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RIGHT ON THE MARK: DEFINING THE NEXUS BETWEEN TRADEMARKS AND INTERNET DOMAIN NAMES

by G. PETER ALBERT, JR.†

I. INTRODUCTION

Due to a growing consumer interest in the Internet, many businesses are looking to establish an Internet presence. Twenty percent of Americans already have Internet access.¹ In 1994 alone, the Internet reached nearly five million host computers and twenty-five million users.² Those numbers have steadily doubled every year since 1983.³ Currently, the Internet connects computer networks in over forty countries including France, Germany, Japan, Russia, and the United Kingdom.⁴

As the Internet continues to grow, disputes over proprietary rights on the Internet are becoming increasingly common. However, adequate dispute resolution policies and procedures have not yet been established to deal with these disputes. This article examines the flaws in the current policies and procedures, and proposes additions and modifications designed to protect established proprietary rights, while fostering the Internet's open environment.

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1. Greg Siskind, *Success Story: Building a Law Firm Using the Internet*, INTERNET LAW., Feb. 1996, at 4 <<http://www.internetlawyer.com>>.

2. G. BURGESS ALLISON, *THE LAWYER'S GUIDE TO THE INTERNET* 19 (1995).

3. *Id.*

4. RICHARD J. SMITH & MARK GIBBS, *NAVIGATING THE INTERNET* 8 (1994).

II. BACKGROUND

A. DEFINING THE INTERNET

Now almost a household word, the Internet is a global web of inter-connecting computer networks. It was created in early 1969, under the name ARPANET, as a Department of Defense project. Initially, the project was intended to be a global communications network which could provide uninterrupted computer communications during a catastrophe. Since the Internet is a web of networks, communications are routed from point to point via many alternate routes. Therefore, if one or several networks are destroyed, communication can still be accomplished via the alternate routes.

For many years, mainly the government and universities used the Internet. Advertising and commercialization on the Internet were highly discouraged. One infamous instance of advertising on the Internet involved two Arizona attorneys, a husband and wife team who ran a small law firm.⁵ The attorneys posted an advertisement for their immigration-related legal services in every one of several thousand news-groups on the Internet. Enraged Internet users flooded the network with thousands of angry e-mail responses directed at the attorneys. The volume of e-mail shut down the system that the attorneys were using and, not surprisingly, their Internet service provider promptly revoked their service privileges.

The Internet has become accessible to virtually anyone with a computer and a modem, mainly because of large on-line service providers such as Compuserve, Prodigy, and America Online. Today's users range from librarians, teachers, scientists, engineers, students, and everyday consumers, to commercial and non-profit organizations. By using the Internet, one can send e-mail, upload and download files, remotely log into other computers, and access the World Wide Web ("Web") to conduct research and communicate instantaneously with people around the world. The diversification of Internet users, along with Web development, has caused a significant change of attitude regarding advertising and commercialization. Today, unobtrusive advertising is tolerated.

Until the development of Hypertext Markup Language ("HTML") and the Web, most Internet communications were text-based.⁶ Commercial interest in the Internet has peaked with the Web's rapidly develop-

5. ALLISON, *supra* note 2, at 34. See also Brian G. Gilpin, *Attorney Advertising and Solicitation on the Internet: Complying with Ethics Regulations and Netiquette?* 13 J. MARSHALL J. COMPUTER & INFO. L. 697 (1995) (arguing that attorneys can and should carefully engage in advertising and solicitation on the Internet with an Appendix containing proposals for a Model Code for Advertising and Solicitation in Cyberspace).

6. See generally Elizabeth Castro, *HTML FOR THE WORLD WIDE WEB* (1996) (explaining how HTML operates).

ing graphics and multimedia capabilities, and with growing consumer activity prompted by on-line and Internet service providers. Sales on the Internet have grown from around 8 million in 1994 to around 436 million in 1995.⁷

One of the Internet's main advantages is that it can place the sole proprietor and small business person on the same footing as large, multinational corporations. With relative ease, virtually anyone can publish information on the Web. Slick advertisements, including graphics, sound, and video, can be published and made available to millions of Internet users around the world. For this reason, the Web has been referred to as the Gutenberg press of our time.⁸ With the recent development of various communications and electronic-commerce tools, business can now be conducted, and products and services distributed, all over the world, via the Internet, for a fraction of the normal cost required to accomplish these tasks. These developments have promoted thousands of "virtual" businesses as well as spawned new industries.

With such tremendous potential available, businesses have been scrambling to take advantage of this new marketplace. Many businesses are now creating a presence on the Internet by establishing an Internet site, which is identified by a lengthy numerical address. These addresses initially were both cumbersome and difficult to remember, prompting the creation of the "domain name" system.

B. DESCRIBING THE DOMAIN NAME SERVICE

The domain name system allows each Internet site to have a unique easy-to-remember alphanumeric "domain name." For example, the President of the United States can be reached by e-mail at "president@whitehouse.gov." This e-mail address has two parts: a user-ID and a domain name. The user-ID, "president," refers to a particular person connected at that site, and the domain name, "whitehouse.gov," identifies a specific site on the Internet.

Domain names consist of multiple levels. The domain name "whitehouse.gov" consists of a first or top level, ".gov," and a second level, "whitehouse." In the United States, Network Solutions, Inc. ("NSI") assigns most domain names under a grant from the National Science Foundation.

7. Senator Patrick Leahy, Testimony at a Congressional Hearing on *Promotion of Commerce On-Line in the Digital Era* (June 12, 1996) (transcript available at 1996 WL 10827661).

8. CASTRO, *supra* note 6, at ix.

1. *Top Level Domain Names*

NSI is responsible for the registration of domain names that have any one of six possible top levels. The top level generally designates the type of organization that is using the domain name. The six possible choices include: ".com" for commercial; ".gov" for federal government agencies; ".edu" for four-year colleges and universities; ".org" for other organizations; ".net" for Internet infrastructure machines and organizations; and ".mil" for United States military organizations.⁹ Other regional registries have been formed to register domain names with top levels corresponding to country codes. For example, the Information Sciences Institute of the University of Southern California is responsible for assigning ".us" (United States) domain names. Trade organizations, such as RIPE NCC¹⁰ and APNIC,¹¹ have been formed to assist in registering top level domain names in European and Asian Pacific countries, respectively.

2. *Second Level Domain Names*

The second level of a domain name is the part usually designated by the domain name holder. This level may contain up to twenty-two alphanumeric and special characters.¹² The domain name holder can also add additional levels to the domain name. For example, companies sometimes use additional levels to create individual domain names for particular divisions or departments. The domain name holder adds additional levels to the left of the second level and separates them by a period (.). An example of a domain name with additional levels is "purchasing.xyzcompany.com."

3. *Registering a Second Level Domain Name*

NSI assigns second-level alphanumeric domain names on a "first come, first served" basis.¹³ Domain names can be filed electronically with NSI.¹⁴ When requesting a domain name, the applicant must agree to be bound by the terms of NSI's Registration Agreement and Dispute Policy Statement.¹⁵ The current cost is \$100 for registration and the

9. David M. Kelly, *Domain Names in a Nutshell*, INTERNET NEWSL., Apr. 1996, at 10.

10. Regional domain name registry for Europe.

11. Asian-Pacific Network Information Center

12. Kelly, *supra* note 9, at 10.

13. See *infra* Clause I-1 of APPENDIX.

14. Domain name applications can be found on the Internet at <<http://rs.internic.net/rs-internic.html>>.

15. *NSI Registration Agreement* (visited Oct. 12, 1996) <<ftp://rs.internic.net/templates/domain-template.txt>>. "By applying for the Domain name and through the use or continued use of the Domain name, the applicant agrees to be bound by the terms of NSI's then current Domain name policy" *Id.*

first two years of service, and \$50 per year thereafter.¹⁶ NSI requires each applicant to have at least two operational domain name servers for each domain name.¹⁷ The servers can be dedicated or, more likely, leased space from an Internet service provider.

NSI ensures that every Internet domain name is unique.¹⁸ However, no substantive-examination procedures exist for domain name applications. Therefore, generic and descriptive names, unlike trademarks, are registrable as long as they are not identical to any existing domain name registration.¹⁹ Furthermore, NSI does not perform trademark-type analysis to determine if a likelihood of confusion exists between existing domain name registrations or between domain name registrations and currently registered trademarks.²⁰

a. Registration Agreement

Under the current Registration Agreement, the domain name applicant certifies that the use of the requested domain name does not violate trademark or other statutes.²¹ If a third party challenges the use of the domain name or if a dispute arises under the Registration Agreement, the applicant agrees to abide by the procedures specified in the Policy Statement, the terms of which NSI can change at any time.²² Furthermore, the Registration Agreement specifies that the Agreement and Policy Statement will be governed and interpreted under United States and California laws.²³

b. NSI Policy Statement

NSI published the Policy Statement in July 1995; NSI then revised the Policy Statement in November 1995, and again in September 1996, in an attempt to control legal costs and liability by minimizing NSI's in-

16. Richard Raysman & Peter Brown, *Domain Names: Protecting Trademarks on the Internet*, N.Y. L.J., June 11, 1996, at 3.

17. *NSI Registration Agreement*, *supra* note 15, at § 7. "At least two independent Servers MUST be provided for translating names to addresses for Hosts in the Domain." *Id.*

18. *See infra* Clause I-1 of APPENDIX.

19. *See infra* Clause I-1 of APPENDIX.

20. *See infra* Clause I-1 of APPENDIX.

21. *NSI Registration Agreement*, *supra* note 15. "The party requesting registration of this name certifies that, to her/his knowledge, the use of this name does not violate trademark or other statutes." *Id.*

22. *NSI Registration Agreement*, *supra* note 15. "The applicant agrees that if the use of the Domain name is challenged by any third party, or if any dispute arises under this Registration Agreement, as amended, the applicant will abide by the procedures specified in the Policy Statement." *Id.*

23. *NSI Registration Agreement*, *supra* note 15. "This Registration Agreement shall be governed in all respects by and construed in accordance with the laws of the United States of America and of the State of California" *Id.*

volvement in the growing number of domain name disputes.²⁴ As part of the Policy Statement, NSI requires the applicant to agree to defend, indemnify, and hold harmless NSI, as well as several other InterNIC organizations, for any loss or damage award resulting from a dispute over the registration or use of a domain name.²⁵ Furthermore, the current Policy Statement requires the applicant to represent that the domain name is not registered for unlawful purposes and that, to the best of the applicant's knowledge, the registration of the domain name does not interfere with or infringe upon the rights of a third party.²⁶

c. Effect of Breaching the Registration Agreement or the Policy Statement

If the domain name owner breaches any provision of the Registration Agreement or Policy Statement, NSI may provide a written notice describing the breach to the owner.²⁷ If the owner does not adequately rebut the alleged breach within thirty days of the date of mailing of the notice, than NSI may revoke the domain-name registration.²⁸ In addition, the Policy Statement does not provide a third party right to require or demand removal of the domain name for any breach of the representations or obligations of the owner under the Policy Statement.²⁹

III. ANALYSIS

As disputes over domain names continue to occur, the question remains whether NSI's dispute policy, and traditional theories of trademark and unfair-competition law, are suited to deal with these disputes. In general, two types of disputes exist. The first type of dispute concerns the protection of domain names as trademarks. The second type of dis-

24. See *infra* Domain Name Dispute Policy (Sept. 9, 1996) of APPENDIX.

25. See *infra* Clause II-3 of APPENDIX.

26. See *infra* Clause I-2 of APPENDIX.

27. See *infra* Clause II-12 of APPENDIX.

28. A domain name owner can breach the Policy Statement in a number of ways, including failing to maintain two active domain name servers or not paying the annual maintenance fees. NSI stated that invoices will be sent out 60 days, 30 days and 15 days prior to the due date of each annual maintenance fee. Maintenance fees are due on the anniversary of registration. On June 25, 1996, NSI proved to the Internet community that unpaid maintenance fees would not be tolerated when NSI revoked some nine thousand Internet domain names belonging to domain name holders with overdue balances. Therese Poletti, *MSNBC Web Site Caught up in Domain Name Eviction*, REUTERS, June 28, 1996, available in LEXIS, News Library, Curnws File. Among the domain names revoked was "msnbc.com," which belonged to the soon-to-be-launched 24-hour news, talk, and information service from Microsoft Corporation and NBC. Fortunately, MSNBC quickly paid the balance and reclaimed the domain name.

29. See *infra* Clause II-5, 6 of APPENDIX.

pute concerns the registration of domain names that involve someone else's trademarks.

A. DOMAIN NAMES CAN FUNCTION AS TRADEMARKS, THUS
ESTABLISHING RIGHTS³⁰

The United States Patent and Trademark Office ("USPTO") indicated that they will examine trademark registrations for Internet domain names under the same standards as other trademark applications.³¹ This means that a domain name must be used as a trademark in a conspicuous manner that serves to identify source, origin, sponsorship, or affiliation. Three elements exist for the qualification of a word or a symbol as a trademark: (1) "function," i.e., to identify and distinguish seller's goods from goods made and sold by others; (2) "type of use," i.e., actual adoption and use of the symbol by a manufacturer or seller of goods or services; and (3) "tangible symbol," i.e., a word, name, symbol or device, or any combination.³² In addition, a trademark must be distinctive enough to perform the function of identifying and distinguishing the goods that bear the symbol.

30. For purposes of this article, the term "trademark" is meant to include both trademarks and service marks as defined in the Lanham Act § 45, 15 U.S.C. 1127 (1994).

31. United States Patent and Trademark Office, *Registration of Domain Names in the Trademark Office* (visited Mar. 27, 1996) <<http://www.uspto.gov/web/uspto/info/domain.html>> [hereinafter USPTO, *Registration of Domain Names*].

32. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3.01[1] (3d ed. 1996). The Lanham Act § 45 provides:

The term "trademark" includes any word, name, symbol, or device, or any combination thereof—

- (1) used by a person, or
- (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

The term "service mark" means any word, name, symbol, or device, or any combination thereof—

- (1) used by a person, or
- (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

Lanham Act § 45, 15 U.S.C. § 1127 (1994).

1. *The Goods or Services Identified by a Domain Name as a Trademark*

Several issues arise when identifying the goods or services in a trademark application for an Internet domain name. As with all trademark applications, the proposed mark is not protected for any and all goods or services. The applicant must specify the goods and services offered under the trademark or domain name.³³ The USPTO indicated that merely reciting "Internet domain name" as the goods or services is unacceptable.³⁴

Generally, the USPTO considers publications, such as newspapers and magazines, as goods classified in Class 16. However, the USPTO does not consider electronic publications, such as Web pages, that appear on computers or through computer networks as "goods" since the provider does not deliver the goods in tangible form to the end user.³⁵ Rather, the USPTO considers these computer publications to be "services."³⁶ In this sense, the service is the presentation of information via computer, making the receipt of this information convenient and flexible for computer users.³⁷ Therefore, the appropriate classifications for trademark applications on Internet domain names seem to be Classes 35-42, which identify various types of information services.³⁸ All of these identifications should be qualified with a statement indicating that the information services "are rendered by means of a global computer network" or similar terminology.³⁹ For example, "a mark such as GQ.COM for GQ® magazine made available via computer would be identified as 'computer services, namely, providing on-line magazines in the field of fashion, entertainment, health, lifestyle and other topics of general interest'" in Class 42.⁴⁰

The advertising and selling of one's own goods by itself is not considered an appropriate "service" under traditional trademark theory. Thus, the USPTO has indicated that domain names assigned to Web sites which merely advertise and sell the goods or services of the site owner are not registrable as trademarks.⁴¹ However, the addition of some value-added content to the Web page advertisement may be sufficient to make the domain name registrable. The USPTO can accept a very low threshold of value-added activity on such sites to qualify them as infor-

33. USPTO, *Registration of Domain Names*, *supra* note 31.

34. USPTO, *Registration of Domain Names*, *supra* note 31.

35. USPTO, *Registration of Domain Names*, *supra* note 31.

36. USPTO, *Registration of Domain Names*, *supra* note 31.

37. USPTO, *Registration of Domain Names*, *supra* note 31.

38. USPTO, *Registration of Domain Names*, *supra* note 31.

39. USPTO, *Registration of Domain Names*, *supra* note 31.

40. USPTO, *Registration of Domain Names*, *supra* note 31.

41. USPTO, *Registration of Domain Names*, *supra* note 31.

mation services.⁴² For example, “a specialty food producer may advertise and offer its products for sale on its [W]eb site.”⁴³ That, in itself, would not be sufficient to support registration of the domain name of the site as a trademark.

However, if the site also included recipes, the history of some of the products, and other similar non-commercial information, the domain name could be accepted as the identifier of an information service in the field of food and food preparation rendered by means of a global computer information network in Class 42.⁴⁴

2. *The Use of a Domain Name as a Trademark*

Even if the Internet resources are appropriate goods or services, the Internet domain name must be used in a manner which “identifies and distinguishes” the goods or services in order to qualify as a trademark. Since the Internet domain name must be used in a trademark manner, simply using the domain name as a URL address for a Web page or e-mail address identifying the cyberspace location of the services may not be sufficient. The domain name must be used in a manner “identifying and distinguishing” the service, the source, or the sponsorship of the service.⁴⁵ Additional promotion, such as advertising the domain name or using the domain name in a conspicuous manner, for example, using the mark somewhere in the Web page apart from the address, may be sufficient to show use of a domain name as a trademark. Placing the appropriate legal symbols (“TM” and “SM”) and legends with the domain name further indicates the user’s intention to use the domain name in a trademark sense.

42. USPTO, *Registration of Domain Names*, *supra* note 31.

43. USPTO, *Registration of Domain Names*, *supra* note 31.

44. USPTO, *Registration of Domain Names*, *supra* note 31. Another example of a Web page with value-added information is one that contains a database of patent information and a search engine for performing searches of the database. In this case, the Web page actually performs a service and the Uniform Resource Locator (“URL”) containing the domain name actually identifies the service.

45. USPTO, *Registration of Domain Names*, *supra* note 31.

[Generally, domain names] are . . . printed in small letters on business letterhead stationery, business cards or advertisements, much in the same way addresses and telephone numbers are presented. They provide information on how to contact the entity, rather than act as identifiers of a service. Specimens of this type will have to be refused [for] not showing service mark use of the matter presented for registration. By analogy with trade names, the more distinctive the presentation of the domain name and the further it is physically removed from other merely informational data on the specimens, the more [likely the USPTO will perceive it to function] as a service mark, not just contact information for a particular entity.

Id.

3. *A Domain Name as a Trademark Must not be Generic*

The USPTO also indicated that the top level of a domain name adds nothing of trademark significance to the mark and will not affect the registrability of the mark as a whole.⁴⁶ These designators are ignored when comparing marks or determining if the mark, as a whole, is generic or descriptive.⁴⁷ "The addition of other computer protocol insignias, such as 'http://www.,' [probably] would have the same non-effect."⁴⁸ Thus, if the term that carries the trademark significance of the mark (the term other than the computer protocol portions) is generic or describes services identified in the application, the entire mark will be denied registration.⁴⁹ The USPTO stated that it will examine and deny trademark registrations for generic and descriptive domain names under section 2 of the Lanham Act.⁵⁰ Similarly, if the term that carries the trademark significance of the mark is confusingly similar to another mark, the entire mark will be denied registration.⁵¹

B. TRADEMARK CASES ADDRESSING GENERIC TERMS AND OTHER ANALOGOUS ISSUES

Issues arising from the registration and use of domain names as trademarks are analogous to those presented in telephone number cipher cases. Therefore, case law that addresses telephone number ciphers (for example, an alphanumeric representation of a telephone number) which act as trademarks, may provide some instruction on how the courts will deal with domain names as potential trademarks.⁵²

1. *The Protection of Generic Terms*

The courts and commentators seem to be in agreement that telephone number ciphers can act as trademarks.⁵³ However, although traditional trademark law does not extend to generic terms, at least one

46. USPTO, *Registration of Domain Names*, *supra* note 31.

47. USPTO, *Registration of Domain Names*, *supra* note 31.

48. USPTO, *Registration of Domain Names*, *supra* note 31.

49. USPTO, *Registration of Domain Names*, *supra* note 31. The examination for registration of domain names follows the policy applied to the registration of mnemonic telephone numbers, for example, 1-800-LAWYERS. A domain name can, thus, be refused under § 1, if the mark is not used as a trademark or service mark, as well as under § 2(d) and § 2(e). *Id.*

50. USPTO, *Registration of Domain Names*, *supra* note 31.

51. USPTO, *Registration of Domain Names*, *supra* note 31.

52. Carl Oppendahl, *Internet Domain Names that Infringe Trademarks*, N.Y. L.J., Feb. 14, 1995, at 5 (concluding that domain-name-trademark issues are substantially similar to telephone-number-trademark issues).

53. *Dial-A-Mattress Franchise Corp. v. Page*, 880 F.2d 675 (2d Cir. 1989); *Bell v. Kidan*, 836 F. Supp. 125 (S.D.N.Y. 1993); *Holiday Inns, Inc. v. 800 Reservation, Inc.*, 86 F.3d 619 (6th Cir. 1996).

court has held that trademark protection is possible for telephone number ciphers which are "mainly generic or descriptive terms."⁵⁴ Nevertheless, a split exists in the authority.⁵⁵

a. *Dial-A-Mattress Franchise Corp. v. Page*⁵⁶

In *Dial-A-Mattress*, the appellate court stated that telephone numbers may be protected as trademarks.⁵⁷ Dial-A-Mattress Corporation was a retail mattress dealer which used a local New York metropolitan telephone number to take orders from customers.⁵⁸ The telephone number digits corresponded to the letters MAT-TRES on the telephone dial.⁵⁹ Competitor Anthony Page, whose sofa-bed business had expanded into the mattress business, obtained and began advertising and using the telephone number 1-800-MAT-TRES.⁶⁰ Dial-A-Mattress Corporation filed suit charging Page with trademark infringement, unfair competition, and unjust enrichment under federal and New York law.⁶¹ The trial court issued a preliminary injunction ordering Page to disclaim any connection to Dial-A-Mattress and to notify the telephone company to refrain from connecting calls placed to the number 1-800-MAT-TRES, from any of the New York metropolitan area codes.⁶² Page appealed the order.

In reviewing the case, the appellate court clearly stated that Dial-A-Mattress could not claim trademark rights to the word "mattress" if the word was used solely to identify the company or its product.⁶³ Nor would protection be available for the variation (MATTRES, without the final S) used by Dial-A-Mattress, since the variation did not change the generic significance for the buyer.⁶⁴ However, the appellate court also clearly stated that a second user, though entitled to use a generic term already used by competitors, may be enjoined from passing itself off as the first user or its product off as the product of the first user.⁶⁵

54. *Dial-A-Mattress Franchise Corp. v. Page*, 880 F.2d 675 (2d Cir. 1989).

55. *Dranoff-Perlstein Assocs. v. Sklar*, 967 F.2d 852 (3d Cir. 1992). See generally Terry Ann Smith, *Telephone Numbers That Spell Generic Terms: A Protectable Trademark or an Invitation to Monopolize a Market?*, 28 U.S.F. L. REV. 1079 (1994) (arguing that telephone numbers should not be protected because protection would hinder the pro-competition policies of the Lanham Act).

56. 880 F.2d 675 (2nd Cir. 1989).

57. *Id.* at 678.

58. *Id.* at 676.

59. *Id.*

60. *Id.* at 677.

61. *Dial-A-Mattress*, 880 F.2d at 677.

62. *Id.*

63. *Id.*

64. *Id.*

65. *Id.* at 678.

The appellate court found that companies doing a significant business through telephone orders frequently promote their telephone numbers as a key identification of the source of their products.⁶⁶ Thus, the appellate court concluded that a competitor's use of a confusingly similar telephone number may be enjoined as both trademark infringement and unfair competition.⁶⁷ The appellate court went so far as to say that a "plaintiff does not lose the right to protection against a defendant's use of a confusingly similar telephone number and a confusingly similar set of letters that correspond to that number on the telephone dial just because the letters spell a generic term."⁶⁸

The appellate court's opinion stated that the "principles limiting protection for the use of generic terms serve to prevent a marketer from appropriating for its exclusive use words that must remain available to competitors to inform their customers of the nature of the competitor's business or product."⁶⁹ However, these principles do not require that a competitor remain free to confuse the public with a telephone number that is deceptively similar to that of the first user.⁷⁰ Thus, the appellate court affirmed the trial court's preliminary injunction.⁷¹

*b. Dranoff-Perlstein Assocs. v. Harris J. Sklar*⁷²

The appellate court in *Dranoff-Perlstein* also adopted the position that telephone number ciphers can function as trademarks.⁷³ However, unlike the Second Circuit in *Dial-A-Mattress*, the Third Circuit in *Dranoff-Perlstein* stated that telephone number ciphers are subject to the same basic principles as traditional trademarks and, thus, cannot be protected if generic.⁷⁴

Dranoff-Perlstein Associates began advertising and using the telephone number INJURY-1 for their personal injury law practice.⁷⁵ Some time afterward, Harris Sklar began using and advertising INJURY-9 for his personal injury law practice.⁷⁶ Both parties filed federal trademark applications for their respective marks and before the USPTO took action on either application, Dranoff-Perlstein filed suit against Sklar for

66. *Dial-A-Mattress*, 880 F.2d at 678.

67. *Id.*

68. *Id.*

69. *Id.*

70. *Dial-A-Mattress*, 880 F.2d at 678.

71. *Id.*

72. 967 F.2d 852 (3d Cir. 1992).

73. *Id.* at 857.

74. *Id.*

75. *Id.* at 853.

76. *Id.* at 854.

trademark infringement and state trademark dilution.⁷⁷ Dranoff-Perlstein also requested and was granted a suspension of prosecution of Sklar's trademark application during the pendency of the case.⁷⁸

In reviewing the case, the appellate court stated that the mere fact that the parties' marks corresponded to their telephone numbers did not substantially alter the analysis of the case.⁷⁹ It restated that most courts that have considered the question have held that marks which correspond to telephone numbers may be protectable.⁸⁰ The appellate court then stated that in order to function as a trademark, a term must be an indicator of source, sponsorship, approval, or affiliation; if a mark that corresponds to a telephone number performs these functions, the mark may, if the other requirements of trademark law are met, be entitled to trademark protection.⁸¹

Upon reviewing the relevant case law, the appellate court adopted the policy that generic marks are not protectable, and the fact that a mark corresponds to a telephone number does not change the analysis.⁸² Therefore, the court declined to adopt the position espoused in *Dial-A-Mattress*. It said that Dranoff-Perlstein would be entitled to prevail if its mark was found to be arbitrary, suggestive, or descriptive and possessing secondary meaning.⁸³

The appellate court determined that the term "INJURY" was generic in the context of personal injury legal services and reversed the order of the trial court.⁸⁴ However, since the mark for which protection was sought was not "INJURY" but "INJURY-1," the appellate court remanded the case for further proceeding and ordered the trial court to determine if the mark, "INJURY-1," as a whole, was entitled to protection and was infringed upon.⁸⁵

c. *Application of Dial-A-Mattress and Dranoff-Perlstein to Domain Names*

As illustrated by this split in authority, the manner in which the courts will deal with Internet domain names that correspond to a generic term is still unsettled. While the USPTO has stated that registrations for generic Internet domain names will be rejected under section 2 of the

77. *Dranoff-Perlstein*, 967 F.2d at 854.

78. *Id.* at 857.

79. *Id.* at 855.

80. *Id.*

81. *Dranoff-Perlstein*, 967 F.2d at 856.

82. *Id.* at 857.

83. *Id.*

84. *Id.* at 860-63.

85. *Id.* at 863.

Lanham Act, USPTO guidelines are not binding authority. As the law stands today, there is no consensus among the courts on this issue.

Justice Stapleton, in his concurring opinion in *Dranoff-Perlstein*, raised several interesting points not addressed by the majority or any other court to date. Justice Stapleton stated that if an advertisement does nothing more than instruct a reader to call a telephone number, no trademark or service mark protection is available under the Lanham Act or the common law of trademarks.⁸⁶ Such protection exists only when a mark is being used to identify the source of goods or services.⁸⁷ Thus, a mnemonic utilized solely to help a potential client remember a telephone number is not entitled to trademark protection.⁸⁸

Applying these statements to Internet domain names would suggest that merely using the domain name, along with other computer protocols, to instruct a computer user to access a Web page or an e-mail address would not give rise to trademark rights to the domain name. Since this is the most common way of using a domain name, most uses would not give rise to trademark rights. Advertisements for products and services which contain the URL of a Web page are becoming commonplace. Typically, the URL is written alone in small font near the bottom of the advertisement. This type of use more closely resembles use as an address and not a trademark use. Trademark rights will exist only when the domain name is used in the manner of a trademark to identify the source of the goods or services.

2. Other Issues

Several other cases have dealt with issues which could be extended to Internet domain name disputes.

a. Assigning Domain Names on a First Come First Served Basis

In *Murrin v. Midco*,⁸⁹ the court held that allocating "1-800" telephone numbers on a "first come, first served" basis was an appropriate method for assigning the numbers.⁹⁰ While the court specifically interpreted a statute that prohibits common carriers from discriminating among customers, conceivably the court would also consider appropriate NSI's policy of distributing Internet domain names on a "first come, first served."

86. *Dranoff-Perlstein*, 967 F.2d at 863 (Stapleton, J., concurring).

87. *Id.*

88. *Id.*

89. 726 F. Supp. 1195 (D. Minn. 1989).

90. *Id.* at 1199.

b. *Similar Domain Names may not Constitute Infringement*

In *Bell v. Kidan*,⁹¹ the holder of the telephone number "CALL-LAW" brought a trademark infringement action against a law firm using "1-800-LAW-CALL." The trial court stated that "while the similarity of CALL-LAW and LAW-CALL is apparent, the telephone numbers must be confusingly similar to warrant an injunction."⁹² The trial court concluded that no confusing similarity between the marks existed, because CALL-LAW was not a very strong mark and because CALL-LAW was a toll call while 1-800-LAW-CALL was not.⁹³ The trial court held that the difference between a toll call and a free call is likely to be of significance, and an ordinary customer would expect even slight variations in a telephone mnemonic to yield an entirely different number.⁹⁴ Thus, the trial court denied the plaintiff's request for a preliminary injunction enjoining the defendants from using, advertising, or promoting the 1-800-LAW-CALL telephone number mnemonic.⁹⁵

Courts could very easily apply this opinion to disputes between similar domain names. For example, a court may determine that a mark like "clicklaw.com" is a weak mark. If such is the case, "lawclick.org" may not be confusingly similar to "clicklaw.com," since the average consumer would expect even minute variations in the domain name to produce an entirely different source. Further applying *Bell*, the consumer would expect the ".org" top level to indicate an individual or not-for-profit organization, while the ".com" top level would indicate a commercial entity, thus, further distinguishing the marks.

c. *Domain Names Actually Causing Confusion may not be Infringement.*

In *Holiday Inns, Inc. v. 800 Reservation, Inc.*,⁹⁶ the plaintiff owned and was using 1-800-HOLIDAY as a computerized reservation service for its hotel chain.⁹⁷ The defendant, a travel agent, purchased and began using 1-800-H[zero]LIDAY to attract callers misdialing the chain's number.⁹⁸ Upon receiving a call, the defendant specifically notified the caller that he or she had misdialed. Subsequently, however, the defendant offered to make reservations for the caller. The evidence revealed that this arrangement was profitable for both the plaintiff and the de-

91. 836 F. Supp. 125 (S.D.N.Y. 1993).

92. *Id.* at 127.

93. *Id.*

94. *Id.*

95. *Id.* at 128.

96. 86 F.3d 619 (6th Cir. 1996).

97. *Id.* at 619.

98. *Id.* at 620.

fendant since the defendant made a commission on the reservations and the caller made reservations at the plaintiff's hotel chain.⁹⁹ However, since the defendant was a travel agent and not a reservation service, the caller was not always offered the lowest price available at the time.

The facts of this case established that the defendant never advertised the mnemonic telephone number.¹⁰⁰ Therefore, the trial court found that the defendant, in a traditional sense, made no use of Holiday Inn's registered mark or of any similar name or logo.¹⁰¹ Moreover, the defendant had not advertised a similar mark or name to induce public confusion or cause consumers to reach the wrong party.¹⁰² Nevertheless, the trial court held that the defendant's ability to reap profits based solely on the advertising efforts and expenditures of another seemed to be a clear violation of the spirit, if not the letter, of the Lanham Act.¹⁰³ Thus, the trial court issued a preliminary injunction enjoining the defendant from using the 1-800-H[zero]LIDAY number.¹⁰⁴ The defendants appealed the case to the Sixth Circuit.

On appeal, the appellate court stated that the defendant's use of a protected mark or use of a misleading representation is a prerequisite to the finding of a Lanham Act violation.¹⁰⁵ Since both the trial court and Holiday Inns acknowledge that the defendant never used a mark or a deceptively similar copy of a mark owned by Holiday Inns, the appellate court stated that stretching the plain language of the Lanham Act to cover the present dispute was unjustified.¹⁰⁶ Therefore, the appellate court reversed the trial court holding, finding as a matter of law that the defendant did not violate section 32¹⁰⁷ or section 43¹⁰⁸ of the Lanham Act.¹⁰⁹

In reaching this conclusion, the appellate court held that the defendant did not create consumer confusion, but rather that the confusion already existed among the misdialing public.¹¹⁰ The appellate court distinguished *Dial-a-Mattress* by finding that in *Dial-a-Mattress*, the defendant intentionally promoted his vanity number and actively caused consumer confusion, while in the present case, the defendants engaged in only minimal advertisement of their travel agency and never pro-

99. *Id.*

100. *Id.*

101. *Holiday Inns*, 86 F.3d at 623-24.

102. *Id.* at 624.

103. *Holiday Inns*, 86 F.3d at 624.

104. *Id.* at 622.

105. *Id.* at 623.

106. *Id.* at 626.

107. 15 U.S.C. § 1114 (1994).

108. 15 U.S.C.A. § 1125 (West Supp. 1996).

109. *Holiday Inns*, 86 F.3d at 619.

110. *Id.* at 624.

moted a vanity number.¹¹¹

Applied to Internet domain names, this decision implies that actual consumer confusion does not necessarily constitute infringement under the Lanham Act. In order for there to be infringement, the domain name owner must create the confusion by promoting or advertising the confusingly similar domain name. A party could argue that, based on this case, the mere registration and use of a domain name as an Internet address is not necessarily a violation of the Lanham Act, without further promoting or advertising the domain name, since the domain name holder is not actually using the domain name in a trademark sense. However, realistically, this case probably only has limited applicability since the appellate court seemed to dwell on the fact that the defendant was only using the actual number representation of the telephone number and was not advertising or promoting the number's mnemonic equivalent. Domain names are mnemonics and are always used as such.

C. DISPUTES BETWEEN TRADEMARKS AND INTERNET DOMAIN NAMES

For obvious reasons, companies generally prefer to have an Internet domain name that corresponds to, or closely resembles, their own company name, trade name, or goods and services. In addition, some companies are choosing to register generic domain names which suggest or describe some aspect of their goods or services. Examples of such general, but potentially valuable, registrations include "pizza.com" and "lawyer.com." However, companies that are slow to realize the importance of Internet domain names are often beat to the punch. For instance, well known names such as "mcdonalds.com," "fox.com," "abc.com," and "coke.com" were all registered by people other than the obvious candidates. Furthermore, other domain names, such as "mci.com" and "kaplan.com," were actually registered by direct competitors.

This type of domain name dispute can be broken-down into several categories: (1) domain name grabbing; (2) not quite domain name grabbing; and (3) innocent registrations.¹¹² "Domain name grabbing" is defined as intentionally registering a domain name that someone else uses as a trade name or trademark to prevent the trademark owner from establishing a Web site identified by the domain name.¹¹³ Domain name grabbers characteristically register domain names hoping to sell the domain names to the trademark owners at an inflated price. The domain name grabber may also register the domain name just to provoke a reaction from the trademark owner.

111. *Id.*

112. David Pauker et al., *Introduction to Domain Name Disputes* (visited July 4, 1996) <<http://www.law.georgetown.edu/lc/internic/recent/recli.html>>.

113. *Id.*

"Not quite domain name grabbing" is defined as registering a domain name known to be someone else's trademark, but with the intention of actually using the domain name.¹¹⁴ These grabbers generally have no intention of selling the domain name, because they want the name for themselves. Problems arise when visitors to the Web site expect to find the official Web page of the trademark owner, person, or organization identified by the domain name.¹¹⁵

"Innocent registration" involves registering and using a domain name which is a logical and accurate choice for the domain name holder but which coincidentally is also someone else's trademark or very similar to someone else's trademark.¹¹⁶

These disputes between trademarks and Internet domain names can be handled in a multitude of ways. While very little precedent exists, a number of lawsuits have been filed and are currently pending, which address the relationship between trademarks and Internet domain names.¹¹⁷ Furthermore, depending on the contestants' desired outcome, NSI may supply some relief.

1. *NSI's Domain Name Dispute Policy*

Under the NSI domain name dispute policy, NSI will remove a domain name registration if there has been a breach of the Policy Statement, or if ordered to do so by the proper authority.¹¹⁸ The removal for breach of the Policy Statement is at the discretion of NSI.¹¹⁹ The removal by order is mandatory.¹²⁰

a. *Third-Party Action*

Under the Policy Statement, a third party does not have the right to require or demand removal of a domain name for breach of the Statement.¹²¹ A trademark owner who believes that his or her trademark rights are being infringed has no real direct cause of action with NSI for removal because NSI retains the right to decide whether to enforce or disregard the alleged breaches. Although the Policy Statement provides

114. *Id.*

115. *Id.*

116. *Id.*

117. *Comp Examiner Agency, Inc. v. Juris, Inc.*, No. 96-0213-WMB (CTx), 1996 WL 376600 (C.D. Cal. May 22, 1996); *Giocalone v. Network Solutions, Inc.*, No. C-96 20434 (N.D. Cal. May 30, 1996); *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*, No. C96-130WD, 1996 WL 84853, at *1 (W.D. Wash. Feb. 9, 1996).

118. *See infra* Clause II-7(c) of APPENDIX.

119. *See infra* Clause II-12 of APPENDIX.

120. *See infra* Clause II-7(c) of APPENDIX.

121. *See infra* Clause II-6 of APPENDIX.

NSI with an easy way to dispose of situations of obvious infringement, trademark owners cannot and should not rely on this course of action.

As part of the July 1995, November 1995, and September 1996 amendments to the NSI Registration Agreement, NSI established a procedure for third parties to challenge the registration of a domain name based on a foreign or federal trademark registration. A party challenging the registration of a domain name must first notify the domain name holder that the domain name registration violates the challenger's legal rights.¹²² The notice must be unequivocal and specifically allege that the domain name's use violates the challenger's legal rights.¹²³ A copy of the notice, along with a certified copy of a foreign or federal trademark registration for a mark registered on the Principal Register and identical to the second-level of the domain name, must then be submitted to NSI.¹²⁴ Evidence of common law rights, state trademark registrations, and registrations from the Supplemental Register are not sufficient.

Upon receiving the registration and notice, NSI will determine the activation date of the domain name and compare the activation date to the earlier of the date of first use of the registered mark or the effective date of the registration.¹²⁵ If the activation date of the domain name is before the mark's first use and effective date of registration, NSI will allow the domain name holder to continue using the challenged domain name until presented with a court order to the contrary.¹²⁶

If the activation date of the domain name is after the earlier of the first use of the mark or the effective date of the registration, NSI will request from the domain name holder a certified copy of a foreign or federal trademark registration. This registration must be on the Principal Register before the earlier of the NSI's request from the domain name holder or a third parties' notification to the domain name holder.¹²⁷ The domain name holder's registration must be identical to the second-level of the domain name, owned by the domain name holder, and supplied to NSI within thirty days of NSI's request.¹²⁸

If the domain name holder supplies the requested registration, NSI will allow the domain name holder to continue using the challenged domain name until instructed otherwise by a court of competent jurisdiction. However, if the domain name holder is unable to provide the requested registration, NSI will, if requested by the domain name holder, assist the domain name holder with the assignment of a new do-

122. See *infra* Clause II-5(b) of APPENDIX.

123. See *infra* Clause II-5(b) of APPENDIX.

124. See *infra* Clause II-6(b) of APPENDIX.

125. See *infra* Clause II-6(c) of APPENDIX.

126. See *infra* Clause II-6(b) of APPENDIX.

127. See *infra* Clause II-6(c) of APPENDIX.

128. See *infra* Clause II-6(c)(d) of APPENDIX.

main name.¹²⁹ After ninety days, NSI will place the challenged domain name on "Hold" status.¹³⁰

b. "Hold" Status

A domain name placed on "Hold" status is unavailable for use by anyone.¹³¹ The domain name will remain on "Hold" status until the dispute is settled. NSI will reinstate a domain name which has been placed on "Hold" status if presented with a court order stating the party is entitled to the domain name or if presented with other appropriate evidence of a resolution of the dispute between the parties.¹³²

In the event that a suit is filed related to the registration and use of the domain name before the domain name is placed on "Hold" status, NSI will deposit control of the domain name into the registry of the court pending a resolution of the matter.¹³³ Furthermore, NSI will stipulate to abide by all court orders without being named as a party to the suit.¹³⁴

Using NSI to place a domain name on "Hold" status can be a very powerful tool for the trademark owner whose goal is to simply stop the domain name holder from using the domain name. Since the likelihood of confusion or dilution need not be proven, the trademark owner can get relief similar to what would be granted in a preliminary injunction, without having to prove any of the facts necessary to obtain the injunction. Furthermore, the trademark owner can obtain relief without having to post a bond, which would normally be required before issue of a preliminary injunction. However, once the domain name is placed on "Hold" status, the name is unavailable for use by anyone, including the trademark owner. Therefore, if the ultimate goal of the trademark owner is to secure the right to use the domain name, the trademark owner must still settle the dispute either by negotiating a settlement with the domain name holder or by submitting the dispute to a third party such as an arbitrator or the courts. However, this course of action is only available to the trademark owner if the owner has a pre-dated foreign or federally registered trademark identical to the disputed domain name, and the domain name holder does not own his or her own federal or foreign trademark registration.

The "Hold" status is part of NSI's Policy Statement, which was added in July 1995 and amended in November 1995 and September 1996. The question has been raised as to whether the Policy Statement can be

129. See *infra* Clause II-6(d) of APPENDIX.

130. See *infra* Clause II-6(d) of APPENDIX.

131. See *infra* Clause II-6(e) of APPENDIX.

132. See *infra* Clause II-6(f) of APPENDIX.

133. See *infra* Clause II-7(b) of APPENDIX.

134. See *infra* Clause II-7(c) of APPENDIX.

retroactively applied to domain names registered before the Policy Statement came into effect. Furthermore, NSI has been inconsistent in applying its policies, and these inconsistencies have lead to several lawsuits filed against NSI.¹³⁵

The provision of the Policy Statement that requires the domain name applicant to represent and warrant a bona fide intention to use the domain name on a regular basis on the Internet was removed from the September 1996 amendment. This provision was adopted in the July 1995 amendment and maintained in the November 1995 amendment. While included in the Policy Statement, the provision was never seriously enforced. NSI makes random checks to verify that the listed servers respond to domain name queries. However, domain name queries only verify that the servers can be reached by the domain name; they do not check to see if the domain name is being used for e-mail or a Web page or any of the other services typically associated with an Internet site.

2. *Trademark Infringement and Unfair Competition*

Trademark infringement, under section 32¹³⁶ or section 43(a)¹³⁷ of the Lanham Act, and unfair competition, characterized as false designation of origin and false advertising under section 43(a) of the Lanham Act, are often an important basis for claims in Internet domain name suits. Likelihood of confusion is the keystone for both unfair competition and trademark infringement.¹³⁸ Since the legal scope of protection of a trademark against infringement by others is defined by a "likelihood of confusion," a trademark owner has a property right only insofar as is necessary (1) to prevent customer confusion as to who produced the goods and (2) to facilitate differentiation of the trademark owner's goods.¹³⁹ These causes of action only apply when the Internet domain name holder is using the domain name in a manner which would confuse consumers.

a. *The "kaplan.com" Dispute (A Settlement)*

One of the more famous Internet domain name disputes involved the

135. Roadrunner Computer Sys., Inc. v. Network Solutions, Inc., No. 96-413-A (E.D. Va. Mar. 26, 1996); Data Concepts, Inc. v. Digital Consulting et al., No. 96-429 (M.D. Tenn. May 9, 1996); Network Solutions, Inc. v. Clue Computing, No. 96-D-1530 (D. Col. Oct. 31, 1996); Dynamic Info. Sys. Corp. v. Network Solutions, Inc., No. 96-1551 (D. Col. June 25, 1996); Regis McKenna, Inc. v. Regis Corp., No. 96-20551 (N.D. Cal. July 11, 1996).

136. 15 U.S.C. § 1114 (1994).

137. 15 U.S.C. § 1125(a) (1994).

138. MCCARTHY, *supra* note 32, § 2.03.

139. MCCARTHY, *supra* note 32, § 2.06.

domain name "kaplan.com."¹⁴⁰ This dispute began when Stanley Kaplan Education Center discovered that The Princeton Review, a direct competitor of Kaplan's, registered the Internet domain name "kaplan.com."¹⁴¹ Princeton Review established a Web page, identified by the disputed domain name, comparing the Kaplan review course with Princeton's review course.¹⁴² When Kaplan complained about Princeton's use of the domain name, Princeton claimed that the company registered the name as a joke and agreed to deactivate the domain name while the matter was decided in arbitration.¹⁴³ In an attempt at humor, the president of Princeton Review threatened to register the domain name "kaplan.com" if Princeton lost the arbitration.¹⁴⁴ Eventually, the arbitrator awarded the domain name to Kaplan.¹⁴⁵

b. The "juris.com" Dispute (A Preliminary Injunction)

After learning of Comp Examiner's domain name registration for "juris.com," Juris, Inc. asked Comp Examiner to discontinue use of the domain name.¹⁴⁶ After Comp Examiner refused, Juris notified NSI of the dispute and, pursuant to NSI's policy, provided NSI with a copy of the federal registration certificate for the trademark JURIS.¹⁴⁷ Since Juris' trademark registration pre-dated Comp Examiner's first use of the domain name, NSI notified Comp Examiner of the challenge and presented Comp Examiner with the options available under the Policy Statement. Even though Comp Examiner failed to provide a timely response to the notification letter, NSI, contrary to its Policy Statement, did not place the domain name on "Hold" status.¹⁴⁸

In a motion filed on April 4, 1996, Juris requested a preliminary injunction prohibiting Comp Examiner from using the "juris.com" domain name while the action is pending, alleging both trademark infringement and dilution under the federal statute.¹⁴⁹

In what is being heralded as the first court decision applying trademark infringement laws to the use of an Internet domain name, a California court issued a preliminary injunction enjoining Comp Examiner

140. Ray V. Hartwell, III, & Stephen P. Demm, *Courts Unclear Whether Internet Names Infringe*, NAT'L L.J., May 8, 1995, at C37.

141. *Id.*

142. *Id.* at C38.

143. *Id.* at C37.

144. *Id.* at C38.

145. Hartwell & Demm, *supra* note 140, at C38.

146. *Website Agreements*, INTERACTIVE MARKETING NEWS, June 24, 1996, at 5.

147. This action was commenced before the September 1996 amendment to NSI's Policy Statement went into effect requiring the challenging party to accuse the domain name holder of infringement before instituting an action with NSI.

148. *Website Agreement*, *supra* note 146.

149. *Website Agreement*, *supra* note 146.

Inc., the owner of the domain name "juris.com," from using the domain name or any confusingly similar variation for advertising, operation or maintenance of any Internet site or bulletin board service.¹⁵⁰ In awarding the preliminary injunction, the court held that Juris could likely prove that the goods were competitive or related and that they were marketed through the same marketing channels to the same or similar customers.¹⁵¹ Furthermore, the court held that Juris could probably show Comp Examiner's use of the "juris.com" domain name was likely to cause confusion as to the source or sponsorship of the goods and services.¹⁵² Therefore, the court granted Juris' request for the preliminary injunction based on a likelihood that Juris could prove trademark infringement of its federally registered trademark.¹⁵³ The parties eventually settled with Juris, Inc. receiving the domain name.¹⁵⁴

c. *Giacalone v. Network Solutions Inc.*¹⁵⁵ (*A Settlement*)

In a new twist to the above-mentioned cases, the district court issued an order blocking a federally registered trademark owner from trying to suspend use of a domain name for alleged infringement.¹⁵⁶ The trial court ruled that Chicago-based trademark owner Ty, Inc. cannot interfere with Salinas, California resident Philip Giacalone's use of the domain name "ty.com" while litigation between the parties is pending.¹⁵⁷

Giacalone, a computer consultant, registered and was using the domain name "ty.com" for e-mail and as a Web-site address for his consulting business. Giacalone alleged he picked the domain name "ty.com" because it is his three-year-old son's name.¹⁵⁸ Ty, Inc., a Chicago-based stuffed animal manufacturer, holds a federal trademark registration for "TY" in Class 28, which is toys and sporting goods.¹⁵⁹ Ty, Inc. learned about Giacalone's registration while attempting to register the domain

150. *Comp Examiner Agency, Inc. v. Juris, Inc.*, No. 96-0213-WMB (CTx), 1996 WL 376600, at *1 (C.D. Cal. May 22, 1996).

151. *Internet Domain Name May Infringe Trademark*, 1 ELECTRONIC INFO. POL'Y & L. REP. (BNA) No. 4, at 87 (May 3, 1996).

152. *Id.*

153. *Id.*

154. John Rivera, *Folks from Glad Now in Court Trying to Bag a Web Site; Trademark Disputes in the Electronic Age*, BALTIMORE SUN, July 24, 1996, at 1C.

155. *Giacalone v. Network Solutions, Inc.*, No. C-96 20434 (N.D. Cal. May 30, 1996).

156. Mark Walsh, *New Wrinkle in Internet Domain Name Dispute*, RECORDER, June 21, 1996, at 1 (reporting on *Giacalone v. Network Solutions, Inc.*, No. C-96 20434 (N.D. Cal. May 30, 1996)).

157. *Id.*

158. *Id.*

159. Davis & Schroeder, P.C., *Complaint for Declaratory Judgment of Non-infringement, Injunctive Relief and Damages for Intentional Interference with Advantageous Business Relationship, and Relief for Trademark Misuse, with Demand for Jury Trial* (last visited July 11, 1996) <<http://www.iplawyers.com/giacalon.htm>>.

name for its own use. After Ty, Inc. threatened Giacalone with a trademark infringement suit and requested from NSI the withdrawal of the domain name from Giacalone, NSI notified Giacalone of the impending withdrawal of his domain name registration. Giacalone then filed a declaratory judgement action naming both Ty, Inc. and NSI as defendants.¹⁶⁰ Giacalone alleged intentional interference with advantageous business relationships and trademark misuse, and he requested \$100,000 in punitive damages as well as attorneys' fees.¹⁶¹

As part of the action, Giacalone sought a preliminary injunction prohibiting NSI from withdrawing the registration and prohibiting Ty, Inc. from interfering with Giacalone's use of the domain name. NSI agreed to a stipulation to obey an order not to withdraw the registration in exchange for not having to appear in the suit. The trial court issued an order prohibiting Ty, Inc.'s interference.¹⁶² Shortly after the trial court issued the order, the parties reached a settlement in which Ty, Inc. agreed to purchase the rights to the domain name from Giacalone.

This ruling gives an unprecedented boost to domain name holders in domain name disputes. Furthermore, NSI has indicated a willingness to agree to similar stipulations not to remove domain name registrations whenever the domain name holder files suit, and instead to have a court determine the respective rights of the parties. However, this policy still requires a significant effort and investment on the part of a domain name holder to insure continued use of a registered domain name.

*d. Nova Star, Inc.*¹⁶³ (*A Dismissal*)

If a domain name holder uses a domain name that creates a likelihood of confusion among the public between the domain name and a trademark, then a potential trademark infringement claim exists. However, if the domain name holder does not use the domain name or uses the name as merely a personal address, then no confusion exists. In a recent Arizona state suit, the court dismissed a trademark infringement claim, deciding that the domain name holder did not use the disputed domain name in a trademark sense.¹⁶⁴

Nova Star, Inc., a Peoria, Arizona-based computer store, sued Primerenet, Inc., a Phoenix-based Internet service provider, for trademark infringement based on an Arizona state trademark registration for Nova Star.¹⁶⁵ Primerenet had registered the domain name "novastar.com," but

160. *Id.*

161. *Id.*

162. Walsh, *supra* note 155.

163. *Weinberg Gets Internet Domain Name Ruling*, ARIZ. J., Mar. 20, 1996, Vol. 2, No. 12, at 2.

164. *Id.*

165. *Id.*

had not used the name for e-mail or for a Web page. On a motion for summary judgment, the court dismissed the case noting that Primenet's mere registration of the domain name did not amount to a use of the trademark and, therefore, there could be no infringement.¹⁶⁶

This case seems to provide a safe harbor for domain name "grabbers" and could present problems for companies being held ransom by them. For example, a domain name "grabber" could register a domain name which corresponds to a company's trade name or product name and never use the domain name, or as suggested above, use the name only as a personal address. The court's ruling suggests that this type of action does not provide a basis for a trademark infringement action.

3. *Federal Trademark Dilution Statute*

On January 16, 1996, President Clinton signed the Federal Trademark Dilution Act of 1995, which became effective immediately.¹⁶⁷ The

166. *Id.*

167. Lanham Act § 43(c), 15 U.S.C.A. § 1125(c) (West Supp. 1996).

(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark had become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to—

- (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 and services with which the mark is used;
- (F) the degree of recognition of the mark in the trading area 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 principle register.

(2) In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118, subject to the discretion of the court and the principles of equity.

(3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

Federal Trademark Dilution Act provides protection against trademark dilution for "famous" trademarks.¹⁶⁸ One critical element of the statutory definition is that competition between the parties or proof of likelihood of confusion is not required in a dilution action.¹⁶⁹

The legislative history of the new statute provides that the definition of dilution is designed to encompass all forms of dilution recognized by the courts, including dilution by blurring, tarnishment, disparagement, and diminishment.¹⁷⁰ Senator Patrick Leahy, in the Congressional Record, indicated that his hope was that the statute could "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."¹⁷¹ Since enactment of the statute, several Internet domain name suits have been filed charging dilution under the statute.

In *Avon Prods., Inc. v. Carnetta Wong*,¹⁷² Avon filed suit in the Eastern District of New York (a mere two and a half weeks after the Federal Trademark Dilution Act was signed into law), alleging trademark dilution under the federal statute and seeking to enjoin the use of the domain name "avon.com." However, the case settled before the court rendered a decision on the merits. As part of the settlement, Avon obtained ownership of the domain name.

Another case alleging dilution of a trademark by an Internet domain name is currently pending in the Western District of Washington.¹⁷³ In this action, Hasbro charged Internet Entertainment Group, Inc. ("IEG") with false designation of origin and dilution under the federal and Washington state dilution statutes for registering and using the Internet domain name "candyland.com" for adult entertainment services. Hasbro applied for a temporary restraining order, and the court determined that Hasbro demonstrated a likelihood of prevailing on its claims and that

(4) The following shall not be actionable under this section:

(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

(B) Noncommercial use of a mark.

(C) All forms of news reporting and new commentary.

Id.

168. Lanham Act § 43(c)(3), 15 U.S.C.A. 1125(c)(3) (West Supp. 1996).

169. Lanham Act § 45, 15 U.S.C.A. § 1127 (West Supp. 1996). "The term 'dilution' means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—(1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake or deception." *Id.*

170. JEROME GILSON, TRADEMARK DILUTION NOW A FEDERAL WRONG: AN ANALYSIS OF THE FEDERAL TRADEMARK DILUTION ACT OF 1995 10 (1996).

171. 141 CONG. REC. 19,312 (1995).

172. No. 96-0451 (E.D.N.Y. 1996).

173. *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*, No. C96-130WD, 1996 WL 84853, at *1 (W.D. Wash. Feb. 9, 1996).

IEG's conduct violated both the Federal Trademark Dilution Act and the Washington state trademark anti-dilution statute.¹⁷⁴ Therefore, the court issued a preliminary injunction enjoining IEG from "directly or indirectly using the name CANDYLAND or the Internet domain name 'candyland.com,' or any similar name which is likely to dilute the value of Hasbro's CANDYLAND mark, in connection with the advertising, operation or maintenance of any Internet site containing . . . pornographic content."¹⁷⁵ This appears to be the first decision applying the Federal Trademark Dilution Act and, interestingly enough, this decision was used to enjoin "the use of a deceptive Internet address," exactly as Senator Leahy predicted.

Several points are apparent regarding the Federal Trademark Dilution Act which could have a direct effect on the application of this statute to other Internet domain name disputes. The plain meaning of this statute suggests that the statute applies regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception. Thus, the problems regarding which goods or services an Internet domain name identifies, if any, would seem to be irrelevant. Also, this statute could turn out to be a valuable weapon for "famous" mark owners. This statute seems to suggest, despite NSI's statement that a trademark does not entitle the trademark holder to a corresponding Internet domain name, that no one else is entitled to a domain name which corresponds to a "famous" mark.

The statute only provides protection for "famous" marks.¹⁷⁶ The factors for determining what constitutes a "famous" mark are included in the statute.¹⁷⁷ While the statute may be useful for large multi-national companies that spend large amounts of money advertising and promoting their products and services, or for trademark owners having strong, well recognized marks, the statute will probably not protect lesser-known trademarks from being held ransom by domain name "grabbers."

Particularly noteworthy are three uses of "famous" marks which are specifically exempt as non-actionable under the statute.¹⁷⁸ The most relevant exception for Internet domain name disputes is probably the non-commercial use of a mark.¹⁷⁹ For example, registering a "famous" mark as an Internet domain name and then not using the domain name or using the name only to transmit and receive personal e-mail seems to fall

174. *Id.* (citing the Federal Trademark Dilution Act at 15 U.S.C.A. § 1125(c) (West Supp. 1996) and the Washington state trademark anti-dilution statute at RCW 19.77.160).

175. *Id.*

176. Lanham Act § 43(c)(1), 15 U.S.C.A. 1125(c)(1) (West Supp. 1996).

177. Lanham Act § 43(c)(1), 15 U.S.C.A. 1125(c)(1) (West Supp. 1996).

178. Lanham Act § 43(c)(4), 15 U.S.C.A. 1125(c)(4) (West Supp. 1996).

179. Lanham Act § 43(c)(4)(B), 15 U.S.C.A. 1125(c)(4)(B) (West Supp. 1996).

under the noncommercial use exception. Therefore, a domain name "grabber" may possibly be able to abuse the noncommercial use exception and frustrate Senator Leahy's intended statutory purpose.

In *Intermatic v. Toeppen*,¹⁸⁰ the court held that the registration of a domain name with the intent to sell the domain name is sufficient to establish commercial use under the Federal Trademark Dilution Act.¹⁸¹ Dennis Toeppen, the defendant, registered over 200 different domain names including such famous names as "deltaairlines.com" and "create-andbarrel.com," as well as "ramadainn.com," with the intention of selling the manes to the trademark owners.¹⁸² The court referred to Toeppen as a cybersquatter and stated that although some commentators take an extremely dim view of this type of activity, the issue is not whether this conduct is moral but rather is it illegal.¹⁸³

Intermatic argued that Toeppen's use is commercial because the ".com" top level is short for commercial.¹⁸⁴ However, the court stated "the sue of the [top] level domain designation '.com' does not in and of itself constitute a commercial use."

In addressing the commercial use issue, Toeppen's counsel candidly conceded that one of Toeppen's intended uses for registering the Intermatic mark was to eventually sell it to Intermatic.¹⁸⁵ The court held that "Toeppen's desire to resell the domain name is sufficient to meet the 'commercial use' requirement of the Lanham Act."¹⁸⁶ Thus, the court recommended that the district court grant Intermatic's motion for summary judgment for dilution under the Federal Trademark Dilution Act.¹⁸⁷

While the court's recommendations have not yet been adopted by the district court, this opinion is a serious blow to domain name "grabbers." Domain name "grabbers" can no longer rely on the non-commercial use exception enumerated in the Federal Trademark Dilution Statute. However, the Federal Trademark Dilution Statute only protects "famous" marks. Therefore, while there is less incentive to do so, the domain name "grabber" is still free to register and attempt to sell "non-famous" marks.

180. *Intermatic, Inc. v. Toeppen*, No. 96 C 1982, 1996 U.S. Dist. LEXIS 14878, (E.D. Ill. Oct. 3, 1996).

181. *Id.* at *16.

182. *Id.* at *3.

183. *Id.* at *8.

184. *Id.* at *15.

185. *Intermatic*, 1996 U.S. Dist. LEXIS 14878, at *16.

186. *Id.* at *16.

187. *Id.* at *18.

4. *Anti-Dilution Laws*

Twenty-five states currently have anti-dilution statutes, and three more states recognize dilution as a doctrine of common law.¹⁸⁸ Generally, these state laws are patterned after language found in the Model State Trademark Bill.¹⁸⁹ Traditionally, many have viewed these laws as inadequate since some courts have been reluctant to grant relief in cases where consumers likely would not be confused.¹⁹⁰ The court's opinions have generally either ignored the state dilution action or dispatched the action with a brief paragraph at the end.¹⁹¹ However, this may be changing with the enactment of the Federal Trademark Dilution Act.

While the dilution provision in the Model State Trademark Bill was also written to protect only "famous" marks, most state statutes do not limit protection against dilution to "famous" marks.¹⁹² Furthermore, unlike the federal act, the model state provision does not include the specific exceptions for fair use, noncommercial use, and news reporting and commentary.

188. GILSON, *supra* note 170.

189. INTERNATIONAL TRADEMARK ASSOCIATION, STATE TRADEMARK AND UNFAIR COMPETITION LAW WY-11 app. 1 (1996) (containing the Model State Trademark Bill (as amended) which was promulgated by the United States Trademark Association in 1949 and which has been adopted by forty-six states as the basis of their trademark statutes).

§ 13. INJURY TO BUSINESS REPUTATION; DILUTION.

The owner of a mark which is famous in this state shall be entitled, subject to the principles of equity, to an injunction against another's use of a mark, commencing after the owner's mark becomes famous, which causes dilution of the distinctive quality of the owner's mark, and to obtain such other relief as is provided in this section. In determining whether a mark is famous, a court may consider factors such as, but not limited to:

- (A) the degree of inherent or acquired distinctiveness of the mark in this state;
- (B) the duration and extent of use of the mark in connection with the goods and services;
- (C) the duration and extent of advertising and publicity of the mark in this state;
- (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 owner's mark is used;
- (F) the degree of recognition of the owner's mark in its and in the other's trading areas and channels of trade in this state; and
- (G) the nature and extent of use of the same or similar mark by third parties;

The owners shall be entitled only to injunctive relief in this state in an action brought under this section, unless the subsequent user willfully intended to trade on the owner's reputation or to cause dilution of the owner's mark. If such willful intent is proven, the owner shall also be entitled to the remedies set forth in this chapter, subject to the discretion of the court and the principles of equity.

Id.

190. GILSON, *supra* note 170.

191. GILSON, *supra* note 170.

192. Jere M. Webb, *Trademarks, Cyberspace, and the Internet* (visited July 2, 1996) <<http://www.lectlaw.com/files/inp23>>.

State anti-dilution statutes may be helpful in combating domain name "grabbing." Without exceptions for noncommercial use and without the requirement that the mark be "famous," these statutes could prove to be valuable weapons in situations where trademark infringement and federal dilution cannot be proven.

5. *Miscellaneous State Laws*

In response to the growing number of disputes, several states have adopted legislation or have pending legislation that attempts, in some way or another, to regulate the electronic use of trademarks and domain names on the Internet. For example, Georgia recently passed a statute that makes the knowing transmission of data a misdemeanor if that data uses any individual name, trade name, registered trademark, logo, legal or official seal, or copyrighted symbol to falsely identify the person, organization, or representative transmitting such data or which would falsely state or imply that such person, organization, or representative has permission or is legally authorized to use such trade name, registered trademark, logo, legal or official seal, or copyrighted symbol for such purpose when such permission or authorization has not been obtained.¹⁹³

The statute specifically excludes telecommunications companies and Internet access providers.¹⁹⁴

California had a similar bill pending which would have provided a statutory right, procedure, and remedy for California businesses to stop and prevent the unauthorized use of their trade name or trademark as another person's domain name on the Internet.¹⁹⁵ The proposed statute required that upon receiving notice of an unauthorized use, the domain

193. GA. CODE ANN. § 16-9-93.1(a) (1996).

194. GA. CODE ANN. § 16-9-93.1(a) (1996).

195. S. 1533, 1995-96 Reg. Sess. (Cal. 1996).

UNAUTHORIZED ELECTRONIC USE OF TRADEMARK

3428(a) The unauthorized use of another's trade name, registered name, or trademark as a user registered trade name or trademark as a domain name, user identification or electronic mail address on any computer bulletin board, information network, or information system, such as the "Internet" or the "World Wide Web," which accepts and relays electronic mail into computers situated in this state shall constitute an act of unfair competition if that user fails to release that domain name, user identification, or electronic mail address upon a notice of unauthorized use and a demand from the owner of that trade name, registered name, or trademark that the user release the domain name, user identification, or electronic mail address.

The failure of a person using another's trade name, registered name, or trademark as a domain name, user identification, or electronic mail address to release the use of that name or trademark on any computer bulletin board, information network, or information system upon demand from the owner shall be grounds for the issuance of an immediate injunction, an award of monetary damages of not less than one thousand dollars (\$1,000), and an award of costs and attorney's fees. The notice and demand shall be sent by certified mail to the user.

name holder either released the domain name or became subject to the issuance of an immediate injunction, an award of monetary damages of not less than \$1000, and an award of costs and attorney's fees.¹⁹⁶ However, under pressure from opposing groups, such as the International Trademark Association ("INTA") and the California Bar Association, the bill was removed from the legislative calendar. INTA took the position that current state and federal trademark laws, as well as existing trademark case law, are well equipped to handle disputes between trademark owners and domain name holders.¹⁹⁷

To date, there have been no reported cases asserting the rights granted by these types of state laws. Furthermore, a question exists as to whether these laws are constitutional or preempted by federal laws. Nevertheless, the laws indicate that state legislatures have identified and are attempting to address the problem.

D. RECOMMENDATIONS AND PROPOSALS

1. *The Courts Should Apply and Extend Case law to Domain Name Disputes*

Existing authority dictates that Internet domain names can function as trademarks. In addressing trademark issues presented by the registration and use of Internet domain names, courts must apply and extend the existing body of law developed in the somewhat analogous area of telephone number mnemonics. However, with the current split in authority, the courts must still determine how much protection to give do-

(b) Where a domain name, user identification or electronic mail address on a computer bulletin board, electronic information network, or electronic information system is a trade name, registered name, or trademark, an Internet service provider shall not be subject to civil or criminal liability for the removal of that domain name, user identification, or electronic mail address from its services when the action is made in good faith and in reliance upon credible information provided by the owner of the trade name, registered name, or trademark that the use of the trade name, registered name, or trademark is without the owner's consent.

(c)

(d) This section shall not apply to the use of a person's own legal name as a domain name, user identification, or electronic mail address on any computer bulletin board, information network, or information system, such as the "Internet" or the "World Wide Web," and nothing in this section shall be construed to prohibit that use.

(e) This section shall not apply to the registration of a domain name, user identification, or electronic mail address on any computer bulletin board, information network, or information system, such as the "Internet" or the "World Wide Web" which predates the registration date or copyright date of a registered trade name or trademark.

Id.

196. S. 1533, 1995-96 Reg. Sess. (Cal. 1996).

197. *INTA Opposes Domain Name Legislation in California*, INTELL. PROP. TODAY (The Law Works, Palatine, Ill.), Sept. 1996, at 97.

main names that consist merely of generic terms. Also awaiting determination are the kinds of domain name uses and the types of goods or services that are sufficient to secure trademark rights.

Existing legislation provides ample guidelines for dealing with generic terms. The courts, however, have been inconsistent in applying the guidelines, especially in the analogous area of mnemonic telephone numbers. In addressing the issue of protection of generic terms, the courts must be careful not to become blinded by new technologies. Precedent shows that generic terms are not protectable; therefore, new applications of generic terms should not alter this analysis. The courts must carefully apply the law regarding generic terms when deciding Internet domain name disputes and not make the same mistake the Second Circuit made in the *Dial-a-Mattress* case.¹⁹⁸

While the courts have not directly addressed what kinds of uses are sufficient to secure trademark rights in the telephone mnemonics cases, the issue was briefly discussed by Judge Stapleton in his concurring opinion in *Dranoff-Perlstein*.¹⁹⁹ In order to ensure proper application of the use requirements in Internet domain name disputes, the courts must adopt a policy similar to the one presented by Judge Stapleton. Every use of an Internet domain name does not amount to a trademark use. Typically, Internet domain names are used as part of an e-mail address or as part of a URL for a Web page. If the domain name is used merely to instruct an Internet user where to find a Web page on the Internet, no trademark rights are developed in the domain name. In order for trademark rights to vest in the domain name, the domain name holder must use the name to identify the source of goods or services.

2. NSI Should Write and Apply a Fair Consistent Policy Statement

Dispute resolution between Internet domain names and trademarks is currently confusing and unpredictable. An important step in improving matters would be for NSI to write and apply a fair and consistent Policy Statement. In an attempt to protect itself from liability, NSI has adopted a position wholly inconsistent with well established principles of American jurisprudence, including such important constitutional guarantees as the right to due process. The current policy fails to recognize state or common law trademark rights. Furthermore, the Policy Statement grants remedies to federally registered trademark owners which a court would never grant. In addition, NSI has failed to apply policies, thus making it impossible for individuals to rely on fair and predictable treatment.

198. See *supra* Part III.B.1.a.

199. See *supra* Part III.B.1.b.

a. *NSI's Policy Statement Should Promote Dispute Resolution Through Courts.*

This author proposes amending NSI's Policy Statement to promote dispute resolution through normal legal channels. First and foremost, NSI should stay out of the trademark business. NSI has neither the resources nor the expertise to determine the respective trademark rights of disputing parties. The courts have handled these types of disputes for many years and are the proper forum for settling them. NSI's attempt to isolate itself from liability by adopting the current Policy Statement has been a complete failure mainly due to an inability to deal with disputes between domain names and trademarks. The Policy Statement, originally meant to keep NSI from becoming a party in these types of disputes, has ironically lead to an increase in suits against NSI. Therefore, this author proposes removing Clauses II-5 and II-6, which deal with third-party challenges to a domain name registration, from NSI's Policy Statement.

One conflict between Internet domain names and trademarks is that each Internet domain name must be unique, while more than one entity can use a trademark as long as the mark is used with differing goods or services. Some commentators have made proposals amending NSI's Policy Statement, as well as changes to the current domain name structure and hierarchy. These proposals include establishing a domain name hierarchy which would include the geographical region of business for each domain name holder²⁰⁰ or include the goods or services of the domain name holder.²⁰¹ However, these proposals disregard the original purpose and intent of the domain name system. Furthermore, these proposals dismantle one of the most important aspects of the Internet—the ability to transcend geographical boundaries.

The domain name system was established to provide each Internet site with an easy-to-remember alphanumeric domain name. Creating complicated hierarchies, including geographic and product categories in the domain name, frustrates this purpose. Internet users do not know and should not be required to know the geographic location of a domain name holder. Most Internet users do not look for organizations in certain geographic areas. Part of the beauty of the Internet is that the system transcends geographic boundaries. In fact, many newly established "virtual" businesses exist only in cyberspace and do not have geographic boundaries. Including product categories in domain names also frustrates the purpose of the domain name system. Internet users do not

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

201. David Pauker et al., *The Problem and Criteria for a Solution* (visited Apr. 24, 1996) <<http://www.law.georgetown.edu/internic/probl.html>>.

know and should not be required to know the international trademark classifications of goods and services.

b. A Master Domain Name Mask Should be Established for Mapping Requests

In contrast to the above-mentioned proposals, this author proposes leaving the current domain name hierarchy intact. The problem of each domain name having to be unique can and eventually will be solved by technological advances. The domain name system could be modified to include a master domain name mask which would be configured for mapping domain name requests to the appropriate Internet address. The domain name mask would include a "master list" of requested domain names. "Master list" domain names would be in the same format as current domain names, such as "dominos.com." Currently registered domain names and all new domain names would be assigned names in a new format. The new format could include a special character, such as "*", as well as some new distinguishing label, such as a number. Thus, an actual assigned domain name might be "dominos*1.com."

As part of the new registration scheme, domain name applicants would be required to submit, along with the requested name, as short description which could be used to uniquely identify the applicant. NSI would be responsible for checking the supplied descriptions to make sure they are unique. For example, Domino's Pizza may request the domain name "dominos.com" for "Domino's Pizza, handmade delivery or carry out pizza, with locations nation-wide." NSI would then create a "master list" entry for "dominos.com," if one does not already exist, and assign a domain name, such as "dominos*1.com" corresponding to the master list entry. If Domino's Sugar also submitted an application for the domain name "dominos.com" for "Domino's Sugar, maker of purified granulated sugar," NSI could create another domain name, such as "dominos*2.com," which corresponds to the "dominos.com" master list entry. Thus, both Domino's Pizza and Domino's Sugar could have domain name associated with the master list entry "dominos.com."

If a request was made for "dominos.com" by someone browsing the Web, the browser could be presented with hyperlinks to each domain name associated with the master list entry including the descriptions submitted by the domain name applicants. The browser would then be able to select the desired entry based on the descriptions. E-mail applications could be configured to operate in a similar manner. Since most people use bookmarks and address books with their Web browsers and e-mail utilities, once the proper domain name was found it most likely would be bookmarked and there would be no further need to check the master list to find the appropriate address.

c. The Current Domain Name Hierarchy Should Remain Unchanged

In the alternative, applicants could simply be required to select another name if their desired name is already taken. Internet domain names can be up to twenty-six characters long. The domain names can include all alphanumeric characters and/or the “-” symbol. Subscribers can register literally trillions of different domain names for each three-character top level domain. Even if a company’s trademark or trade name is already registered, plenty of other possible choices are available. Therefore, this author proposes keeping NSI’s “first come-first served” domain name allocation policy.

A similar policy is already in place for the allocation of alphanumeric telephone numbers. Since telephone numbers must follow a very specific format, companies have adopted new marks which conform to the format. For example, American Express has adopted the telephone number 1-800-THE-CARD. Similarly, entities whose trademark or trade name is unavailable for registration as an Internet domain name could adopt alternative marks to conform with the requirement that each domain name be unique. In situations where more than one company has developed good will associated with a mark, where none of the marks are “famous,” and where the domain name is not used to promote goods or services similar to that of the other trademark owners, the domain name would remain with the first entity that registered the name. The law would require late comers to adopt alternative domain names.

If a domain name holder improperly uses the domain name in a manner which would infringe the trademark rights of a trademark owner, the trademark owner may be entitled to relief. The Lanham Act and current body of case law establish detailed trademark infringement guidelines. The courts, not NSI, are the proper forum for these disputes. As evidenced by NSI’s current Policy Statement, NSI has neither the resources nor the expertise to make these determinations. NSI’s current Policy Statement does not consider factors relevant for making a determination of trademark infringement. NSI should amend the Policy Statement to require courts to determine parties’ respective rights.

In the case of “famous” marks, the Federal Trademark Dilution Act may provide a means for the trademark owner to recover an Internet domain name corresponding to the “famous” mark. In this situation, the “famous” mark owner should be entitled to the corresponding domain name since the mark is so well known and the good will associated with the mark is so strong that use by others damages the distinctiveness of the “famous” mark. However, NSI is not the proper forum for determining when a mark is “famous.” The law should require the “famous” mark owner to allege and prove all elements of dilution under the Federal Trademark Dilution Act before NSI takes away a domain name from the

entity who first registered the name. The Federal Trademark Dilution Act sets out detailed guidelines for determining whether or not a mark is "famous" and what constitutes dilution of a "famous" mark. Again, the Courts, not NSI, are the proper forum for hearing these types of disputes. NSI's current Dispute Policy Statement does not consider the relevant factors in determining dilution and should be amended to require the courts to make this determination.

d. NSI's Policy Statement Should Require the Use of Domain Names

Another problem with the current registration system is domain name "grabbing." Domain name "grabbing" is defined as intentionally registering a domain name that someone else uses as a trade name or trademark to prevent the trademark owner from using the domain name. Often times the domain name "grabber" registers the domain name hoping to re-sell the domain name to the trademark owner.²⁰² As a step in combating domain name "grabbing," this author proposes amending NSI's Policy Statement to require a domain name holder to use the domain name. Through use, a domain name holder would be exposed to possible trademark infringement or dilution actions if the use is improper.

The current domain name Registration Agreement defines which types of organizations are eligible to register each type of top level domain name. For example, the ".com" top level is reserved for "commercial, for-profit organizations."²⁰³ NSI should amend the Policy Statement to require organizations using the ".com" top level to warrant a bona fide intent to use the domain name for commercial purposes. Furthermore, NSI should require the domain name holder to supply evidence of such commercial use at regular intervals, throughout the life of the domain name, which would be made available to the public. If the domain name holder fails to establish continued commercial use of the domain name, then NSI would consider the domain name abandoned. NSI would remove the abandoned domain names from the registry and make them available for registration by other commercial, for-profit organizations.

The domain name "grabber" would have less incentive to register the marks of others because of the use requirement. The use requirement exposes the domain name holder to possible trademark infringement or dilution actions. Furthermore, NSI would require a domain name "grabber" to make a larger investment in the domain name. No longer could a domain name "grabber" register a domain name and merely hold the mark. The "grabber" would have to use the domain name and then docu-

202. See *supra* Part III.C.

203. *NSI Registration Agreement*, *supra* note 15.

ment the use. In the case where a trademark owner believes that the domain name use infringes the trademark owner's rights, the trademark owner may acquire and review the use documents for determining the domain name holder's liability.

NSI could implement the use requirement with relative ease. There would be no need for NSI to independently evaluate the domain name holder's actual use. NSI would only be required to periodically review evidence of use submitted to verify that, on its face, the use establishes commercial use.

IV. CONCLUSION

The above proposals are intended to improve NSI's Policy Statement by delegating the responsibility of determining trademark infringement and dilution to the courts. The proposed amendments to the Policy Statement establish procedural requirements for applying for and maintaining a domain name. These procedural requirements provide a way for third parties to more accurately determine if their rights are violated and, if so, would provide evidence which could be used in a suit for relief. The proposals are also intended to deal with the problem of domain name "grabbers." By amending NSI's Policy Statement as proposed above, NSI could improve the problems associated with the registration and maintenance of domain names without altering the domain name system and without destroying the tremendous potential of commerce on the Internet.

The Courts should remember the initial purpose of the Internet when deciding domain name disputes. The Internet began as a mainly non-commercial project and has functioned in that manner for many years. The current popularity of the Internet has forced courts to address the legal ramifications of doing business on the Internet. However, courts must be careful not to get caught up in the recent Internet frenzy and lose sight of traditional non-commercial Internet uses. Principles and policies established by the courts should be carefully formulated keeping these non-commercial uses in mind. Furthermore, one of the Internet's many strengths lies in allowing individuals and small businesses to compete with large multinational corporations. Accessibility to millions of people around the world has opened the door to thousands of new businesses as well as entirely new industries. Courts must make careful decisions supported by well reasoned opinions, so as not to destroy the Internet's tremendous potential.

All in all, predictability in domain name disputes will arrive as related cases are decided. This will establish a body of precedent on which individuals and other courts can rely. By working to guard the rights of both domain name holders and trademark owners, the courts and NSI

can establish a reliable set of policies and procedures which better define this fascinating and rapidly developing area of law.

APPENDIX: DOMAIN NAME DISPUTE
NETWORK SOLUTIONS' DOMAIN NAME
DISPUTE POLICY

(Revision 02, Effective September 9, 1996)

I. INTRODUCTION

1. Network Solutions, Inc. ("Network Solutions") is responsible for the registration of second-level Internet domain names in the top level COM, ORG, GOV, EDU, and NET domains. Network Solutions registers these second-level domain names on a "first come, first served" basis. By registering a domain name, Network Solutions does not determine the legality of the domain name registration, or otherwise evaluate whether that registration or use may infringe upon the rights of a third party.

2. The applicant ("Registrant") is responsible for the selection of its own domain name ("Domain Name"). The Registrant, by completing and submitting its application, represents that the statements in its application are true and that the registration of the selected Domain Name, to the best of the Registrant's knowledge, does not interfere with or infringe upon the rights of any third party. The Registrant also represents that the Domain Name is not being registered for any unlawful purpose.

3. Network Solutions does not act as arbiter of disputes between Registrants and third party complainants arising out of the registration or use of a domain name. This Domain Name Dispute Policy ("Policy") does not confer any rights, procedural or substantive, upon third party complainants. Likewise, complainants are not obligated to use this Policy.

The following prescribes the procedural guidelines Network Solutions may employ when faced with conflicting claims regarding the rights to register an Internet domain name. This Policy does not limit the administrative or legal procedures Network Solutions may use when conflicts arise.

II. GUIDELINES

1. Modifications.

Registrant acknowledges and agrees that these guidelines may change from time to time and that, upon thirty (30) days posting on the Internet at <ftp://rs.internic.net/policy/internic.domain.policy>, Network Solutions may modify or amend this Policy, and that such changes are binding upon Registrant.

2. Connectivity.

At the time of the initial submission to Network Solutions of the Domain Name request, the Registrant is required to have operational name service from at least two operational domain name servers for that Domain Name. Each domain name server must be fully connected to the Internet

and capable of receiving queries under that Domain Name and responding thereto. Failure to maintain two active domain name servers may result in the revocation of the Domain Name registration.

3. Indemnity.

(a) Registrant hereby agrees to defend, indemnify and hold harmless (i) Network Solutions, its officers, directors, employees and agents, (ii) the National Science Foundation ("NSF"), its officers, directors, employees and agents, (iii) the Internet Assigned Numbers Authority ("IANA"), its officers, directors, employees and agents, (iv) the Internet Activities Board ("IAB"), its officers, directors, employees and agents, and (v) the Internet Society ("ISOC"), its officers, directors, employees, and agents (collectively, the "Indemnified Parties"), for any loss or damages awarded by a court of competent jurisdiction resulting from any claim, action, or demand arising out of or related to the registration or use of the Domain Name.

(b) Such claims shall include, without limitation, those based upon intellectual property trademark or service mark infringement, trade name infringement, dilution, tortious interference with contract or prospective business advantage, unfair competition, defamation or injury to business reputation.

(c) Each Indemnified Party shall send written notice to the Registrant of any such claim, action, or demand against that party within a reasonable time. The failure of any Indemnified Party to give the appropriate notice shall not effect the rights of the other Indemnified Parties.

(d) Network Solutions recognizes that certain educational and government entities may not be able to provide indemnification. If the Registrant is (i) a governmental or non-profit educational entity, (ii) requesting a Domain Name with a root of EDU or GOV and (iii) not permitted by law or under its organizational documents to provide indemnification, the Registrant must notify Network Solutions in writing and, upon receiving appropriate proof of such restriction, Network Solutions will provide an alternative indemnification provision for such a Registrant.

4. Revocation.

Registrant agrees that Network Solutions shall have the right in its sole discretion to revoke a Domain Name from registration upon thirty (30) days prior written notice, or at such time as ordered by a court, should Network Solutions receive a properly authenticated order by a federal or state court in the United States appearing to have jurisdiction, and requiring the Registrant to transfer or suspend registration of the Domain Name.

5. Third Party Dispute Initiation.

Registrant acknowledges and agrees that Network Solutions cannot act as an arbiter of disputes arising out of the registration of a Domain Name. At the same time, Registrant acknowledges that Network Solutions may be presented with information that a Domain Name registered by Registrant violates the legal rights of a third party. Such information includes, but is not limited to, evidence that the second-level Domain Name (i.e., not including .COM, .ORG, .NET, .EDU, or .GOV) is identical to a valid and subsisting foreign or United States federal Registration of a trademark or service mark on the Principal Register that is in full force and effect and owned by another person or entity ("Complainant"):

(a) Proof of such a trademark must be by submission of a certified copy, not more than six (6) months old, of a United States Principal or foreign registration (copies certified in accordance with 37 CFR 2.33(a)(1)(viii) or its successor will meet this standard for registrations in jurisdictions other than the United States ("Certified Registration")). Trademark or service mark registrations from the Supplemental Register of the United States, or from individual states (such as California) of the United States are not sufficient.

(b) In addition to the proof required by Clause II-5(a), the owner of a trademark or service mark registration must give prior notice to the Domain Name Registrant, specifying unequivocally and with particularity that the registration and use of the Registrant's Domain Name violates the legal rights of the trademark owner, and provide Network Solutions with a copy of such notice. Network Solutions will not undertake any separate investigation of the statements in such notice.

(c) In those instances (i) where the basis of the claim is other than a Certified Registration described above, or (ii) where the Complainant fails to provide the proof of notice required by Clause II-5(b), the third party procedures in Clause II-6 will not be applied.

6. Third Party Procedures.

In those instances where a third party claim is based upon and complies with Clause II-5(a) and (b), Network Solutions may apply the following procedures, which recognize that trademark ownership does not automatically extend to a Domain Name and which reflect no opinion on the part of Network Solutions concerning the ultimate determination of the claim:

(a) Network Solutions shall determine the activation date of the Registrant's Domain Name.

(b) If the Registrant's Domain Name activation date is before the earlier of (i) the date of first use of the trademark or service mark in the Certified Registration or (ii) the effective date of the valid and subsisting Cer-

tified Registration owned by the Complainant, or, if Registrant provides evidence of ownership of a trademark or service mark as provided in Clause II-5, the Registrant shall be allowed to continue the registration and use of the contested Domain Name, as against that Complainant and subject to the remaining terms of this Policy.

(c) If the activation date of the Domain Name is after the earlier of (i) the date of first use of a Complainant's trademark or service mark in the Certified Registration, or (ii) the effective date of the valid and subsisting Certified Registration owned by the Complainant, then Network Solutions shall request from the Registrant proof of ownership of Registrant's own registered mark by submission of a certified copy, of the type and nature specified in Clause II-5(a) above, owned by the Registrant and which was registered prior to the earlier of the date of Network Solutions' request for proof of ownership above or any third party notifying the Registrant of a dispute. The mark provided must be identical to the second-level Domain Name registered to the Registrant.

(d) If the Registrant's activation date is after the dates specified in Clause II-6(b), or the Registrant fails to provide evidence of a trademark or service mark registration to Network Solutions within thirty (30) days of receipt of Network Solutions' request, Network Solutions will assist Registrant with assignment of a new domain name, and will allow Registrant to maintain both names simultaneously for up to ninety (90) days to allow an orderly transition to the new domain name. Network Solutions will provide such assistance to a Registrant if and only if Registrant (1) submits a domain name template requesting the registration of a new domain name; and (2) submits an explicit written request for assistance, including an identification of the Registrant's desired new domain name and the tracking number assigned by Network Solutions in response to the new domain name template, both within thirty (30) days of receipt of Network Solutions' original notice of the complaint. At the end of the ninety (90) day period of simultaneous use, Network Solutions will place the disputed Domain Name on "Hold" status, pending resolution of the dispute. As long as a Domain Name is on "Hold" status, that Domain Name registered to Registrant shall not be available for use by any party.

(e) In the event the Registrant (1) fails to provide the documentation required by Clause II-6(c) of a trademark or service mark registration within thirty (30) days of receipt of Network Solutions' dispute notification letter, (2) provides Network Solutions written notification that Registrant will neither accept the assignment of a new domain name nor relinquish its use of the Domain Name, or (3) fails to take any action or provide any written notice within the times specified in this Clause II-6, whichever event occurs first, Network Solutions will place the Domain

Name on "Hold." As long as a Domain Name is on "Hold" status, that Domain Name registered to Registrant shall not be available for use by any party.

(f) Network Solutions will reinstate the Domain Name placed in a "Hold" status (i) upon receiving a properly authenticated temporary or final order by a federal or state court in the United States having competent jurisdiction and stating which party to the dispute is entitled to the Domain Name, or (ii) if Network Solutions receives other satisfactory evidence from the parties of the resolution of the dispute.

7. Litigation.

In the event that, prior to the Domain Name being placed on "Hold":

(a) The Registrant files suit related to the registration and use of the Domain Name against the Complainant in any court of competent jurisdiction in the United States, Network Solutions will not place the Domain Name on "Hold," subject to the remaining terms of this Policy and pending a temporary or final decision of the court, provided that the Registrant provides a copy of the file-stamped Complaint to Network Solutions. In such cases, Network Solutions will deposit control of the Domain Name into the registry of the court. Registrant also shall promptly provide copies of any and all pleadings filed in the action to Network Solutions upon Network Solutions' request.

(b) The Complainant files suit related to the registration and use of the Domain Name against the Registrant in any court of competent jurisdiction in the United States and provides Network Solutions with a copy of the file-stamped Complaint, Network Solutions will not place the Domain Name on "Hold," subject to the remaining terms of this Policy, and will deposit control of the Domain Name into the registry of the court pending a temporary or final decision of the court.

(c) In both instances, under Clause II-7(a) and (b), Network Solutions will immediately abide by all temporary or final court orders directed at either Registrant or Complainant, without being named as a party to the suit. If named as a party to a law suit, Network Solutions shall not be limited to the above actions, but reserves the right to raise any and all defenses deemed appropriate.

8. Disclaimer.

Registrant agrees that Network Solutions will not be liable for any loss of registration and use of registrant's domain name, or for interruption of business, or any indirect, special, incidental, or consequential damages of any kind (including lost profits) regardless of the form of action whether in contract, tort (including negligence), or otherwise, even if Network Solutions has been advised of the possibility of such damages.

In no event shall Network Solutions' maximum liability under these policy guidelines exceed five hundred (\$500.00) dollars.

9. Notices.

All notices or reports permitted or required under this Policy shall be in writing and shall be delivered by personal delivery, facsimile transmission, and/or by first class mail, and shall be deemed given upon personal delivery, or seven (7) days after deposit in the mail, whichever occurs first. Initial notices to the Registrant shall be sent to the Domain Name Administrative Contact at the address associated with the Domain Name Registrant listed in the InterNIC Registration Services' database (i.e., the address contained in Clause II-3 of the Domain Name Registration Agreement (template)).

10. Non-Agency.

Nothing contained in this Policy shall be construed as creating any agency, partnership, or other form of joint enterprise between the parties.

11. Non-Waiver.

The failure of either party to require performance by the other party of any provision hereof shall not affect the full right to require such performance at any time thereafter; nor shall the waiver by either party of a breach of any provision hereof be taken or held to be a waiver of the provision itself.

12. Breach.

Registrant's failure to abide by any provision under this Policy may be considered by Network Solutions to be a material breach and Network Solutions may provide a written notice, describing the breach, to the Registrant. If, within thirty (30) days of the date of mailing such notice, the Registrant fails to provide evidence, which is reasonably satisfactory to Network Solutions, that it has not breached its obligations, then Network Solutions may revoke Registrant's registration of the Domain Name. Any such breach by a Registrant shall not be deemed to have been excused simply because Network Solutions did not act earlier in response to that, or any other, breach by the Registrant.

13. Invalidity.

In the event that any provision of this Policy shall be unenforceable or invalid under any applicable law or be so held by applicable court decision, such unenforceability or invalidity shall not render this Policy unenforceable or invalid as a whole. Network Solutions will amend or replace such provision with one that is valid and enforceable and which achieves, to the extent possible, the original objectives and intent of Network Solutions as reflected in the original provision.

14. Entirety.

These guidelines, as amended, and the registration agreement (template) together constitute the complete and exclusive agreement of the parties regarding domain names. These guidelines supersede and govern all prior proposals, agreements, or other communications between the parties. Registrant agrees that registration of a domain name constitutes an agreement to be bound by this policy, as amended from time to time.

