in the ISOC, including Postel, believed that the Internet retained power “by acting ‘rationally’ and maintaining ‘competence and quality and respect.’”³² Former advisory board members who still hold positions of power in the Internet system are expected to teach its ingrained customs of grassroots management to new users, both the commercial and private sectors.³³

B. Domain Names: Addresses of the Internet

Think of the Internet, metaphorically, as an immense rabbit warren or ant farm comprised of a maze of inter-connections in which addresses serve to direct any kind of traffic, whether rabbit, ant, or information. When the Internet was in its infancy, domain names were developed to serve as a useful mnemonic means of locating computers within the “maze” of the Internet.³⁴ In other words, domain names direct the traffic of information on the Internet’s information highway, either singly or via metatags, to the appropriate web site or address.³⁵

Domain names consist of a hierarchically structured character string of numbers that function as an Internet address.³⁶ They are the equivalent of telephone numbers or addresses. Since numbers are more difficult to remember, alphabetical domain names were developed to make the “addresses” easier for humans to remember and use when communicating on the Internet. Such names are often catchy words or well known names of individuals or companies,³⁷ for example, “ronaldreagan.com” or “ibm.com.”

28. *Id.*

29. *See id.*

30. *See* James West Marcovitz, *Ronald@mcdonalds.com—Owning a Bitchin’ Corporate Trademark As an Internet Address—Infringement?* 17 *CARDOZO L. REV.* 85, 98 (1995).

31. *See Developments in the Law, supra* note 3, at 1658.

32. *Id.*

33. *See id.*

34. *See* Joseph P. Liu, *Legitimacy and Authority in Internet Coordination: A Domain Name Case Study*, 74 *IND. L.J.* 587, 590 (1999).

35. *See id.* There is a prescribed structure for domain names. They are typically comprised of an abbreviation, name, or acronym, followed by a period (the “dot”) and one of several worldwide generic top level domain categories: commercial (.com); networks (.net); educational institutions (.edu); and government (.gov). For example, the University of Arizona’s domain name is “u.arizona.edu.”

36. *See Developments in the Law, supra* note 3, at 1660.

37. *See* Yang, *supra* note 5, at 303.

Domain names are assigned on a first-come, first-serve basis.³⁸ IANA played a critical role in coordinating and assigning domain names.³⁹ IANA's task was to assign unique numbers and unique names of the domain name system ("DNS") to enable the Internet to function.⁴⁰ Network Solutions, Inc., a private company, subsequently managed the DNS until 1998.⁴¹ Since 1998, the Internet Corporation for Assigned Names and Numbers ("ICANN") has been responsible for the DNS.⁴²

The uniqueness requirement of domain names creates an exclusivity that has important economic ramifications, since only one entity can use a specific domain name.⁴³ This contrasts with trademarks, where more than one entity can have the same trademark, depending on circumstances, such as geographic location.⁴⁴ What, then, is the nexus between trademarks and domain names? Why do they come into conflict with each other?

C. The Conflict Between Trademarks and Domain Names

The primary reason trademarks and domain names come into conflict is that they are both used to identify individuals, companies, or other entities. For obvious reasons, companies prefer to have an Internet domain name that either includes or corresponds with their own name or trademark. In August 1999, ICANN's Board adopted a uniform dispute-resolution policy for all registrars in the .com, .net, and .org top-level domains.⁴⁵

D. Trademark-Domain Name Dispute Resolution Policy

Current ICANN policy provides that ICANN registrars who receive complaints regarding the impact of domain names they have registered on trademarks or service marks will take no action until they receive instructions

38. See Stacy B. Sterling, *New Age Bandits in Cyberspace: Domain Names Held Hostage on the Internet*, 17 LOY. L.A. ENT. L.J. 733, 737 (1997).

39. See G. Andrew Barger, *Cybermarks: A Proposed Hierarchical Modeling System of Registration and Internet Architecture for Domain Names*, 29 J. MARSHALL L. REV. 623, 649 (1996).

40. See Karen S. Frank & Gail J. Nevius, *Cable Online Liability 2001*, 642 PLIPAT 595, 622 (2001).

41. See *id.*

42. See *id.*

43. See *All About the Internet Society* (visited Mar. 15, 2000) <<http://www.isoc.org/isoc/media/speeches/postel-898s.html>>.

44. See *infra* note 76 and accompanying text. For example, if there were a Harvest Moon saloon in Massachusetts and another Harvest Moon saloon, owned by someone else, in New Mexico, each could use the same trademark as long as their business was statewide or regional.

45. See *Internet Corporation for Assigned Names and Numbers (ICANN), Frequently Asked Questions*, (visited Apr. 3, 2001) <<http://www.icann.org/general/faq1.htm>>.

from the domain-name holder or an order of a court, arbitrator, or other neutral decision-maker deciding the parties' dispute.⁴⁶

There is an exception to this policy, however, for disputes involving domain names that are shown to have been registered in abusive attempts to profit from someone else's trademark (i.e., cybersquatting).⁴⁷ In such cases of abusive registration, the complaining party can invoke a special administrative procedure to resolve the dispute.⁴⁸ Under this procedure, the dispute will be decided by neutral persons (arbiters) selected from panels established for that purpose.⁴⁹ The procedure is handled primarily online, designed to take less than forty-five days, and costs about \$1000 in fees to the entities providing the arbiters. Parties to such disputes can also go to court to resolve their dispute or to contest the outcome of the procedure.⁵⁰

Trademark law is an integral component of the conflicts between trademarks and domain names. Trademark owners do not necessarily have rights to their mark on the Internet.⁵¹ Nevertheless, the United States government has taken some steps to protect the respective rights of trademark and domain name holders located within its jurisdiction.

III. TRADEMARK LAW

A. *The Lanham Act*

There are two basic purposes of trademark law. One is to protect the public so that it may be confident that in buying a product bearing a familiar trademark, it will get the product associated with that trademark.⁵² The second is to protect a trademark holder's goodwill by prohibiting its misappropriation on other products or services by pirates and cheats.⁵³

The Lanham Act (the "Act"), passed in 1946, protects registered and unregistered trademarks from uses that are likely to cause confusion.⁵⁴ The Act also confers the right to trademark owners to prevent others from using their distinctive mark or symbol on their products or services.⁵⁵ An infringement consists of any commercial use of a word or symbol associated with goods or

46. *See id.*

47. *See id.*

48. *See id.*

49. *See id.*

50. *See id.*

51. Ian N. Feinberg & Janet M. Craycroft, *Trademark Protection on the Internet and Other Legal Issues*, 100 PLU/CORP 661, 672 (1997).

52. *See* Marcovitz, *supra* note 30, at 96.

53. *See id.* 54. *See* Davis S. Welkowitz, *The Problem of Concurrent Use of Trademarks: An Old/New Proposal*, 28 U. RICH. L. REV. 315, 351(1994).

55. *See id.*

services which presents the word or symbol in a manner that is likely to mislead or confuse consumers regarding its source.⁵⁶

The Act was intended to codify the common law of trademarks.⁵⁷ At the same time, it also made some significant changes in the scope of trademark protection.⁵⁸ Sections 33(a) and 33(b) of the Act are especially relevant to the current practice of trademark protection.⁵⁹ Section 33(a) provides that registering a trademark is “prima facie evidence of the validity of the registered mark...and of the registrant’s exclusive right to use the registered mark in commerce.”⁶⁰

The clear language of § 33(b) indicates that the registration of a mark is “conclusive evidence of the registrant’s exclusive rights when the right to use the mark has become incontestable.”⁶¹ However, just because a trademark owner has registers a trademark does not mean that the owner is automatically entitled to use the same name on the Internet. “The registration of a trademark with the [Patent and Trademark Office] is an entirely separate and distinct process from the application for a domain name.”⁶²

Trademark infringement exists if: (1) the plaintiff has a federally registered mark; (2) the one accused of infringement uses the mark in connection with the sale, distribution or advertising of any goods or services; and (3) the use is likely to cause confusion, mistake, or deception.⁶³ As Learned Hand defined it: “The law of unfair trade comes down to nearly this...that one merchant shall not divert customers from another by representing what he sells as emanating from the second.”⁶⁴

56. See The Lanham Act of 1946 § 33, 15 U.S.C.A § 1114(1)(a) (1994 & Supp. VI 2000). The statute reads in pertinent part:

- (1) Any person who shall, without the consent of the registrant
- (a) use *in commerce* any reproduction, counterfeit, copy, or colorable imitation of a registered mark *in connection with the sale*, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
- (b) reproduce, counterfeit, copy or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, sign, prints, packages, wrappers, receptacles or advertisements intended *to be used in commerce upon or in connection with the sale*, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or do deceive, shall be liable in a civil action by the registrant....

57. See Welkowitz, *supra* note 54, at 336.

58. See *id.*

59. See The Lanham Act of 1946 § 33, 15 U.S.C.A. § 1115(a) (1994 & Supp. IV 1998).

60. *Id.*

61. *Id.*

62. See Feinberg & Craycroft, *supra* note 51, at 672.

63. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20 (1995).

64. Yale Electric Corp. v. Robertson, 26 F.2d 721, 973 (2d Cir. 1928).

B. The Federal Trademark Dilution Act

In 1995, Congress added subsection (c) to § 43 of the Act. Known as the Federal Trademark Dilution Act ("FTDA") of 1995, this new subsection was intended to provide a national remedy for the dilution of famous trademarks such as Coca Cola or Kodak.⁶⁵ The FTDA's legislative history indicates that it was specifically intended to apply to domain names and to serve as a remedy in a situation where someone registers a domain name that matches another's trademark.⁶⁶

The statute requires that the trademark or domain name be used commercially, that is to sell something. For example, in *Planned Parenthood, Inc. v. Bucci*,⁶⁷ the defendant used the domain name "plannedparenthood.com" for a web page on which he promoted his book condemning abortion. Bucci denied any commercial use but admitted he was trying to divert those people who thought they were contacting Planned Parenthood when they used his domain name. The court said that the defendant's promotion of his book on his web site was a commercial act, so the Lanham Act applied.⁶⁸

Trademark dilution exists if: (1) the plaintiff owns a "famous" mark; (2) the defendant makes a commercial use of a mark or trademark; (3) the defendant's use began after the mark had become famous; and (4) the use dilutes the mark by tarnishing it or blurring its distinctiveness.⁶⁹ As mentioned earlier, although a trademark does not entitle the trademark owner to a corresponding Internet domain name,⁷⁰ the dilution statute suggests that no one else can use a domain name that corresponds to a "famous" mark.⁷¹

But what qualifies as a "famous" mark? It is noteworthy that the FTDA protects only famous marks and not marks in general.⁷² A mark protected under the Act must have a "geographic fame [which] must extend through a substantial portion of the U.S."⁷³ Famous marks are ordinarily used on a national basis. The FTDA states several non-exclusive factors that can be used to determine whether or note a mark is famous.⁷⁴

65. See 15 U.S.C. § 1127 (1994 & Supp. IV 1998); see also Sterling, *supra* note 38, at 757.

66. See *id.*

67. See 42 U.S.P.Q. 2D (BNA) 1430 (S.D.N.Y. 1997).

68. See *id.* at 1435.

69. See 15 U.S.C.A. § 43(c) (1994 & Supp. IV 1998); see also 15 U.S.C.A. § 1125 (a)(c) (1994 & Supp. IV 1998).

70. See Feinberg & Craycroft, *supra* note 51 and accompanying text.

71. See Albert, *supra* note 17, at 278.

72. See Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 841-51 (1997).

73. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, § 3(a), 109 Stat. 985 (1996) (codified at 15 U.S.C.A. § 1125(c)).

74. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to:

Trademark law recognizes both registered and unregistered trademarks.⁷⁵ Trademarks that have not been registered, referred to as common law trademarks, can be used by several different entities.⁷⁶ Common-law trademark arises from adoption and actual use of a word, phrase, logo, or other device to identify goods or services with a particular party.⁷⁷ As long as there is no consumer confusion with these multiple users, they can coexist even if they do not know of the other's existence.⁷⁸

Internet domain names, on the other hand, are unique. Only one entity can own a particular name.⁷⁹ Thus, where trademark law allows for several different users of the same name (trademark), the Internet allows for only one user per name. Conflicts are bound to occur when there are multiple demands for the same domain name.⁸⁰

IV. INTELLECTUAL PROPERTY RIGHTS

A. Historical Background

Every now and then, the rather discrete and insular world of scholars who care about intellectual property rules turns its collective attention to whether intellectual property is really property at all—or, to put the matter consistently with the vagaries of the field, whether intellectual property (whatever that is) is property (whatever that is) in the same sense that other things are property (whatever that is).⁸¹

(1) the degree of inherent or acquired distinctiveness of the mark; (2) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (3) the duration and extent of advertising and publicity of the mark; (4) the geographical extent of the trading area in which the mark is used; (5) the channels of trade for the goods or services with which the mark is used; (6) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought; (7) the nature and extent of the use of the same or similar marks by third parties; and (8) whether the mark [is] registered...on the Principal Register.

Lanham Act § 43(c)(1), 15 U.S.C. § 1125 (c)(1) (1994 & Supp. IV 1998).

75. See Lanham Act, 15 U.S.C. § 1127, ch. 22 (1994 & Supp. IV 1998).

76. See *First Bank v. First Bank System, Inc.*, 84 F.3d 1040 (Iowa 1996).

77. See *id.*

78. See David R. Johnson & David Post, *Law and Borders—The Rise of Law in Cyberspace*, 48 STAN. L. REV. 1367, 1368 (1996)

79. See Sterling, *supra* note 38, at 736.

80. See David W. Maher, *Trademark Law on the Internet—Will It Scale? The Challenge to Develop International Trademark Law*, 16 J. MARSHALL J. COMPUTER & INFO. L. 3, 6–7 (1997).

81. Stephen L. Carter, *Does It Matter Whether Intellectual Property Is Property?* 68 CHI.-KENT L. REV. 715, 715 (1993).

Legal factors involved in trademark-domain name disputes are forcing lawyers to reconsider the definition and purpose of each. In assessing the intellectual property right claims of trademark and domain name holders, a historic and philosophic look at the nature of property may provide some insight. According to John Locke, the rationale for property ownership is the expenditure of one's labor.⁸² "To him belongs the harvest whose toil has produced it; to him, the fruit who has planted the tree."⁸³ Locke's logic is straightforward and has been paraphrased as follows:

Labor is mine and when I appropriate objects from the common, I join my labor to them. If you take the objects I have gathered you have also taken my labor, since I have attached my labor to the objects in question....You therefore have a duty to leave these objects. Therefore I have property in the objects.⁸⁴

This logic can be easily extrapolated to ownership rights associated with intellectual property. Just as one has a right to the crops one plants, so does one have a right to the ideas one generates and the art one produces. This is the oldest manner of gaining title to property.⁸⁵ "[Intellectual property] is simply a division, a species, of general property. It is subject to all the fundamental rules governing the acquisition, possession, and transmission of property."⁸⁶

B. Domain Names As Property

The Internet has engendered substantial debate about whether domain names are a new type of intellectual property that can be "obtained, sold, transferred and encumbered."⁸⁷ Domain names are intriguing and controversial, because they are significant. The reason, simply put, is money.⁸⁸ Domain names have value.

With the globalization and commercialization of the Internet, domain names have taken on a new significance as business addresses. The identity of many businesses on the Internet is solidly associated with their domain names. As the commercial use of the Internet has expanded, companies, entrepreneurs, and other who also want a presence on the Internet want domain names that are easily associated with their company (or personal) name or product.⁸⁹ As a consequence,

82. See EATON S. DRONE, A TREATISE ON THE LAW OF PROPERTY IN INTELLECTUAL PRODUCTIONS 4 (1879).

83. *Id.*

84. ANTHONY D'AMATO & DORIS ESTELLE LONG, INTERNATIONAL INTELLECTUAL PROPERTY LAW 31 (1997).

85. See Kenneth L. Port, *The Illegitimacy of Trademark Incontestability*, 26 IND. L. REV. 519, 559 (1993).

86. DRONE, *supra* note 82, at 5.

87. WILLIAM L. NORTON, JR., NORTON BANKRUPTCY LAW AND PRACTICE 2D, § 151 at 23 (1989).

88. See Schwimmer, *supra* note 11, at 265.

89. See *id.* at 267.

domain names have emerged as a commercial property right overlapping, but remaining distinct from, trademarks, trade names, and corporate names.⁵⁹

C. Trademarks as Property

The Restatement (Third) of Unfair Competition defines a trademark as “a word, symbol, device, or other designation, or a combination of such designations, that is distinctive of a person’s goods or services and distinguishes them from the goods or services of others.”⁹¹ The concepts underlying trademark rights are similar to those underlying copyright and patent rights which “protect the creator’s right to the intellectual products of the mind.”⁹² That is, since the individual has brought an idea into existence through expression, that expression is entitled to protection. That expression, in Locke’s logic, is the expenditure of labor that justifies property ownership.

Intellectual property incorporates some philosophic and cultural assumptions about the nature of property rights in general. One of the assumptions about property is that the owner has the exclusive right of control.⁹³ According to this assumption, the rights associated with property are divisible, freely alienable, and exclusive for the duration of the statutory protection. Trademark owners, however, can only exclude others from using their name or mark, in contrast to owners of patents and copyrights, who enjoy a larger “bundle” of rights.⁹⁴

Trademarks are distinct from the usual class of property, because they cannot be bought and sold in the same way that ordinary assets can.⁹⁵ Their value is inextricably linked to the underlying goodwill of the business and is essentially dependent on how the public responds to it.⁹⁶ Perhaps more than any other form of intellectual property, trademarks are imbued with attributes whose primary value resides in their competitive properties. Generally speaking, the promise of financial gain is often the engine that drives the creative act.

The right to a trademark is not one in gross, and cannot exist as a mere abstract right, independent of or disconnected from the business in which it is used.⁹⁷ The right to a trademark, although strictly appurtenant to the trade, becomes a property right as soon as it identifies the trade.⁹⁸ “Accordingly, the purported transfer of a trademark per se is ineffectual. There must be a

90. *See id.* at 265.

91. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 (1995).

92. D’AMATO & LONG, *supra* note 84, at 29.

93. *See id.* at 6–7.

94. *See* Port, *supra* note 85, at 561–62.

95. *See* Welkowitz, *supra* note 54, at 377.

96. *See id.*

97. *See* PETER D. ROSENBERG, 1 PAT. L. FUNDAMENTALS S 4.02, Part II, ch. 4, at 28 (2d ed. 1980).

98. *See id.*

concomitant transfer of the business and good will associated with a mark for the transfer to be effective."⁹⁹

To regard a trademark as property is important, because then it must be protected no matter where it is infringed.¹⁰⁰ Arguably, that protection should extend to any forum. It should make no difference in what forum or setting a trademark is infringed, whether in Cincinnati, Sicily, or cyberspace. A business's reputation can just as easily be damaged on the Internet as in any other setting. "In fact, because the commodity of the Internet is information and because the flow of the information is relatively unrestricted, it is possible that a reputation in the on-line community is even more fragile than it is outside of the Internet."¹⁰¹

Nearly all trademark and domain name disputes involve someone using another person's name, company name, or trademark as a domain name, usually for their own gain. These individuals have come to be known as cybersquatters.

V. CYBERSQUATTERS

The word cybersquatter is a recent addition to the English lexicon. It refers to one who registers a domain name that is the same as or related to the name or trademark of another entity, usually a company or organization.¹⁰² Cybersquatters, whose motives vary, can be generally classified into four broad categories for the purpose of this discussion:

- (1) *The Disparager*: one who registers a domain name using the same or a very similar version of another entity's name to harass or criticize that entity;
- (2) *The Extortionist*: one who *intentionally* appropriates a famous trademark or tradename as a domain name for financial gain;
- (3) *The Free Rider*: one who uses another company's trademark to gain that company's goodwill for its own commercial advantage; and
- (4) *The Innocent*: one who just *happens* to register a domain name that turns out to be very similar to a famous registered mark.

A. *The Disparager*

The dispute between two arch rival test preparation companies, Stanley Kaplan Education Centers ("Kaplan") and The Princeton Review ("Princeton"), was one of the first publicized cases of domain name disparagement.¹⁰³ Princeton registered the name "kaplan.com" and used the web site to compare Kaplan's methods and results with its own. Not surprisingly, Kaplan came up short in these

99. *Id.*

100. See John R. Dean, *The Sheriff Is Coming to Cyberville: Trademark and Copyright Law and the Internet*, 11 BYU J. PUB. L. 75, 91 (1997).

101. *Id.*

102. See Albert, *supra* note 17, at 304.

103. See Sterling, *supra* note 38, at 738.

comparisons.¹⁰⁴ Princeton's President said they did it "entirely for fun and to irritate [Kaplan]."¹⁰⁵

Kaplan's CEO was not amused. He rebuffed Princeton's offer to sell the domain name for a case of beer and filed suit instead.¹⁰⁶ The case went to arbitration, and Princeton had to give up the domain name and relinquish all rights to it. Kaplan's request for damages was denied.¹⁰⁷

Another example of a cybersquatter seeking to disparage a competitor is *Planned Parenthood Federation of America, Inc., v. Bucci*.¹⁰⁸ The defendant registered the domain name "plannedparenthood.com." He used the web site to discourage abortion and to promote a book against abortion.¹⁰⁹ Bucci, doing business as Catholic Radio, admitted that he used the domain name hoping that people looking for Planned Parenthood's web site would find his instead.¹¹⁰ He argued that mere registration without more active commerce was not a commercial use of the mark as required by the Lanham Act.¹¹¹

The court found, however, that the defendant did "more than merely register a domain name; he created a home page using plaintiff's mark as its Internet address, conveying the impression to Internet users that plaintiff is the sponsor of defendant's web site."¹¹² Bucci's use was commercial because of his book promotion and because his actions were designed to, and in fact did, harm the plaintiff commercially.¹¹³ The court granted the preliminary injunction sought by Planned Parenthood.¹¹⁴

B. The Extortionist

Umbro, an international company that manufactures soccer clothing and equipment, filed suit against 3263851 Canada ("Canada") because it had registered "umbro.com" and several other Internet domain names associated with pornography.¹¹⁵ Canada then offered to transfer the "umbro.com" domain name to Umbro in exchange for \$50,000 to both the company and an Internet charity and for providing a lifetime supply of Umbro products to the company president.¹¹⁶ Umbro declined this "generous" offer and filed suit. The court entered a default

104. *See id.*

105. Dean, *supra* note 100, at 81.

106. *See Sterling, supra* note 38, at 739.

107. *See id.*

108. *See* 42 U.S.P.Q. 2d (BNA) 1430 (S.D.N.Y. 1997).

109. *See id.* at 1432.

110. *See id.* at 1433.

111. *See id.* at 1435-37.

112. *Id.* at 1437.

113. *See id.* at 1436.

114. *See id.* at 1441.

115. *See Umbro Int'l, Inc. v. 3263851 Canada, Inc.*, 1999 WL 117760, *1 (Va. Cir. Ct. 1999).

116. *See id.*

judgment in its favor.¹¹⁷ The Canadian company had no assets in the United States, so Umbro obtained a writ of fieri facias (a lien on intangible property) and instituted a garnishment proceeding against NSI in Virginia to force the sale of defendant's remaining domain names.¹¹⁸

NSI's arguments in this case, and the court's response, are revealing for their interpretations of domain names and property rights. NSI denied it held any property of Canada that could be garnished and that even if the domain names were held as property, they should not be subject to garnishment, because they existed only through the service provided by NSI.¹¹⁹ NSI argued that the lower court erred in ruling that domain names are a new form of intellectual property.¹²⁰ At issue was whether the Canadian company had a possessory interest in the domain names it had registered with NSI. The court ruled that it did, noting that patents can be similarly garnished, and they also exist only through the service provided by the Patent and Trademark Office.¹²¹ This case is also noteworthy for extending the writ of fieri facias, which is traditionally associated with intangible property, to include domain names.¹²²

*Intermatic, Inc., v. Toeppen*¹²³ involved another so-called extortionist. The defendant, Dennis Toeppen, had registered more than 200 domain names, including such famous names as "deltaairlines.com," "crateandbarrel.com," and "ramadainn.com," with the obvious intention of selling these names to the companies that owned the trademarks.¹²⁴ Toeppen argued that he could not be subject to liability under the Lanham Act, because he had not used the Intermatic mark in commerce.¹²⁵ Yet the court found for the plaintiff, stating that "Toeppen's desire to resell the domain name is sufficient to meet the 'commercial use' requirement of the Lanham Act."¹²⁶

The court distinguished between the legality and the morality of Toeppen's conduct.¹²⁷ As there was no evidence of willful intent to dilute Intermatic's mark, Intermatic received only an injunction against Toeppen, but not damages.¹²⁸ The court also differentiated between a cybersquatter like Toeppen and a situation where there were competing uses of the same domain name by competing parties. In the latter instance, the first party to register the domain name

117. *See id.*

118. *See id.* at *3.

119. *See id.*

120. *See id.* at *4.

121. *See id.*

122. *See id.*

123. 947 F. Supp. 1227 (N.D. Ill. 1996).

124. *See Albert, supra* note 17, at 304.

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

126. *Id.*

127. *See id.* at 1233-34.

128. *See id.* at 1241.

with NSI could legitimately claim it.¹²⁹ In the latter instance, there would not necessarily be dilution.¹³⁰

The *Intermatic* case contains two important rulings.¹³¹ First, a domain name that is the same as a trademark and does not compete with the trademark owner's products or services may not be trademark infringement but may be a violation of dilution laws.¹³² Second, any use of a domain name, whether to transmit graphic images or text, is a use "in commerce" of the domain name.¹³³

In *Panavision International, L.P. v. Toeppen*,¹³⁴ Panavision alleged that Toeppen registered the names "PanaVision" and "Panaflex," because he believed that when Panavision did decide to start a web page, Panavision would pay him to give up his domain name registrations rather than incur the costs of a lawsuit against him.¹³⁵ Panavision argued that Toeppen was not conducting business in the traditional sense, since he was not a competitor.¹³⁶ Rather, Toeppen's "business" was to prevent Panavision from conducting business on the web by using their trademarks as domain names and by refusing to relinquish the names unless Toeppen was paid a fee.¹³⁷

As noted earlier, a domain name is the easiest way for those who are familiar with a trademark to locate that company on the Internet. When a company's trademark is used by some other entity as a domain name, however, trying to locate the company's web site using a search engine on the web may be time-consuming and frustrating, and it may ultimately deter customers.¹³⁸ Even though Toeppen never used the name "PanaVision" in connection with the sale of any goods and services, his registration of that name and his efforts to resell the name to Panavision was adjudged commercial use and therefore prohibited under the Federal Trademark Dilution Act of 1995.¹³⁹

Why is Toeppen not adjudged a clever entrepreneur instead of a cybersquatter? One answer may be related to the *intent* of the person who registers someone else's famous trademark as a domain name. While it may be dilution per se to use a domain name to extort money from the trademark owner or to prevent

129. See *Intermatic*, 947 F. Supp. at 1234.

130. See *id.*

131. See Adrian Wolff, *Pursuing Domain Name Pirates into Uncharted Waters: Internet Domain Names that Conflict with Corporate Trademarks*, 34 SAN DIEGO L. REV. 1463, 1472 (1997).

132. See *id.*

133. See *id.*

134. See 938 F. Supp. 616, (1996), *aff'd*, 141 F.3d 1316 (9th Cir. 1998).

135. See *id.* at 619.

136. See *id.* at 621.

137. See *id.* at 619.

138. See *Hasbro, Inc. v. Clue Computing, Inc.*, 66 F. Supp. 2d 117, 125 (D. Mass. 1999). Defendant infringed on plaintiff's trademark rights and diluted its famous mark associated with the game, Clue, through use of a web site at the address of "clue.com". See *id.*

139. See *Panavision*, 938 F. Supp. at 616.

that owner from using the mark, a legitimate competitive use of the domain name is not dilution.¹⁴⁰

Should intent be determinative as to whether trademark dilution or infringement has occurred? Some courts suggest that preventing a plaintiff from using its own famous trademark as a domain name dilutes that plaintiff's ability to identify its goods and services to the extent that potential customers are lost.¹⁴¹ Yet another court has argued that intent should not be given great weight in determining the likelihood of confusion, because the presence or absence of intent does not impact the perception of consumers whose potential confusion is at issue.¹⁴² "Predatory intent tells little about how customers in fact perceive products."¹⁴³

For those who would argue in favor of the first-come, first-served policy of ICANN as determinative of legitimate ownership of a domain name consisting of a famous trademark, the court in *Cardservice International* had an easy rejoinder, "Such a policy cannot trump federal law."¹⁴⁴ The court went on to say that owners of valid trademarks under federal law are not subject to company policy, nor can the rights of those trademark owners be changed without congressional action.¹⁴⁵

C. The Free Rider

In *Playboy Enterprises, Inc., v. AsiaFocus International, Inc.*,¹⁴⁶ the publisher of Playboy magazine, sued for federal trademark infringement and other unfair trade practices. The defendants had used the plaintiff's federally registered trademarks Playmate and Playboy in the domain names "asian-playmates.com" and "playmates-asian.com" on their web pages.¹⁴⁷ They had also embedded "playmate" and "playboy" in the web page's source code that is visible to search engines that look for the words and phrases specified by the computer user.¹⁴⁸ Thus, someone searching for Playboy's web site by typing in the familiar name of Playboy or Playmate would receive a search engine-generated list that included the asian-playmates web site.¹⁴⁹ The defendants' web site also solicited sales of merchandise and services.¹⁵⁰

The court determined that there was a strong likelihood that the public would believe that the defendants' web site was sponsored or somehow connected

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140. See *id.*
141. See *id.* at 615.
142. See *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 44 (1st Cir. 1998).
143. *Id.* at 50.
144. *Cardservice Int'l, Inc., v. McGee*, 950 F. Supp 737, 740 (E.D. Va. 1997).
145. See *id.*
146. See *Playboy Enterprises, Inc., v. AsiaFocus Int'l, Inc.*, 1998 WL 724000, at *1 (E.D. Va. 1988).
147. See *id.* at *2.
148. See *id.*
149. See *id.* at *3.
150. See *id.* at *2.

to Playboy Enterprises, Inc. ("PEI"), given: 1) the highly distinguishable and famous Playboy and Playmate; 2) the defendant's unauthorized use of identical marks; 3) the similarity of the products offered by both PEI and the defendants; 4) the evidence of actual confusion; and 5) that the Internet was the precise marketing tool used by both companies.¹⁵¹ PEI's trademarks have acquired such goodwill and secondary meaning that the court determined that their identity of the marks was confused by the defendants' use of the words to promote not only their web site but their goods and services as well.¹⁵² The court therefore found the defendants liable for intentional federal trademark infringement and dilution, entering a default judgment for \$3,000,000 plus costs and reasonable attorneys' fees.¹⁵³

In another case of free riding, Toys 'R' Us sought an injunction to prevent the defendant from using any variation of its Toys 'R' Us trademark, since the company holds several trademarks using "'R' Us."¹⁵⁴ The defendants were operating a web site featuring a variety of sexual devices and clothing under the domain name "adultsrus."¹⁵⁵

The court found that, subject to equitable principles, the owner of a famous trademark is entitled to an injunction "against another person's commercial use in commerce of a mark...if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark."¹⁵⁶ Because of the extensive local and national marketing conducted by Toys 'R' Us and because of the mark's inherent peculiarity, the 'R' Us family of marks had developed a strong degree of distinctiveness that was easily recognized and well known.¹⁵⁷ The court found that the defendant's use of the mark both tarnished and diluted the plaintiff's trademark and issued the injunction.¹⁵⁸

In *Cardservice International, Inc., v. McGee*,¹⁵⁹ the plaintiff held a registered trademark of its name, "Cardservice International."¹⁶⁰ McGee registered "cardservice.com" as a domain name and provided credit card and debiting services similar to the plaintiff's but on a much smaller scale. The court found that there was "a likelihood of confusion between Cardservice International's registered mark and McGee's use of 'cardservice.com' and 'Card Service' on the Internet."¹⁶¹ This was especially true because of the similarities of the services offered. The court ruled that Cardservice was entitled to a permanent injunction against McGee requiring the defendant to cease use of the registered mark

151. See *id.* at *7.

152. See *id.* at *2.

153. See *id.* at *9.

154. See *Toys 'R' Us, Inc. v. Akkaoui*, 1996 WL 772709, at *1 (N.D. Cal. 1996).

155. See *id.* at *2.

156. *Id.* at *2 (citing 15 U.S.C. § 1125(c)(1) (1994 & Supp. IV 1998)).

157. See *id.* at *2.

158. See *id.*

159. 950 F. Supp. 737 (E.D. Va. 1997).

160. See *id.* at 738.

161. *Id.* at 740.

“Cardservice” and to relinquish any interest in the domain name, “cardservice.com.”¹⁶²

D. The Innocent

A man named Giacalone registered “ty.com” as his domain name address in order to conduct his software consulting business on the Internet.¹⁶³ He chose “ty.com” because that is his son’s name.¹⁶⁴ Unbeknownst to him, there was a toy company in California named Ty, Inc., which owned a registered trademark in “Ty.” The company tried the soft sell approach first and offered Giacalone \$1000 for the domain name.¹⁶⁵ When he refused, the company switched to hardball and threatened to file a trademark infringement suit.¹⁶⁶

Ty, Inc., sought to implement the NSI policy that would freeze use of the domain name until the dispute was settled between the contestants.¹⁶⁷ Giacalone sued to block this procedure. He sought a declaratory judgment that he was not infringing Ty, Inc.’s trademark and alleged that Ty, Inc., had engaged in tortious acts and abused trademark law.¹⁶⁸ Giacalone also attacked InterNIC’s freezing policy as a denial of due process and claimed there could be no confusion or dilution because nothing on his business web page mentioned toys or Ty, Inc.¹⁶⁹

This case is a good example of how an individual can innocently register a domain name and then have a large company allege piracy and threaten lawsuits and punitive damages. “Holders of a famous mark are not automatically entitled to use the mark as their domain name; trademark law does not support such a monopoly.”¹⁷⁰ Thus, if another innocent user is the first to register a famous trademark as a domain name and uses it for her own legitimate purposes, that innocent user should be entitled to use the domain name provided that “it has not otherwise infringed upon or diluted the trademark.”¹⁷¹ In this case, David prevailed over Goliath. After winning a temporary restraining order and preliminary injunction, Mr. Giacalone agreed to settle with Ty, Inc., and was paid a “very, very substantial sum” for his cooperation.¹⁷²

In *Interstellar Starship Services, Ltd., v. Epix, Inc.*,¹⁷³ the defendant registered the trademark “EPIX” for printed circuit boards and computer

162. See *id.* at 739.

163. See Wolff, *supra* note 131, at 1484 (referring to Giacalone v. Network Solutions, Inc., No. C-96-20434 (N.D. Cal. June 13, 1996)).

164. See *id.*

165. See *id.* at 1485.

166. See *id.*

167. See *id.*

168. See *id.*

169. See *id.* at 1484.

170. Hasbro, Inc., v. Clue Computing, Inc., 66 F. Supp. 2d 117, 133 (D. Mass. 1999.)

171. *Id.*

172. Wolff, *supra* note 131, at 1485.

173. 983 F. Supp. 1331 (D. Or. 1997).

programs.¹⁷⁴ The plaintiff had registered "epix.com" as an Internet domain name to promote a theater group's production, *The Rocky Horror Picture Show*.¹⁷⁵ If the two companies had provided the same or similar services, the court said there might be some confusion among actual or potential customers as a result of the similar trademark and domain name.¹⁷⁶ The court found, however, that the use of "epix.com" as a domain name by Interstellar Starship to publicize *The Rocky Horror Picture Show* was not likely to confuse any customers who wanted to purchase printed circuit boards and computer programs from Epix, Inc.¹⁷⁷

VI. MANAGING THE INTERNET

A. International Approaches

1. *Lex Mercatoria*

In the Middle Ages, itinerant merchants transacting trading activities in many diverse regions in Europe needed a common ground of law governing trade and customs that was independent of local sovereign law.¹⁷⁸ *Lex Mercatoria* (law of the merchant) originated from this need to ensure a basic fairness in commercial transactions.¹⁷⁹ These laws were applied to resolve disputes that arose between merchants at trade fairs in countries that had vast differences in their local, feudal, royal, and ecclesiastical laws.¹⁸⁰ Merchant customs and laws were generally not regarded as part of the law of the territorial sovereign where the dispute arose or was adjudicated.¹⁸¹

The need for dispute resolution that spawned *Lex Mercatoria* is analogous to the current need for dispute resolution on the Internet. A *Lex Mercatoria* of cyberspace would be useful.¹⁸² As the Internet crosses national borders and expands commercial ventures, individual governments cannot properly resolve domain name and trademark disputes. The Internet has rendered national borders essentially invisible, such that "international interests [call] for a global, rather than a United States-centered, governance structure."¹⁸³

Just as old wine does not fit into new wineskins, neither do the legal issues associated with the new commerce on the Internet fit into the old laws of intellectual property. A new jurisdictional paradigm is needed, because the

174. *See id.* at 1332.

175. *See id.*

176. *See id.* at 1336.

177. *See id.*

178. *See Johnson & Post, supra note 78, at 1389.*

179. *See Joel R. Reidenberg, Lex Informatica: The Formulation of Information Policy Rules, 76 TEX. L. REV. 553 (1998).*

180. *See id.*

181. *See id.*

182. *See Aron Mefford, Lex Informatica: Foundations of Law on the Internet, 5 IND. J. GLOBAL LEGAL STUD. 211, 225 (1997).*

183. *Developments in the Law, supra note 3, at 1662-63.*

traditional rules do not adequately resolve controversies where the conduct to be regulated is local but the ramifications are undeniably global.¹⁸⁴ Moreover, a consensus among those countries that use the Internet is essential for fairness; one country's laws should not dominate the formation of rules for the entire Internet.¹⁸⁵

The disputes between trademark and domain name holders traverse international borders, including those in Germany, France, the Netherlands, the United Kingdom, India, Australia, and New Zealand.¹⁸⁶ How should these international disputes be resolved? Who should be the arbiter? Would it be fair to apply the law of the country in which the user is located, where the server storing that user's home page is located, or even where the home page is accessed by another user?

Considering the differing philosophies underlying various countries' treatment of intellectual property, some may question whether uniform international standards for the protection of intellectual property can realistically be devised. Scholars, corporate heads, and politicians continue to debate and discuss the options. Many who celebrate the grassroots operation of the Internet vehemently oppose any efforts to apply conventional models of regulation.¹⁸⁷ Others contend that the law of cyberspace should evolve slowly through a cautious application of common law principles.¹⁸⁸ Still others believe that rather than struggling to develop a separate body of cyberlaw, existing legal principles should be applied.¹⁸⁹ When international transactions become established on the Internet, "a new system will be required that provide[s] suitable protection for the trademark-related rights, prevention of potential disputes and useful dispute settlement mechanism[s]."¹⁹⁰

2. *The World Intellectual Property Organization*

The United Nations' World Intellectual Property Organization ("WIPO") has proposed guidelines for resolving disputes concerning trademarks and for managing the Internet domain name process.¹⁹¹ WIPO proposes that ICANN establish a mechanism to give owners of famous or well known trademarks exclusive use of their marks in some or all generic top-level domains throughout a large geographic area.¹⁹² WIPO also recommends that ICANN establish a dispute

184. See Yang, *supra* note 5, at 303.

185. See Johnson & Post, *supra* note 78, at 1389.

186. See Schwimmer, *supra* note 2, at 265.

187. See Johnson & Post, *supra* note 78, at 1402.

188. See Lawrence Lessig, *Symposium: Emerging Medical Technology and the First Amendment: The Path of Cyberlaw*, 104 YALE L.J. 1743, 1745 (1995).

189. See Frank H. Easterbrook, *Cyberspace and the Law of the Horse*, 1996 U. CHI. LEGAL F. 207, 208 (1996).

190. Yang, *supra* note 5, at 315-16.

191. See Brenda Sandburg, *Do WIPO Rules Go Far Enough?*, 13 NO. 12 CORP. COUNS. 2 (1999)

192. Sandburg, *supra* note 191, at 2.

resolution procedure that would only handle allegations of cybersquatting.¹⁹³ In its interim report, WIPO recommended dispute resolution for all intellectual property conflicts involving domain name registration.¹⁹⁴

To help resolve domain name disputes, WIPO has created a Domain Name Challenge Panel.¹⁹⁵ Yet many have criticized the panel, because WIPO assumes that infringement has occurred if a plaintiff shows proof of a registered trademark, rather than requiring actual proof of infringement.¹⁹⁶ By assuming infringement solely on the basis of trademark ownership, large corporations stand to benefit over individuals or small companies.¹⁹⁷

B. The United States' Approaches

1. The Domain Name Piracy Prevention Act

Congress has sought to remedy some of the abuses associated with Internet domain names and trademarks. "[W]hat consumers see when they log on to a site is their only indication of source and authenticity, and legitimate and illegitimate sites may be indistinguishable in cyberspace....[A] well-known trademark in a domain name may be the primary source indicator for the online consumer."¹⁹⁸ So if someone is using a domain name which incorporates all or part of another's trademark in bad faith, the possibility of consumer confusion is real and apparent. "The result, as with other forms of trademark violations, is the erosion of consumer confidence in brand name identifiers and in electronic commerce generally."¹⁹⁹

Senate Bill No. 1461, the Domain Name Piracy Prevention Act of 1999, seeks to protect consumers by prohibiting the "bad-faith registration, trafficking or use of Internet domain names that are identical to, confusingly similar to, or [that dilute] distinctive trademarks."²⁰⁰ The bill seeks to "balance the property interests of trademark owners with the interests of Internet users."²⁰¹

193. *See id.*

194. *See id.*

195. *See* Todd W. Krieger, *Internet Domain Names and Trademarks: Strategies for Protecting Brand Names in Cyberspace*, 32 SUFFOLK U. L. REV. 47, 64 (1998).

196. *See id.*

197. *See id.*

198. 145 Cong. Rec. S9744-01, S9749 (1999).

199. *Id.*

200. *Id.*

201. *Id.* at S9750 § 3:

CYBERPIRACY PREVENTION. (a) IN GENERAL, Section 43 of the Trademark Act of 1946 (15 U.S.C. 1125) is amended by inserting at the end the following: (d)(1)(A) Any person who, with bad-faith intent to profit from the goodwill of a trademark or service mark of another, registers, traffics in, or uses a domain name that is identical to, confusingly similar to, or dilutive of such trademark or service mark, without regard to the good or services of the parties, shall be liable in a

Currently, courts consider several factors to determine whether there is a likelihood of confusion between domain names and trademarks. These include:

- (1) the degree of similarity between the marks in appearance and suggestion;
- (2) the similarity of products or services for which the name is used;
- (3) the area and manner of concurrent use;
- (4) the degree of care likely to be exercised by consumers;
- (5) the strength of the complainant's mark;
- (6) actual confusion; and
- (7) the alleged infringer's intent to palm-off his products as those of another.²⁰²

Despite its uniqueness, the Internet need not be immune from traditional trademark law applicable in the United States.²⁰³ According to the National Information Infrastructure Task Force report, "Existing legal precedent accepts the electronic transmission of data as a service and, thus, as a valid trademark use for the purpose of creating and maintaining a trademark" pursuant to the Lanham Act.²⁰⁴ Internet addresses provide both names and addresses. A domain name locates an entity on the Internet and indicates its source. Since these addresses identify both goods and services, they can infringe on trademarks. "Accordingly, a domain name should be afforded trademark protection."²⁰⁵

civil action by the owner of the mark, if the mark is distinctive at the time of the registration of the domain name.

Id.

Some of the factors specified by the Act that a court may consider to determine bad faith intent are:

- (i) the trademark or other intellectual property rights of the person, if any, in the domain name . . . (v) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source . . . ; (vi) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for substantial consideration without having used, or having an intent to use, the domain name in the bona fide offering of any good or services; (vii) the person's registration or acquisition of multiple domain names which are identical to, confusingly similar to, or dilutive of trademarks or service marks of others that are distinctive at the time of registration of such domain names, without regard to the goods or services of such persons.

Id.

202. See Albert, *supra* note 17, at 471.
203. See Sterling, *supra* note 38, at 756.
204. *Id.*
205. *Id.*

2. *The White Paper*

In 1998, the Clinton Administration addressed Internet domain name management with its White Paper proposal which united common themes of open participation, bottom-up coordination, and consensus building.²⁰⁵ The White Paper embodied the established norms of the Internet.²⁰⁷ "Through publication of the White Paper, the U.S. government codified these nebulous principles and contributed to the birth of a written history of Internet governance."²⁰⁸

The White Paper recommended that ICANN coordinate Internet operations, such as managing IP addresses and root servers, increasing the number of top-level domains, and establishing protocol parameters.²⁰⁹ ICANN's structure reflects the philosophic foundation of the Internet's established norms and traditions. Its bylaws emphasize that the corporation will operate in an open manner to ensure fairness.²¹⁰ To that end, ICANN intends to post its policies and decisions on its web site and encourages input from all interested parties.²¹¹ Agreement must be reached between the U.S. government and the new corporation with regard to the transfer of operations currently handled by IANA.²¹² Similarly, the government and the new corporation need to transition the management of the domain name system to the private sector and to transfer management operations.²¹³

The United States is urging the international community in WIPO to initiate a group consisting of trademark owners and others in the Internet community.²¹⁴ This group should:

- (1) Develop recommendations for a uniform approach to resolving trademark/domain name disputes involving cyberpiracy (as opposed to conflicts between trademark holders with legitimate competing rights);
- (2) Recommend a process for protecting famous trademarks in the generic top level domain; and
- (3) Evaluate the effects...of adding new GTLDs and related dispute resolution procedures on trademark and intellectual property holders.²¹⁵

Obviously, there are no easy answers to the challenges inherent in management of the Internet. One must remember, however, that this lack of ease

206. *Developments in the Law*, *supra* note 3, at 1665.

207. *See id.* at 1667.

208. *Id.*

209. *See id.* at 1668.

210. *See id.* at 1673.

211. *See id.*

212. *See* Schwimmer, *supra* note 2, at 318.

213. *See id.*

214. Mark V.B. Partridge, *Internet Domain Name System: Recent International Developments*, 558 PLI/PAT 55, 72 (1999).

215. *Id.*

does not a "crisis" create. It is simply and predictably part of the process of innovative discovery as the winds of change blow across global communication processes.

3. *The Doctrine of Comity*

The doctrine of comity and its related principles may help to establish some guidelines.²¹⁶ The doctrine of comity as formulated by U.S Supreme Court is "the recognition which one nation allows within its territory to the legislative, executive or judicial acts of another nation, having due regard both to international duty and convenience, and to the rights of its own citizens or of other persons who are under the protection of its laws."²¹⁷ This doctrine is incorporated into the *Restatement (Third) of Foreign Relations Law of the United States*, which provides that when there is a conflict between different nations (states), "[E]ach state has an obligation to evaluate its own as well as the other state's interest in exercising jurisdiction...and should defer to the other state if that state's interest is clearly greater."²¹⁸ These principles would fit well into a *Lex Mercatoria* of cyberspace in which there is a concerted effort to respect the different customs and laws of various nations.

VII. CONCLUSION

The changes that the Internet has and will continue to make in people's lives can be likened to those precipitated by the advent of electricity or the Gutenberg press because of the monumental changes they presage for us now and in the future. This time, though, the effects will become global in a fraction of the time that the other two did. The Internet is dissolving territorial borders between commercial entities as its application and influence have expanded.

Current laws clearly recognize that domain names are used to violate the rights of legitimate trademark holders and offer remedies for those suffering harm. Similarly, trademark holders have abused the rights of legitimate domain name holders. Many questions remain, and the legal debate over these revisions as well as the regulation of the Internet is far from settled. That is not surprising, however, considering the relative "youth" of the Internet.

Lawyers and judges are struggling to keep up with the changes inaugurated by the commercial exploitation of the Internet. Beliefs they hold about computers and their predictions about new technology are likely to be false. We should be wary of those who profess to make accurate predictions about the future of cyberspace law.²¹⁹ "The blind are not good trailblazers."²²⁰

216. See Johnson & Post, *supra* note 78, at 1391 (1987).

217. Hilton v. Guyot, 15 U.S. 113, 164 (1895).

218. RESTATEMENT (THIRD) OF FOREIGN RELATIONS LAW OF THE UNITED STATES, § 403(1) (1987).

219. See Easterbrook, *supra* note 189, at 207.

220. *Id.*

The *process* of adaptation may not be fast enough for some nor slow enough for others. Uncertainty is inevitable as international cultures and lawmakers seek to build a consensus to facilitate and encourage stable international commercial transactions. There is no crisis, just the inevitable uncertainty that accompanies the process of changes in our lives. The “doomsdayers” and “doomsayers” will overreact, of course, heralding communication chaos and claiming that “the Internet is failing” (a.k.a., “the sky is falling”). But, just like Chicken Little, they are wrong.

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