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ARTICLE

CYBERMARKS: A PROPOSED HIERARCHICAL MODELING SYSTEM OF REGISTRATION AND INTERNET ARCHITECTURE FOR DOMAIN NAMES

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INTRODUCTION

Imagine living under a trademark registration system with no subdivisional classes for goods or services which allows an organization to register a trademark that is identical or confusingly similar to a mark already in use by another; a registration system that neither apportions trademark rights based on actual use or intent to use, nor conducts a likelihood of confusion analysis when granting a trademark registration; a system whereby an individual with a Doing Business As (D.B.A.) registration in a small county of a state can effectively block another business' worldwide trademark use; in essence — a system of intellectual property suppression that is in direct derogation of Learned Hand's delineation of a mark's representation to its owner over half a century ago:

> If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask.[1]

Unfortunately, this registration system exists today under the current Internet Domain Name System (DNS)[2] of

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1. Yale Elec. Corp. v. Robertson, 26 F.2d 972, 974 (2d Cir. 1928).
2. For an overview of the DNS, see generally ED KROL, THE WHOLE INTERNET:

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cyberspace.[3] Under this registration system, unauthorized users can trample on the goodwill and reputation of trademark and service mark owners by registering corporate monikers, information superhighway handles and general on-line organizational personas that are referred to as domain names or cybermarks.

Consider the following example. John Regrab, who has a registered D.B.A. of "Regrab's Convalescence Homes" in Oakland County, Michigan, registers a domain name for "regrab.com" on the Internet.[4] The only place the distinct part of the domain name "regrab" is used is in big, bold letters on the World Wide Web home page for Regrab's Convalescence Homes.[5] John Regrab uses the name "regrab" to represent his service mark for convalescence home services offered by his D.B.A. Subsequently, Regrab Construction Service, Inc.,[6] an international company offering construction services, which has a registered, distinctive service mark of "regrab," files for "regrab.com" on the Internet. Regrab Construction Service is denied use of the domain name due to the prior registration of John Regrab's domain name for his D.B.A. What recourse, if any, does Regrab Construction Service have in obtaining domain name registration of its service mark "regrab" that is registered and used worldwide?

First, Regrab Construction Service could register a different domain name such as "regrabconst.com" or "regrabconserv.com." Although this may temporarily meet the Company's short term Internet needs, it fails to meet the long term demands of advertising and marketing where, typically, short "footprint" advertising names are preferred to provide consumers names that they will

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USER'S GUIDE & CATALOG 30-34 (2d ed. 1994).

3. "Cyberspace" is a term of art that was first coined by computer novelist William Gibson. It is considered to be dimensionless, a place where machines communicate to each other without human intervention. Edward J. Naughton, *Is Cyberspace a Public Forum? Computer Bulletin Boards, Free Speech, and State Action*, 81 GEO. L.J. 409, 411-13 (1992); *see also* Laurence Tribe, The Constitution in Cyberspace: Law and Liberty Beyond the Electronic Frontier, Address at the First Conference on Computers, Freedom and Privacy (Mar. 26, 1991), *in* COMMUNICATIONS DAILY, Mar. 27, 1991, at 9. Cyberspace "is also a term that accepts implicitly the idea that new media bring about new environments and it recognizes that networks have an impact that goes beyond their normally perceived function of transmitting data at unmatched speeds." Ethan Katsh, *Law in a Digital World: Computer Networks and Cyberspace*, 38 VILL. L. REV. 403, 415 (1991).

4. The names "John Regrab," "Regrab's Convalescence Homes" and "regrab.com" are fictitious. Any resemblance or similarity to actual individuals, places of business, or Domain Names is purely coincidental.

5. "The attraction for business is obvious: For an investment of as little as $30 a month, almost anybody with a personal computer and a modem can set up a base of operations on the World Wide Web. . . . " Vic Sussman & Kenan Pollack, *Gold Rush in Cyberspace*, U.S. NEWS & WORLD REP., Nov. 13, 1995, at 72.

6. The name "Regrab Construction Service, Inc." is fictitious. Any resemblance or similarity to an actual business is purely coincidental.

easily remember and identify. These demands will not deviate for a domain name that identifies the location of a company on the Internet, which millions of computer users access worldwide. As aptly proposed by Montaigne in his essays:

> It is a good thing to have a good name, that is to say credit and reputation. But also, in truth, it is advantageous to have a handsome name and one that is easy to pronounce and retain, for thereby kings and grandees recognize us more easily and are less apt to forget us. . . .[7]

Ultimately, the registration of a domain name that differs from a company's name and mark could result in the loss of sales to competitors if consumers are unable to locate the company on the Internet.

Second, Regrab Construction Service could send a cease and desist letter to John Regrab seeking a withdrawal of the domain name registration because its use infringes on the company's service mark. Under United State trademark law, however, the two registrations could arguably coexist in different classes. The mark of Regrab Construction Services would be registered in class thirty-seven for construction and repair services,[8] while John Regrab's mark would be registered in class forty-two for miscellaneous services.[9] Even if John Regrab registered "regrab" with the United States Patent and Trademark Office under the guise of "electronic services in the field of convalescence homes via computer registration accessible by means of a global computer network," the mark would still be registered in class forty-two, separate from that of Regrab Construction Service. This quandary sheds light on a pressing problem under the present Domain Name System of registration: there are no subdivisional classes under which identical registrations of a mark can coexist for non-similar goods or services.

Third, Regrab Construction Service could bring a claim under the Lanham Act for unfair competition.[10] The claim would allege that John Regrab's use of "regrab.com" on the Internet constitutes a false designation of origin or a false misrepresentation of services that is likely to cause confusion or mistake as to Regrab's Convalescence Homes' affiliation, connection or association with Regrab Construction Service. Although consumers may assume such an affiliation, often, as here, the two organizations do not sell competing goods nor operate in competing markets. Therefore,

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7. MONTAIGNE, ESSAYS, Bk. I, Ch. 46 (Frame trans.).

8. Patent and Trademark Office, United States Dep't of Commerce, Trademark Manual of Examining Procedure § 1401.02(a), at 1400-9 (Supp. 1989).

9. *Id.* at 1400-10.

10. *See* 15 U.S.C. § 1125(a) (1989).

this absence of any common commercial activities precludes a claim under the Lanham Act for unfair competition. The sine qua non of an unfair competition claim based on commercial activity is a misrepresentation that concerns the same goods, services or commercial activities as that of another. Any person who visits the home page of Regrab's Convalescence Home, which only operates in Oakland County, Michigan, will not be confused into believing that it represents the services of the international company Regrab Construction Service.

Fourth, Regrab Construction Service could seek resolution of the matter under the InterNIC Registration Service's newly implemented NSI Domain Dispute Policy Statement that is published in Appendix C of this Article. Unresponsive to the present scenario, the current Policy falls short in a number of areas. Foremost, the Policy does not apply a trademark or service mark "likelihood of confusion" analysis to domain name applications. This is analogous to state trademark registrations. The Policy does not address "blocking": the use of domain names to prevent a competitor from registering the domain name or service mark for use worldwide. The Policy also does not address the problem of two different organizations that have identical trademarks or service marks in different classes, where there is no likelihood of confusion, and where both seek registration of the same domain name.

This Article will shed light on the increasing problems that exist under the current Domain Name System of registration. The present DNS does not distinguish between classes of goods in a trademark or service mark sense. Rather, it grants user rights on a first-to-file basis instead of applying a first-to-use hierarchy, which is followed by the United States Patent and Trademark Office. Thus, the Domain Name System of registration's reactive posture and its associated problems presents a pressing issue: given the high value of trademarks and service marks to organizations and the potential abuses of good will through domain name registrations, is there a need to revise the current Internet architecture and current Domain Dispute Policy? The answer is an unequivocal "yes."

This Article proposes changes for the Internet's architecture and advocates amendments to the current NSI Domain Dispute Policy. The proposed Internet architectural changes will render the Internet more user friendly and functional, while the Dispute Policy changes will decrease the amount of litigation that the existing DNS has generated. Specifically, although the current Dispute Policy takes a good first step in providing guidelines for the resolution of domain name disputes, it fails to offer initial and post-registration safeguards against mark infringement through domain name use. The first of many needed fundamental changes in the Internet's architecture and current Domain Name System

begins with re-addressing the commercial (.com) root domain.

Part I of this Article introduces the reader to the current Domain Name System and the numerous legal claims that individuals have brought as a result of its present state. Part II discusses whether a domain name can be used in a trademark or service mark sense. Part II analyzes how a company's standard advertising and promotion of its location on the Internet often results in domain name use in a service mark sense. Then, Part II introduces the idea of "blocking" uses of domain names on the Internet. Part II also discusses the confusion associated with the use of domain names that may vary by only one alphanumeric character in relation to a competitor's trademark or domain name.

Part III of the Article proposes revisions to the current Internet architecture which are diagrammatically shown in Appendix B. Specifically, it proposes the reorganization of non-profit and for-profit organizations within the Internet architecture to simplify the Internet's operation: the ".int" domain is deleted altogether; the international for-profit organizations are moved completely under the ".com" domain; and the non-profit organizations are transferred to the ".org" domain. The most sweeping proposal involves changing the ".com" domain wherein a system of hierarchical levels based upon geographic location of organizational operation are established. In addition, Part III proposes revisions to the current Domain Dispute Policy to foster the resolution of disputes under the changed landscape of the Internet architecture. Unlike the current Dispute Policy, the proposed policy provides the following workable guidelines to effectively resolve domain name disputes: (1) a bona fide intent to use a domain name must be consummated within six months of the effective date of registration that includes a home page at the domain name's Internet address; (2) registrations of a state trademark or a service mark can be used as quantifiable evidence relevant to domain name disputes as well as federal registrations; (3) an organization may dispute a domain name registration if it is identical or confusingly similar to its registered mark; (4) an organization may contest the use of or registration of a domain name that is generic in a trademark or service mark sense; (5) an organization may contest the use of or registration of a domain name that is scandalous in a trademark or service mark sense; and (6) concurrent use of identical domain names is provided by the use of different hierarchical levels within the ".com" root domain. This Domain Dispute Policy must be applied proactively to guard against the infringement of a mark by a domain name registration that is used in a trademark or service mark sense.

I. THE DOMAIN NAME SYSTEM

A. *The Current Domain Name System Structure*

The current Domain Name System (DMS)[11] consists of an organization of domain names wherein various organizations are given the responsibility of expanding and maintaining subsets of their assigned domain names. In essence, domain names are to the Internet what addresses are to the U.S. Post Office. Technically, a domain name is a computer address that identifies a specific site or node on a mass of computer networks[12] that spans the entire globe — the Internet.[13] This mass of worldwide computers that communicate seamlessly "has no president, chief operating officer, or Pope."[14] Each computer that has access to the Internet is assigned a unique site address that is linked to a corresponding domain name. Each site is assigned an Internet Protocol or "IP" address. It takes the form of a sequence of thirty-two bit numbers broken into four groups such as 112.143.1.123. The current DNS consists of a distributed database that translates domain names, which have unique alphanumeric mnemonics that can be easily remembered or researched by Internet users, into numeric IP addresses. Uniform Resource Locators (URL)[15] are used to define how Internet users can reference information located at a particular domain name site.

A domain name is comprised of a string of "domains," separated by periods, that identify specific sites on the Internet. For example, a domain name that a user could access via the World

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11. See Appendix A for a diagrammatical chart of the current Domain Name System.

12. A "computer network" is an electrical interconnection of points such as computer terminals or communications equipment. In addition, networks have also been characterized as a group of computers communicating over telephone line by the use of modems, radio waves or infrared waves. A. J. MEADOWS ET AL., THE RANDOM HOUSE DICTIONARY OF NEW INFORMATION TECHNOLOGY 126 (1982).

13. "The Internet grew out of the ARPANET, a research network created by the U.S. Department of Defense Advanced Research Projects Agency (ARPA) in 1969. Its purpose was to link various government installations with university, industrial, and research organizations." Editor, *The Internet: Getting Started*, 2 HIGHER EDUC. PRODUCT COMPANION 20, 20 (1993). The Internet is currently a global network of thousands of independent networks each containing several million "host" computers that provide information services. See KROL, *supra* note 2, at 31-34. On an annual basis, the Internet has doubled in size and now covers 150 countries. Sussman & Pollack, *supra* note 5, at 73.

14. *See* KROL, *supra* note 2, at 16 (explaining that the Internet is much like a church — activism on the part of the public is strictly voluntary).

15. Uniform Resource Locators (URLs) are alpha numeric strings of text that define where to find a particular piece of information on the Internet. URLs consist of a protocol portion and scheme-specific portion that is separated from the protocol portion by two forward slashes. For example: http://www.regrab.com.

Wide Web[16] would have a URL of http://www.regrab.com. The
"http" stands for hypertext transfer protocol;[17] the "www" repre-
sents a home page that a user can access via the World Wide
Web; the "regrab" domain is the host computer link to the
Internet; and ".com" is a worldwide hierarchical domain level for
commercial organizations. Some other worldwide domain levels on
the Internet include ".org," which consists of miscellaneous profit
and non-profit organizations; ".net," which is primarily used for
system operators who run networks; and ".int," which contains
various profit and non-profit international organizations. Addi-
tionally, there are several hundred country coded domain levels,
such as ".us," in which miscellaneous profit and non-profit U.S.
organizations are registered. There are also two domain levels
that the U.S. government runs: ".gov" for government officials and
".mil" for use by military personnel.

The ".com" domain is quickly becoming an international mar-
ketplace teaming with cyberspace activity and is of particular
importance to this Article. As noted above, the ".com" extension
stands for a commercial organization. In essence, domain names
with the ".com" extension represent business road signs along the
information superhighway.[18] The Internet, which was originally
established to connect the government, the military and universi-
ties via a series of super-computers for national defense purposes,
has grown to monstrous proportions, thereby making a coherent
regimen of domain name registrations vital.

B. Governing Body of the Domain Name System

It is estimated that over 6.64 million computers now have
access to the Internet and that this number could blossom to 100

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16. The World Wide Web is an Internet Graphical User Interface (GUI, which
avid computer users pronounce as "gooey") that links related text, files and pro-
grams via a universal protocol entitled Hypertext Markup Language (HTML). A
Swedish software engineer named Tim Berners-Le created the HTML protocol in
1992 which the Internet community has accepted with worldwide use. It is report-
ed that there are over 100,000 World Wide Web sites. *See* Sussman & Pollack,
supra note 5, at 73.

17. Http allows for the use of HTML: A Hypertext Markup Language that is
used to link different data types within one World Wide Web page to other World
Wide Web pages.

18. The "information superhighway" is a worldwide cable network of broadband
data communication. It is brought to fruition via a worldwide topography of fiber-
optic cable which enables high speed bi-directional, digital data transfer of graphi-
cal images and acoustical wave forms. To take a trip down the winding information
superhighway, see generally KROL, *supra* note 2; Andrew C. Barrett, *Shifting
Foundations: The Regulation of Telecommunications in an Era of Change*, 46 FED.
COMM. L.J. 39, 43 (1993) (describing the need for connectivity and flexibility in
building a telecommunication's infrastructure); John M. Stevens, *Antitrust Law
and Open Access to the NREN*, 38 VILL. L. REV. 571 (1993).

million by the turn of the century.[19] What regulatory authority
controls the Internet, monitors its use and performs "likelihood of
confusion"[20] analysis on domain name applications? Unlike a
Bulletin Board System (BBS)[21] such as Prodigy[22] or
CompuServe,[23] that has a System Operator (commonly referred
to as a SYSOP),[24] the Internet has no controlling operator or au-
thority. The closest entity to a ruling body is the Internet Engi-
neering Task Force. Its unofficial creed is proudly displayed across
the T-shirts of its members: "We Reject Kings, Presidents, and
Voting. We Believe in Rough Consensus and Running Code."[25]
The National Science Foundation (NSF) created a quasi-govern-
mental agency entitled the Internet Network Information Center
(InterNIC) to establish some form of order on the Internet.

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19. *See* Sussman & Pollack, *supra* note 5, at 73.

20. A plaintiff in a trademark infringement action need only show that confu-
sion is "likely" rather than "inevitable" or "certain" to occur. *See* Weiss Assocs., Inc.
v. HRL Assocs., Inc., 902 F.2d 1546, 1549, 14 U.S.P.Q.2d (BNA) 1840, 1842 (Fed.
Cir. 1990) (noting that a finding of actual confusion is not necessary to establish
likelihood of confusion); Volkswagenwerk Aktiengesellschaft v. Wheeler, 814 F.2d
812, 818, 2 U.S.P.Q.2d (BNA) 1264, 1266 (1st Cir. 1987) (holding that a showing of
actual confusion is not essential in order to find a likelihood of confusion). For an
application of the likelihood of confusion doctrine to service marks see, *e.g.,* Amoco
Oil Co. v. Rainbow Snow, 748 F.2d 556, 558, 224 U.S.P.Q. (BNA) 128, 130 (10th
Cir. 1984) (promulgating that the likelihood of confusion test applies to association
and sponsorship confusion as well as source confusion).

21. A BBS is a computerized message center that allows computer users to
access messages and software. They are commonly accessed by computer users via
modem, through the means of telephone communication lines. A BBS can be pri-
vate, consisting of a few hobbyists, or public and run by large commercial enter-
prises like Prodigy or CompuServe. *See* Naughton, *supra* note 3, at 415 n.34 (ad-
dressing BBS message systems).

22. Prodigy is a joint venture between International Business Machines (IBM)
and Sears, Roebuck and Company. Subscribers to Prodigy, a computer information
service, can accomplish utilitarian functions, such as browse, and order from elec-
tronic media catalogs, receive current stock prices, view the latest in weather infor-
mation and access the Internet.

23. CompuServe is considered the next largest national BBS after Prodigy.

24. Generally, a "SYSOP" maintains and monitors information disbursed on the
BBS. Recently, courts have adjudicated the liability of SYSOPS. *See* Cubby, Inc. v.
CompuServe, Inc., 776 F. Supp. 135, 142 (S.D.N.Y. 1991) (holding that
CompuServe was merely a "distributor" regarding the editorial content of the
publishings on its network and therefore had no reason to know of the defamatory
statements placed therein); *cf.* Stratton Oakmont, Inc. v. Prodigy Servs. Co., 1995
WL 323710, slip op. at *7 (N.Y. Sup. Ct. May 24, 1995) (holding at summary judge-
ment that Prodigy, unlike CompuServe, had exercised sufficient editorial control
over the content of its network to constitute a "publisher" for purposes of a defama-
tion claim). *See also* Loftus E. Becker, Jr., *The Liability of Computer Bulletin
Board Operators for Defamation Posted by Others*, 22 CONN. L. REV. 203, 211 n.1
(1989); Naughton, *supra* note 3, at 415 n.34; Don Oldenburg, *Rights on the Line;
Defining the Limits on the Networks*, WASH. POST, Oct. 1, 1991, at E5.

25. Steven Levy, *The Year of the Internet*, NEWSWEEK, Dec. 25, 1995, at 27.

The InterNIC functions as a "chamber of commerce" for the information superhighway by acting as a central resource center for Internet users. The NSF further established three divisions under InterNIC: (1) the Internet Activities Board (IAB); (2) the InterNIC Registration Services (INRS); and (3) the Internet Assigned Numbers Authority (IANA). The INRS is run by a commercial organization called Network Solutions, Inc. (NSI), a subsidiary of the Science Applications International Corporation. NSI currently has a five-year, $5.9 million contract from the U.S. government to register and maintain domain names.[26] Given the fact that over 14,000 new domain name applications are being submitted to NSI per month, administering such a registration system is no small task.[27] Effective October 1, 1995, domain name applicants are required to pay an application fee and yearly maintenance fee.[28]

The information superhighway is expanding to the west, cyberspace's wild west, that is. Recently, lesser known individuals and organizations have registered domain names under the names of "abc.com,"[29] "coke.com,"[30] "fox.com,"[31] "esquire.com,"[32] "hertz.com,"[33] "nasdaq.com,"[34] "mcdonalds.com,"[35] "mci.net"[36] and "mtv.com."[37] As late as August of 1995, three of the top ten

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26. Kara Swisher, *The Frenzy Over the Internet's Fee Enterprise*, WASH. POST, Oct. 16, 1995, at F10.

27. *Id.*

28. Currently there is a $100 fee upon submission of a domain name application. If registration is granted, a $50 fee is charged for annual maintenance of the domain name.

29. *See* Mitch Betts, *Internet Name Game Gets Specific*, COMPUTERWORLD, Oct. 10, 1994, at 6.

30. *Id.*

31. *Id.*

32. A Washington D.C. resident registered at least 18 domain names of major American corporations. The registrations were soon cancelled after the *Washington Post* ran a front page story about the resident's antics. *See* Elizabeth Corcoran, *For D.C. Man, a Flier or E-mail Address Yields a Net Loss*, WASH. POST, Sept. 8, 1994, at B11; Stewart Ugelow, *Address for Success: Internet Name Game; Individuals Snap Up Potentially Valuable Corporate E-mail Ids*, WASH. POST, Aug. 11, 1994, at A1.

33. Ugelow, *supra* note 32, at A1.

34. *Id.*

35. Joshua Quittner, a contributing editor with *Wired* magazine, registered "Mcdonalds.com." Once his registration was complete, he affectionately referred to himself as "Josh 'Ronald' Quittner." *See* Joshua Quittner, *Billions Registered: Right Now, There Are No Rules to Keep You From Owning a Bitchin' Corporate Name As Your Own Internet Address*, WIRED, Oct. 1994, at 50 (urging his readers to send correspondence to "ronald@mcdonalds.com").

36. A Sprint employee, without the authorization of his employer, registered the domain name "mci.net."

37. "Mtv.com" was registered by former video jockey Adam Curry while he was working for MTV Networks (MTVN). Upon leaving MTVN, he failed to stop using

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U.S. companies ranked in monetary market share do not have web sites on the World Wide Web.[38] By as late as October 1994, two-thirds of the Fortune 500 companies had not registered a publicly known domain name representing their company.[39] Consider the vast disputes over domain names and their use in a trademark or service mark sense.

The case given the most publicity is *MTV v. Curry*.[40] Adam Curry served as a video disc jockey for MTV Networks (MTVN).[41] As a side project, Curry began developing an Internet service for MTVN that would operate under the domain name "mtv.com."[42] "In reliance on his discussions with MTVN executives and personnel, Curry continued to develop mtv.com at his own expense."[43] Subsequently, MTVN requested that Curry cease using the mtv.com domain name.[44] When Curry refused, MTVN sued him for trademark infringement and dilution of its MTV mark. Although the suit was settled without a definitive decision on the merits of the trademark infringement claim, this type of dispute is indicative of the significant problems unauthorized domain name use causes.

Although it never rose to the level of litigation, the purposeful registration of "mcdonalds.com" by *Wired* magazine's Joshua Quittner raised corporations' collective consciousness of the importance of domain name registrations. Upon noticing that the world famous McDonald's Corporation restaurant chain had registered "mcd.com" as its domain name (purportedly following the advice of marketing to keep a small foot print for domain names), Quittner registered "mcdonalds.com."[45] Holding his on-line "trophy" from his cyberpunk[46] activity for ransom, Quittner was able to per-

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the domain name "mtv.com" and was promptly sued by MTVN. *See* Andre Brunel, *Billions Registered, But No Rules: The Scope of Trademark Protection for Internet Domain Names*, 7 J. PROPRIETARY RTS. 3, 4 (1995).

38. Gareth Branwyn, *Wired Top 10: Web Status of the Top 10 US Companies (Market Value, 1994)*, WIRED, Aug. 1995, at 44 (listing Exxon, Merck and Proctor & Gamble as not having web sites).

39. Quittner, *supra* note 35, at 50.

40. 867 F. Supp. 202 (S.D.N.Y. 1994).

41. *Id.* at 203.

42. *Id.* at 204.

43. *Id.*

44. *Id.*

45. Quittner, *supra* note 35, at 50.

46. "Cyberpunk" is a term of art that, along with the popular term "Cyberspace," was coined by computer novelist William Gibson. In the true fictitious sense of the word, a "Cyberpunk" is a human being composed of machinery, flesh and neurochemicals that can be used as nodes on Cyberspace computer networks. *See* WILLIAM GIBSON, NEUROMANCER 33 (1988). The term "Cyberpunk" has been used to refer to computer hackers and trouble makers among those who deal with computers in a real world setting. *See, e.g.*, KATIE HAFNER & JOHN MARKOFF, CYBERPUNK: OUTLAWS AND HACKERS ON THE COMPUTER FRONTIER (1991); Philip

suade McDonalds Corporation to donate $3500 to allow a New York City school to have a home page on the Internet.[47]

An arbitration action between Stanley H. Kaplan Educational Center, Ltd. and the Princeton Review Management Corporation also involved a dispute over domain name registrations.[48] The test standardization company of Princeton Review registered several domain names on the Internet, one of which was "kaplan.com." The Kaplan Education Center, Princeton Review's top competitor in the standardized test arena, objected and asserted claims of trademark infringement,[49] tortious interference with prospective business relations[50] and unfair competition under section 43(a) of the Lanham Act.[51] An arbitrator resolved the dispute in Kaplan's favor, relinquishing the domain name at issue to Kaplan.

A watershed case for domain disputes, *Fry's Electronics., Inc. v. Octave Systems, Inc.*, is currently pending in a California Federal District Court.[52] In December of 1994, the plaintiff, Fry's Electronics, Inc., learned that one of the defendants, Frenchy Fries, was using the domain name "frys.com" on the Internet.[53] The defendant failed to relinquish its domain name after receiving two cease and desist orders.[54] The defendant did, however, offer to cease and desist use of the domain name for a fee under the assertion that the name had "value."[55] Fry's Electronics, Inc., subsequently sued, asserting six causes of action in its complaint:[56] (1) unfair competition under section 43(a) of the Lanham Act;[57] (2) racketeering, including mail and wire fraud, under the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO);[58] (3) unfair competition under the common law; (4) trade name infringement under California state law;[59] (5) injury to business reputation; and (6) usurpation of property, business and oppor-

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Elmer-Dewitt, *Cyberpunks and the Constitution*, TIME, Apr. 8, 1991, at 81; John Markoff, *Cyberpunks Seek Thrills in Computerized Mischief*, N.Y. TIMES, Nov. 26, 1988, at 1.

47. David Plotnikoff, *Watching the Digital World Go By*, SAN JOSE MERCURY NEWS, Jan. 27, 1995, at 26.

48. (Oct. 4, 1994) (Private Arb.).

49. *Id.*

50. *Id.*

51. *Id.*

52. No. C95-2525CAL (N.D. Cal. filed July 12, 1995).

53. Complaint at 4, *Fry's Elecs., Inc.* (No. C95-2525CAL).

54. *Id.* at 5.

55. *Id.* at 4.

56. *Id.* at 1.

57. The Trademark Act of 1946 (Lanham Act), ch. 540, 60 Stat. 441 (codified as amended at 15 U.S.C. § 1125(a) (1989)).

58. 18 U.S.C. § 1962 (1991).

59. CAL. BUS. & PROF. CODE §§ 14411-14417 (West 1972).

tunity.[60] Interestingly, Fry's Electronics, Inc. seeks infringement damages for each transmission of the URL "frys.com" on the Internet.[61] Significantly, the number of transmissions, or "hits," on the Octave Systems site could easily run into the hundreds of thousands.

Another case with wide implications for domain name disputes is *KnowledgeNet, Inc. v. D. L. Boone & Co.*[62] In *Knowledge-Net*, NSI and NSF were joined as party defendants along with the defendant D. L. Boone & Company.[63] In its amended complaint,[64] the plaintiff, KnowledgeNet, Inc., asserts: (1) trademark and service mark infringement of its federally registered mark "KnowledgeNet"[65] in violation of Section 32(1) of the Lanham Act;[66] (2) federal unfair competition[67] under Section 43(a) of the Lanham Act;[68] (3) deceptive trade practices[69] under the Illinois Deceptive Trade Practices Act;[70] (4) trademark dilution and injury to business reputation[71] under the Illinois Counterfeit Trademark Act;[72] and (5) racketeering activities, including but not limited to mail and wire fraud,[73] under RICO.[74]

In this case, KnowledgeNet, Inc. was actively engaged in both foreign and domestic computer consulting services.[75] It registered its mark "KnowledgeNet" as a trademark and a service mark with the United States Patent and Trademark Office.[76] After registration, defendant Boone registered the domain name "knowledgenet.com," under which it began transacting business on the Internet to market computer consulting services.[77] Plaintiff accused Boone of unlawfully using the names "KnowledgeNet" and "Knowledge_Net" in connection with the use of

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60. *See generally* Complaint, *Fry's Elecs., Inc.* (No. C95-2525CAL).

61. Complaint at 15, *Fry's Elecs., Inc.* (No. C95-2525CAL).

62. No. 94CV-7195 (N.D. Ill. filed Dec. 2, 1994).

63. Complaint at 2, *KnowledgeNet* (No. 94CV-7195).

64. *Id.*

65. *Id.* at ¶¶ 54-57.

66. 15 U.S.C § 1114(1) (1989).

67. Complaint at ¶¶ 58-63, *KnowledgeNet* (No. 94CV-7195).

68. 15 U.S.C. § 1125(a).

69. Complaint at ¶¶ 73-77, *KnowledgeNet* (No. 94CV-7195).

70. 815 ILCS 510/2 (1993).

71. Complaint at ¶¶ 69-72, *KnowledgeNet* (No. 94CV-7195).

72. 765 ILCS 1040/2 (1993).

73. Complaint at ¶¶ 47-53, *KnowledgeNet* (No. 94CV-7195).

74. 18 U.S.C. § 1962.

75. Complaint at ¶ 9, *KnowledgeNet* (No. 94CV-7195).

76. *Id.* Registration number 1,814,768 was issued January 4, 1994 for "[c]omputer software for use in connection with computer networking, performance modeling, project management and/or the conduct of feasibility studies" and registration number 1,802,448 was issued November 2, 1993 for "computer consulting services." *Id.*

77. *Id.* at ¶ 16.

"knowledgenet.com" on the Internet.[78] In addition to other re-
quested relief, plaintiff sought to enjoin NSI and NSF from aiding
and abetting the defendant Boone in the publication and use of
the mark "KnowledgeNet" on the Internet (*i.e.*, for allowing a
third party to register the mark of another as a domain name).[79]
Although the court has not yet decided this case, such an adjudi-
cation could shed much needed light on domain name issues and
offer a significant precedent for resolving disputes in the future.

In many of the disputes discussed above, the parties chose to
settle this case and, consequently, the service mark owner gained
control of its mark as a domain name. One must ask, however,
whether these disputes could be avoided. The following discussion
and subsequent proposals address ways to avoid these disputes
altogether.[80]

II. DOMAIN NAME USE IN A TRADEMARK OR SERVICE MARK SENSE

If a domain name cannot be used in a trademark or service
mark sense,[81] the underlying issues of this Article are moot.
Therefore, it is necessary to determine what type of domain name
use, if any, will rise to the level of trademark or service mark use
within the meaning of the Lanham Act. It is interesting to note
that Thompson & Thompson, the company that has been research-
ing trademarks the longest in the United States, includes a listing
of domain names in its trademark search reports.

A. *Domain Name Use in a Trademark Sense*

It is often difficult for an organization that does not have
goods associated with its choice of a domain name to prove that
another organization is using the domain name in a purely trade-
mark sense. In fact, it would be especially troublesome to prove
domain use in a trademark sense under prior common law re-
quirements for affixation, which required that all trademarks be

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78. *Id.* at ¶ 17.

79. *Id.* at ¶ 84.

80. *See infra* Part III (proposing and discussing the necessary Internet architec-
ture changes advocated).

81. Under the Lanham Act, both trademarks and service marks are similarly
registrable and protected. The Act's potential application to a Domain Name will,
therefore, be the same regardless of its characterization as either a trademark or
service mark. The Act states:

> Subject to the provisions relating to the registration of trademarks, so far as
> they are applicable, service marks shall be registrable, in the same manner
> and with the same effect as are trade-marks, and when registered they shall
> be entitled to the protection provided in this chapter in the case of trade-
> marks. Applications and procedure under this section shall conform as
> nearly as practicable to those prescribed for the registration of trade-marks.

15 U.S.C. § 1053 (1989).

physically attached to their associated goods.[82] Fortunately, modern judges have drifted away from the strict affixation requirement laid down by their judicial forefathers.[83] The modern Restatement of Unfair Competition delineates the liberation of the affixation requirement by stating:

> Changes in commercial practices eventually made the requirement of physical affixation impractical. . . . Use of a designation in the various advertising media can now establish its significance as an identifying symbol as surely as its appearance on packaging or labels. Although physical affixation remains a common form of trademark use, the rule stated in this Section recognizes any manner of use sufficient to create an association between the designation and the user's goods or services.[84]

The Restatement's reference to different types of media that organizations employ in modern commercial practices is especially applicable to domain names, which are often used as the sole means of advertisement for a product. But the advertising of cyberspace domain names transcends traditional print media. For example, Joe Boxer Corporation, a San Francisco based clothier, prints the full path of its World Wide Web site, which contains its domain name, on the elastic bands of its undergarments.[85] The Adolph Coors Company prints its domain name on the label of its alcoholic beverage called ZIMA.[86] Additionally, a Disc Jockey in Dallas, Texas uses T-shirts for a medium of domain name advertisements.[87] Similarities to domain name trademark issues can be found in cases involving the use of identifiers and radio stations.

In *Walt-West Enters., Inc. v. Gannett Co., Inc.,*[88] the issue arose as to whether a station's "place on the dial" or frequency identifiers could function as a trademark.[89] The court held that although the name "FM 107" could function as a trademark, there

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82. Waldes v. International Mfrs. Agency, Inc., 237 F. 502, 507 (S.D.N.Y. 1916); Walter Baker & Co. v. Delapenha, 160 F. 746, 751 (C.C.D.N.J. 1908).

83. *See, e.g.,* Unisplay S.A. v. American Elec. Sign Co. Inc, 28 U.S.P.Q.2d (BNA) 1721, 1729 (E.D. Wash. 1993) ("The court concludes *New West* stands for the proposition that sales are not required for use sufficient to create rights in a trademark."), *aff'd,* 69 F.3d 512, 36 U.S.P.Q.2d (BNA) 1540 (Fed. Cir. 1995); Marvel Comics Ltd. v. Defiant, 837 F. Supp. 546, 548-49, 28 U.S.P.Q.2d (BNA) 1794, 1795-96 (S.D.N.Y. 1993) (rejecting a motion to dismiss, the court held that a pre-sales announcement of a new comic book series was sufficient trademark use).

84. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 18 cmt. d (Tentative Draft No. 2, 1990).

85. Pamela Sebastian, *YIKES?!?.COM: E-mail Addresses are Disseminated in Ways Basic and Bizarre,* WALL ST. J., Sept. 21, 1995, at A1.

86. *Id.*

87. *Id.*

88. 695 F.2d 1050, 217 U.S.P.Q. (BNA) 1206 (7th Cir. 1982).

89. *Id.* at 1052, 217 U.S.P.Q. (BNA) at 1207.

was no likelihood of confusion because "the primary significance of the term in the minds of the consuming public was not a particular radio station, but rather a position on the FM dial."[90] Walt-West Enterprises owned and operated a radio station that broadcasted at a frequency of 106.7 megahertz.[91] Walt-West Enterprises commonly referred to its station as "FM 107" by rounding up the frequency to the next nearest whole number and combining it with the acronym "FM."[92] Subsequently, the defendant, Gannett Company, started radio broadcasts in the same area as Walt-West Enterprises at a frequency of 107.5 megahertz.[93] Gannett Company then began referring to itself as "FM 107" five times per day in its radio broadcast.[94] The *Walt-West* court concluded that while "FM 107" could rise to the level of a mark within the meaning of the Lanham Act, Walt-West Enterprises had failed to establish sufficient evidence of secondary meaning.[95]

It is apparent that even if a domain name is used in advertising but not directly affixed to goods, trademark use could arise. But one must factor other constraints into the equation such as evidence of secondary meaning for descriptive names and use.

B. *Domain Name Use in a Service Mark Sense*

Service marks do not have to be affixed to the associated goods or containers for registration.[96] This makes domain names especially viable for use in a service mark sense. There was a time, however, when service marks were not registerable since they did not meet the "affixation" test.[97] Congress has loosened the tight reins of this strict rule under the Lanham Act.[98] Furthermore, there is no definition of the word "services" in the Lanham Act, thereby yielding a liberal construction that is only

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90. *Id.* at 1063, 217 U.S.P.Q. (BNA) at 1218.

91. *Id.* at 1053, 217 U.S.P.Q. (BNA) at 1208.

92. *Id.*

93. *Id.*

94. *Id.*

95. *Id.* at 1063, 217 U.S.P.Q. (BNA) at 1218.

96. The Lanham Act, in defining the term "use in commerce" provides that a trademark is registerable if:

    (A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and (B) the goods are sold or transported in commerce. . . .

15 U.S.C. § 1127 (1989).

97. 4A RUDOLF CALLMAN, THE LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 25.27, at 154 (Supp. 1993).

98. *See* 15 U.S.C. § 1125 (imposing no strict affixation requirement).

limited by judicial promulgations. Even in the absence of a definitive court ruling on the merits of domain name use in a service mark sense, *Walt-West* illustrates that different identifiers can be used in a service mark sense. Like radio station call letters, telephone numbers can also present similar problems.

For example, in *American Airlines, Inc. v. A 1-800-A-M-E-R-I-C-A-N Corporation*,[99] an airline ticket agent was preliminarily enjoined from using a telephone cipher that infringed the marks of American Airlines.[100] The airline ticket agent listed the telephone cipher 1-800-A-M-E-R-I-C-A-N under the heading of "Airline Companies" in the yellow pages.[101] During this time, however, American Airlines had registered service marks that included the name "AMERICAN AIRLINES" and an eagle symbol raised above the word "AMERICAN."[102] The *American Airlines* court aptly noted that "[a] 'trademark' is not that which is infringed. What is infringed is the right of the public to be free of confusion and the synonymous right of a trademark owner to control his product's reputation [with the public]."[103] Moreover, the court preliminarily enjoined A 1-800-A-M-E-R-I-C-A-N Corporation from using the telephone cipher.[104]

Analogous to the John Regrab example above, an example of a company with a D.B.A. that uses an identifier in a service mark sense is found in the case of *Pathfinder Communications Corp. v. Midwest Communications Co.*[105] In *Pathfinder*, the issue was whether radio station call letters that were phonetically similar to those of another resulted in a likelihood of confusion among radio listeners.[106] The court granted a preliminary injunction on the basis that it was likely the consuming public would be confused into believing phonetically similar call letters were used by the same radio station.[107] The *Pathfinder* defendant, Midwest Communications Co., doing business as WMCZ, used the call letters "WMCZ" for its radio station.[108] However, for some time the plaintiff had been using the call letters "WMEE" for its radio station.[109] The court concluded that although fifty percent of the call letters were different, the public would "benefit by the termi-

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99. 622 F. Supp. 673, 228 U.S.P.Q. (BNA) 225 (N.D. Ill. 1985).

100. *Id.* at 682, 228 U.S.P.Q. (BNA) at 234.

101. *Id.* at 675, 228 U.S.P.Q. (BNA) at 235.

102. *Id.* at 674, 228 U.S.P.Q. (BNA) at 225.

103. *Id.* at 681, 228 U.S.P.Q. (BNA) at 233.

104. *Id.*

105. 593 F. Supp. 281, 224 U.S.P.Q. (BNA) 203 (N.D. Ind. 1984).

106. *Id.* at 283, 224 U.S.P.Q. (BNA) at 204.

107. *Id.* at 288, 224 U.S.P.Q. (BNA) at 210.

108. *Id.* at 283, 224 U.S.P.Q. (BNA) at 204.

109. *Id.* at 286, 224 U.S.P.Q. (BNA) at 207.

nation of the existing likelihood of confusion"[110] that the phonetically similar call letters created.[111]

The Lanham Act provides that service mark rights vest if the mark is "used or displayed in the sale or advertising . . . in commerce, or . . . in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services."[112] Thus, the three primary requirements of service marks under the Act are: (1) use or display in connection with services under a sale or advertising context; (2) the use or display must have an effect on interstate commerce; and (3) the person rendering the services must be engaged in commerce in connection with the services. Each of these requirements must be met for a domain name use to meet the requirements of a service mark. It is also important to note that only marks that companies use to promote the services they provide are registerable.[113]

1. Mark Use or Display in Sale or Advertising

Unlike a trademark, a company's simple advertisement of a service mark in a particular geographic location can grant exclusive rights to use of the mark in that location.[114] Accordingly, one must consider the impact of domain names that are used on the Internet worldwide. Service providers use domain name listings in all types of media, such as print, computers and television, to identify and help users locate them on the Internet. It is much like the way in which stores provide business locations in advertisements. In addition, many organizations use domain names as the headings of the their home pages on the World Wide Web as provided in the Regrab example above.

A more vague question arises when the organization does not

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110. *Id.* at 290, 224 U.S.P.Q. (BNA) at 210.

111. *Id.*

112. 15 U.S.C. § 1127.

113. *See In re* Walker Research, Inc., 228 U.S.P.Q. (BNA) 691, 692-93 (T.T.A.B. 1986) (holding that a product-identifying mark, which enables a purchaser to identify a self-performed service, is registerable as a service mark).

114. *See In re* Morganroth, 208 U.S.P.Q. (BNA) 284, 287 (T.T.A.B. 1980) ("The refusal of registration [of the slogan] is based essentially on the ground that what applicant is seeking to register is not being used as a mark to identify and distinguish applicant's services . . . it is used as a part of an overall advertising slogan. . . ."); *In re* Produits Chimiques Ugine Kuhlmann Societe Anonyme, 190 U.S.P.Q. (BNA) 305, 306 (T.T.A.B. 1976) (using a work primarily for identification of the service offered, as opposed to the source of the service offered, is sufficient for denial of a service mark registration). *Cf.* Travelers Petroleum, Inc. v. Selfway, Inc., 195 U.S.P.Q. (BNA) 578, 582 (T.T.A.B. 1977) (using a mark in an offering circular that was sent to prospective investors does not qualify as a trademark use satisfying the requirements for registration), *aff'd*, 579 F.2d 75 (C.C.P.A. 1978).

advertise its services apart from a sign in a store-front window. Would this satisfy the "use in interstate commerce" requirement of the Lanham Act? A number of World Wide Web indexing services[115] display, or in essence advertise, popular, new or "cutting edge" sites on the Internet. Any user of the Internet can access these graphically-based search engines. This use, however, is distinguishable from window advertising or the use of a mark on a calling card that is distributed to the public to advertise an organization's services, which courts have held to rise to the level of service mark use.[116] The Lanham Act does not have a requirement for how prominent the "use" must be. However, a domain name listing simply of the indices and look-up tables of the Internet appears to fail two of the service mark requirements. First, the look-up tables may not provide sufficient "use" within the meaning of the Act. Second, this would likely not rise to the level of "advertising" since there is no volitional act on the part of the domain name owner in placing its name on the listing. Hence, the use of a domain name on the Internet, without further advertisement, will not result in service mark use even if the particular Web site is unique enough to be placed on a search engine's listing.

2. *Use in Interstate Commerce*

The use of a mark must be in commerce for it to be registerable under the Lanham Act.[117] In a broad sense, "commerce" under the Lanham Act includes "all commerce which may be lawfully regulated by Congress."[118] The term "commerce" even includes commerce among territories such as Puerto Rico.[119] However, courts will also find purely intrastate use of a mark to have interstate implications if it has a "substantial effect" on interstate commerce.[120] That is, courts will deem intrastate mark use to be

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115. Popular World Wide Web search engines are "Yahoo!," "WebCrawler," "AltaVista," "Open Text," "InfoSeek," "Inktomi," "DejaNews" and "Lycos" that, on an updated basis, list "hot" sites on the Internet. The "Yahoo!" listing is purportedly for those "yahoos" who have trouble locating Internet sites of current interest.

116. DeCosta v. Columbia Broadcasting Sys, Inc., 520 F.2d 499, 511-12, 186 U.S.P.Q. (BNA) 305, 313-14 (1st Cir. 1975).

117. *See* 15 U.S.C. § 1127 (defining the scope of the Act as limited to commerce that Congress can regulate).

118. *Id.*

119. Topp-Cola Co. v. Coca-Cola Co., 185 F. Supp. 700, 704, 126 U.S.P.Q. (BNA) 270, 275 (S.D.N.Y. 1960).

120. *See, e.g.*, Maier Brewing Co. v. Fleischmann Distilling Corp., 390 F.2d 117, 157 U.S.P.Q. (BNA) 76 (9th Cir. 1968); Iowa Farmers Union v. Farmers' Educ. & Coop. Union of Am., 247 F.2d 809, 114 U.S.P.Q. (BNA) 382 (8th Cir. 1957); Pure Foods, Inc. v. Minute Maid Corp., 214 F.2d 792, 102 U.S.P.Q. (BNA) 271 (5th Cir. 1954).

interstate if the intrastate use is "necessary to the production or movement of goods in interstate commerce or serves materially to hamper or impede such commerce. . . ."[121] Further, courts will also conclude a mark use is interstate if the goodwill of the federally registered mark owner is adversely affected as a result of the intrastate use.[122] Given the Internet's prevailing worldwide use and accessibility, there is no question that a company's use of a domain name in advertising on the Internet meets the "use in commerce" requirements for service marks.

Consider John Regrab's D.B.A., "Regrab's Convalescence Homes," that only does business and advertises in Oakland County, Michigan, but has a worldwide presence on the Internet under the domain name "regrab.com." At first glance it appears that Regrab's Convalescence Homes is merely doing business and advertising in Oakland County, Michigan. Yet, millions of users worldwide can access the advertisement of Regrab's services on the Internet. Thus, as one commentator aptly notes, "since advertising in the case of service marks can serve the same function as physical shipment does for product trademarks, services rendered in a single state should also be deemed to be in interstate commerce if advertised in interstate commerce."[123] A mark may also qualify for both trademark and service mark protection if it is used in interstate commerce to identify both goods and services of the proprietor.[124] A service mark, however, is not registerable under the Lanham Act if its identification of services is merely ancillary to the sale of goods.[125]

Thus, an advertisement placed on the World Wide Web, where millions of users from around the globe can access it, is a service mark use of the domain name in interstate commerce. Moreover, the use of the distinct part of a domain name to represent services offered by an organization also appears to rise to the level of interstate commerce use of a service mark.

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121. *See In re* Bookbinder's Restaurant, Inc., 240 F.2d 365, 367, 112 U.S.P.Q. (BNA) 326, 328 (C.C.P.A. 1957).

122. Dad's Root Beer Co. v. Doc's Beverages, Inc., 94 F. Supp. 121, 133 (S.D.N.Y. 1950), *aff'd*, 193 F.2d 77 (2d Cir. 1951).

123. 4A CALLMAN, *supra* note 97, at 154.

124. *See, e.g., In re* Restonic Corp., 189 U.S.P.Q. (BNA) 248 (T.T.A.B. 1975); *cf. In re* Brown & Portillo, Inc., 5 U.S.P.Q.2d (BNA) 1381 (T.T.A.B. 1987) (having the trademark HEARTY BASKET for food items, that was only used on a menu, was not sufficient for the establishment of service mark use rights).

125. *See In re* Radio Corp. of Am., 205 F.2d 180, 188, 98 U.S.P.Q. (BNA) 157, 165 (C.C.P.A. 1953) (incorporating a recording company's recordings into a packaged radio program is a service that is ancillary to the goods being provided and, therefore, the mark is not registerable as a service mark).

3. Nexus Between Use in Commerce and Person or Organization Rendering the Services

For the use of a domain name to rise to the level of service mark use, there must be a nexus between use of the name in commerce and the person or organization rendering the services.[126] This prong of the service mark test will be the easiest to demonstrate. In particular, the nexus between the use in commerce and the domain name's use and organizational owner will be established by advertisements in the media such as print, computers and television.

C. Domain Name Use in a Trade Name Sense

The use of a domain name purely as a trade name will not grant trademark or service mark rights. "A trade name, used as such, is not registrable either as a trademark or as a service mark unless it is used as such and has acquired trade mark or service mark significance."[127] In addition, the use of a domain name that is merely a personal name will not automatically grant service mark use rights.[128]

In *Magic Pan, Inc. v. The Magic Pan, Inc.*, the court made it clear that constructive notice of trademarks will arise from the proper registration of the mark.[129] Specifically, the court held that the defendant's use of the corporate name, "The Magic Pan, Inc.," constituted infringement of the plaintiff's federally registered service mark.[130] Magic Pan, Inc. was a restaurant chain that had restaurants operating in twenty-six states throughout the United States, including Indiana, under the service mark "THE MAGIC PAN."[131] The defendants subsequently registered a corporate trade name, "The Magic Pan," with the Secretary of the State of Indiana.[132] The court noted that "[t]he federal trademark law grants to the plaintiff the exclusive use of its trademarks — 'The Magic Pan'. . . ."[133] The court further held that the plaintiff had met its burden of proof in showing that

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126. 4A CALLMAN, *supra* note 97, at 154.

127. *Ex Parte* Pacific Coast Aggregates, Inc., 91 U.S.P.Q. (BNA) 210, 213 (Dec. Comm'r Pat. 1951).

128. *See, e.g., In re* Carson, 197 U.S.P.Q. (BNA) 554 (T.T.A.B. 1974); *cf.* Estate of Presley v. Russen, 513 F. Supp. 1339, 211 U.S.P.Q. (BNA) 415 (D.N.J. 1981) (using the name of an individual not only for identification purposes, but also in advertising for performances, will rise to use in a service mark sense).

129. 192 U.S.P.Q. (BNA) 321 (S.D. Ind. 1976).

130. *Id.* at 322.

131. *Id.*

132. *Id.*

133. *Id.*

confusion would naturally and probably result from the defendants' use of the trade name, "The Magic Pan."[134] Analogously, even if a domain name is registered and used in a strict trade name sense, a plaintiff could use the *Magic Pan* case to support an assertion of infringement of its mark.

D. Intent to Use

Further complicating matters, companies have inundated the current Domain Name Registration System with "just-in-case" registrations. It is this Article's contention that "just-in-case" registrations should not be used as "blocking" registrations against a company's competitors on the Internet. "Blocking" registrations are the antithesis of the policies of the Internet — the unimpeded, free-flow of information. Although the current Domain Dispute Policy requires Applicants to represent and warrant that they have a bona fide intent to use the domain name, it does not place a time limit on Internet domain name registrations.

The Domain Dispute Policy could place a six month use limitation on all domain name registrations.[135] This time limit would be similar to bona fide "intent-to-use" registrations that the United States Patent and Trademark Office issue.[136] Accordingly, if an organization of record does not put a name into use six months from the date of registration, the name would revert back to the public domain. Thus, in addition to complying with the trademark regulations of the United States Patent and Trademark Office, this requirement would diminish the number of "just-in-case" registrations on the Internet.

In time, InterNIC will have to determine exactly what constitutes actual "use" of a domain name. For instance, will a simple link from a "blocking" domain name to an organization's home page on the World Wide Web be sufficient "use"? It is this Article's contention that this type of "use" of domain names will further complicate the current DNS. "Use" of a domain name should practically require the use of a World Wide Web page at the particular URL for the domain name to stem the tide of multiple name registrations by organizations under the ".com" root domain. For instance, the Kraft General Foods Corporation recently registered 150 domain names on the Internet. Moreover, the Proctor and Gamble Company has recently registered over 200 domain names, many of which do not have a World Wide Web

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134. *Id.*
135. 15 U.S.C. § 1051(d) (1989).
136. The Lanham Act provides that: "[a] person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may apply to register the trademark under this [Act]. . . ." 15 U.S.C. § 1051(b) (1989).

page at their Internet address.

E. One Alphanumeric Character Difference Between Two Domain Names

Another pressing issue with the current DNS arises when domain names are registered to different organizations and the domain names differ by one alphanumeric character. For instance, under the current DNS, a competitor of Intel that makes semiconductors could register a domain name that is a homonym of its mark such as the domain name "ntel.com." Further, a competitor of Microsoft could register "microsft.com" or "micr0soft.com." Although these domain names would be confusingly similar in a trademark sense, the present Domain Dispute Policy does not address this issue and, therefore, the domain names in each example would be allowed simultaneous registration. Since the positioning of the "o" and "0" (zero) are adjacent on the common keyboard, individuals seeking to access Microsoft's World Wide Web page could unknowingly visit a home page of Microsoft's competitor by misspelling the domain name. This purposeful similarity is especially troublesome if the competitor's home page looks like Microsoft's home page (the copyright implications of similar home pages on the Internet are discussed *infra*). In fact, this type of anticipation of actual confusion via technology has been used before in the world of trademarks. The following three "telephone number" (commonly referred to as "vanity number") cases come to the forefront.

The first case of relevance, *Dranoff-Perlstein Associate v. Sklar*,[137] involved a clash of attorney service mark advertising via telephone numbers. The plaintiff, Dranoff-Perlstein Associates, applied for the telephone number service mark "INJURY-1" (465-8791) with the U.S. Patent and Trademark Office.[138] Twenty-five days before Dranoff-Perlstein sought registration of "INJURY-1" the defendant, Sklar, applied for service mark registration of "INJURY-9."[139] Both applicants prominently advertised their mnemonics in the "yellow pages" for personal injury services.[140] Refusing to adopt the U.S. Court of Appeals for the Second Circuit's espousal that telephone numbers may be protected as a mark,[141] the U.S. Court of Appeals for the Third Circuit reversed and remanded for further proceedings to determine likelihood of confusion.[142]

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137. 967 F.2d 852, 23 U.S.P.Q.2d (BNA) 1174 (3d Cir. 1992).
138. *Id.* at 854, 23 U.S.P.Q.2d (BNA) at 1176.
139. *Id.*
140. *Id.* at 853-54, 23 U.S.P.Q.2d (BNA) at 1175-76.
141. *Id.* at 857, 23 U.S.P.Q.2d (BNA) at 1179.
142. *Id.* at 863, 23 U.S.P.Q.2d (BNA) at 1185.

A U.S. District Court in Tennessee, in *Holiday Inns, Inc. v. 800 Reservations, Inc.*,[143] adopted a more concrete decision on the issue of likelihood of confusion between two telephone mnemonics that differ by one character. In the case, Holiday Inns had been using the toll-free telephone number 1-800-HOLIDAY for ten years when the defendant, 800 Reservations, Inc., adopted the number 1-800-H[zero]LIDAY.[144] Holiday Inns claimed that the number's adoption was "a blatant attempt [by the defendant] to expand its reservation business by intercepting calls the traveling public intends for [Holiday Inns]."[145] The court opined that Holiday Inns' use of its 1-800 number rose to the level of a trademark and enjoined the defendant from using its 1-800 number since it constituted trademark infringement and unfair competition.[146]

The most recent case involving a single character difference in two telephone mnemonics is that of *U-Haul International, Inc. v. Kresch*.[147] For nine years, U-Haul had annually allocated $3.5 million to promote the telephone number 1-800-GO-U-Haul in the United States.[148] The defendant entered into a dealership agreement with U-Haul International, Inc., but failed to tell the nationwide distributor that it planned to use a telephone number with only one character difference in its advertising: 1-800-GO-U-HALL.[149] The *U-Haul* court denied the defendant's motion for summary judgement because factual issues were still unresolved as a result of incomplete discovery.[150]

These cases point out that confusion can exist between mnemonics that vary by only one character as is often the case under the current DNS. This anomaly becomes all too real when considering the registrations of only the first two letters of the alphabet under the current DNS. For example, the following domain names are registered using only the letter "a": "aa.com,"[151] "aaa.com"[152] and "aaaa.com."[153] The following domain names are registered with only the letter "b": "bb.com"[154] and

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143. 838 F. Supp. 1247 (E.D. Tenn. 1993).
144. *Id.* at 1249.
145. *Id.*
146. *Id.* at 1255.
147. 904 F. Supp. 595 (E.D. Mich. 1995).
148. *Id.* at 597.
149. *Id.* at 599.
150. *Id.* at 603.
151. The company Architect and Arts, Inc., has registered "aa.com" on the Internet.
152. The American Automobile Association has registered the well known tricharacter moniker "aaa.com" on the Internet.
153. AAAA Convoke Communications Corporation has registered "aaaa.com" on the Internet.
154. Bibliophile Books on Computer, Inc., has registered "bb.com" on the Internet.

"bbb.com."[155] Are these mono-character cyberspace monikers confusingly similar in a trademark sense? What about individual letters of the alphabet — can one register these as domain names? Not to worry: IANA has reserved their use so as to preclude their use by organizations. Under the current Internet architecture, these cyberspace monikers may be confusingly similar. However, by creating hierarchical levels within the ".com" root domain, as this Article proposes, this problem would no longer exist.

F. Dilution

When the strength of a mark is degraded or weakened in the mind of the public, dilution has occurred.[156] There are two main types of dilution. The first is by tarnishment of the mark. When the foundational quality of a mark is chipped away, dilution by tarnishment has occurred.[157] "Blurring," the second type of dilution, typically involves the use of a mark by another on a plurality of different goods that erodes the distinctiveness of the mark.[158] The use of unauthorized domain names on the Internet would clearly dilute a trademark or service mark in those jurisdictions where dilution is recognized under state law.[159] Since the Internet is accessed worldwide, use of the unauthorized domain names will occur in states that have anti-dilution statutes. Recently, the President signed into law a federal anti-dilution bill that protects "famous" trademarks.[160] Before this federal action was signed by the President, dilution was solely a creature of state law.[161]

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155. Clark Publishing and Design has registered "bbb.com" on the Internet.

156. *See* Ameritech, Inc. v. American Info. Tech., Inc. 811 F.2d 960, 965, 1 U.S.P.Q.2d (BNA) 1861, 1866 (6th Cir. 1987) (espousing that dilutionary use results in a "gradual diminution in the mark's distinctiveness, effectiveness and, hence, value. This kind of infringement corrodes the senior user's interest in the trademark by blurring its product identification or by damaging positive associations that have attached to it.").

157. The most reported case on tarnishment is the case where the defendant sold posters reading ENJOY COCAINE. Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183, 1186, 175 U.S.P.Q. (BNA) 56, 58 (E.D.N.Y. 1972). The design and script was identical to that used by Coca-Cola. *Id.* The court held such a use constituted dilution of Coke's mark and that the parody by the defendant did not result in a fair use of the mark. *Id.* at 1193, 175 U.S.P.Q. (BNA) at 61-62.

158. *See* Tiffany & Co. v. Boston Club, Inc., 231 F. Supp. 836, 839, 143 U.S.P.Q. (BNA) 2, 6 (D. Mass. 1964).

159. The state of New York appears to be the leader among states in enforcing the anti-dilution provisions of its law.

160. *See President Clinton Signs Trademark Dilution Bill,* 51 PAT. TRADEMARK & COPYRIGHT J. (BNA) 371, 371 (1996) (stating that "[t]he new provision [of the Lanham Act] entitles owners of famous trademarks to obtain injunctive relief against unauthorized commercial use of those marks, if that use 'causes dilution of the distinctive quality of the mark.'").

161. *See id.* at 372 (estimating that approximately one-half of the United States

III. A PROPOSED DOMAIN HIERARCHY

The number of domain levels, or the lack thereof, must be changed to make the Internet more user friendly and to stem the tide of domain name disputes. What started as an intra-country network has become international. For example, one-third of the original root domains on the Internet (".gov" and ".mil") are still operated and controlled by the United States government. In the world of trademarks, the commercial domain has caused the most disputes. Since no governing body performs likelihood of confusion analysis on these registrations,[162] domain name registrations on the ".com" root domain level have resulted in an increasing number of trademark and service mark infringement claims. Specifically, the registration of a domain name to an organization operating in only one country, state or county within a state is being allowed at the ".com" root domain level.

A. *Proposed Changes to the Internet's Architecture*

In Appendix A, the current Domain Name System[163] is shown in block diagram form and displays the root domains of primary relevance to this Article. The first change proposed by this Article involves the individual country root domains (e.g., ".us," ".ca.").

1. *The ".US" Domain Proposal*

Profit organizations must be moved entirely out of the ".us" domain and each country's domain. Thus, only intranational United States organizations that are non-profit would exist under the ".us" domain. Moreover, profit organizations must be moved to where they belong: to the ".com" root domain, which stands for "commercial organizations." All intranational, non-profit organizations must be relocated entirely within their country of operation on the Internet. This reorganization of each country's domain will streamline registrations and group non-profit organizations according to their country on the Internet.

2. *The ".INT" Domain Proposal*

Under the proposed Domain Name System, the ".int" root domain, which currently includes international profit and non-profit organizations, is removed. This is necessary because the international profit organizations are moved under the ".com" root

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have adopted an anti-dilution law).

162. *See infra* Appendix A (illustrating the current registration system).

163. *Id.*

domain in the first proposal. Thus, the international non-profit organizations that were under the ".int" root domain are moved to the ".org" root domain. The removal of the ".int" root domain is a restructuring of the Internet architecture in a direction towards simplification of the tangled web upon which the current Domain Name System is based.

3. The ".NET" Domain: Status Quo

The ".net" root domain, which is primarily for Network System Operators (SYSOPs), should remain the same. In addition, the ".edu," ".gov" and ".mil" root domains, which are operated by the United States, should also remain unchanged.

4. The ".ORG" Domain Proposal

The ".org" root domain, instead of including miscellaneous profit and non-profit organizations, should only include international non-profit organizations. This restructuring of the ".org" root domain will move all international non-profit organizations under their respective country domains. Additionally, international profit organizations must be moved to the commercial domain under this Article's proposed Internet architecture restructuring. Effectively, the ".org" root domain will now be simplified and not include profit organizations.

5. The ".COM" Domain Proposal

The majority of needed changes will effect the ".com" root domain under the proposed Domain Name System. Currently, one NSI registration level exists under the ".com" root domain. Therefore, to refer back to the hypothetical that opened this Article, a person or organization with a D.B.A. in Oakland County, Michigan, can register a domain name in the commercial organization domain and infringe another's international service mark. Fortunately, there is a solution to this quandary. The ".com" domain can be split into two main branches. The first branch will contain for-profit international companies. Under this branch only organizations providing proof upon registration that they conduct international operations (operations between at least two countries) will be able to have a domain name in the form of "(name).com." The second branch under the ".com" root level will contain registrations of for-profit organizations that conduct only "intranational operations." The second branch will advantageously yield hierarchical levels within the ".com" domain so that intranational companies are registered according to where they operate. For example, a company that conducts business in one country but within multiple states or provinces could register as

"(name).(country name).com."

The need for the newly proposed hierarchical levels is evident upon examining the way the Better Business Bureau, a United States corporation, has established its road signs on the Information Superhighway. The national chapter of the Better Business Bureau has registered its domain name as "bbb-usa.com," which has effectively built a country designation into its domain name. Saab has registered "Saabusa.com" and BMW has registered "bmwusa.com." This type of location identifier would not be needed under the proposals for Internet architecture in this Article. In addition, organizations that only conduct business in one state, province or territory within a country will have the domain name "(name).(state, province or territory).(country).com." Thus, the local chapters of the Better Business Bureau would be registered under the applicable state. In the Regrab example, John Regrab D.B.A. Regrab's Convalescence Homes in Oakland County, Michigan, would register as "regrab.oakland.mi.usa.com."

B. Proposed Modifications to NSI's Domain Dispute Policy

1. The Current Policy

In July of 1995, the InterNIC Registration Services team of NSI put in place certain mechanisms for resolving trademark or service mark disputes relating to domain names under the title of the "NSI Domain Name Dispute Policy Statement," which is found in Appendix C of this Article.[164] Under the current Policy, domain names are assigned on a first-come, first-served basis, with NSI checking to ensure that the domain name has not been registered. The federal registration (state registrations are not considered) of a trademark or a service mark is used as quantifiable evidence relevant to domain name disputes. The current policy only allows an organization to dispute a domain name registration if it is identical to its mark. It is then up to the domain name holder (Applicant) to rebut the evidence with proof that it also has a mark registration for the name. If the rebuttal proof is not provided to NSI, the Applicant will be given a ninety day period to transition to a new name. A "hold" status is then placed on the disputed name until a court or arbitrator resolves the dispute. Also, if the Applicant does not provide adequate rebuttal proof, it may continue to use the domain name if it agrees to indemnify NSI.

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164. *See infra* Appendix C.

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2. *The Proposed Domain Dispute Policy*

This Article proposes an implementation plan that will change the InterNIC's Domain Dispute Policy from its current "reactive" state to a "proactive" state to properly protect trademarks and service marks. Appendix D contains the proposed NSI Domain Dispute Policy Statement. Under this proposed Policy, domain names are still assigned on a first-come, first-served basis, with NSI checking to ensure that the domain name has not been previously registered. At that point, however, the proposed policy implements important changes. Specifically, unlike the current Policy, the proposed Policy provides the following workable solutions to domain name disputes:

> (1) a bona fide intent to use a domain name must be consummated within six months of the effective date of registration that includes a home page at the domain name's Internet address;
> (2) the use of the domain name must be such that a World Wide Web page is located at the Internet address;
> (3) registrations of a state trademark or a service mark can be used as quantifiable evidence relevant to domain name disputes as well as federal registrations;
> (4) an organization may dispute a domain name registration if it is identical, or confusingly similar, to its registered mark;
> (5) an organization may contest the use of or registration of a domain name that is generic in a trademark or service mark sense;
> (6) an organization may contest the use of or registration of a domain name that is scandalous in a trademark or service mark sense; and
> (7) concurrent use of identical domain names is provided by the use of different hierarchical levels within the ".com" root domain.

Significantly, the proposed NSI Domain Dispute Policy Statement implements the following substantive changes.

a. Use, State Registrations and Confusing Similarity

Beginning with Paragraph 1(b),[165] the domain name applicant represents and warrants that the domain name will be in use within six months of the effective date of registration and that the use will be such that a World Wide Web page is located at the Internet's address for the domain name. Paragraph 6(b) has been amended to allow for evidence of state registration of a mark.[166] In Paragraph 6(c),[167] additional language has been added to delineate that the Claimant's mark can be either identical or confus-

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165. *See infra* Appendix D.
166. *See infra* Paragraph 6(b) of Appendix D.
167. *See infra* Appendix D.

ingly similar to a registered domain name. Then, the burden of proving its own certified copy of a registered mark of the domain name is placed on the Applicant under Paragraph 6(c)(1).[168]

b. Applicant Has a Registered Mark of the Domain Name

If the Applicant comes forth with evidence of mark registration, the Applicant will be allowed to continue using the domain name if it is on a different domain level or an identical domain level but in a different category (*i.e.*, different country or state) as the Claimant's mark would be if registered as a domain name.[169] Paragraph 6(c)(3) addresses the case where the Applicant's domain name which is also a registered mark is in the identical domain level and category as the Claimant's domain name or mark would be if registered.[170] In such an instance, the Applicant would be allowed to continue using the domain name for up to ninety days to allow the transition to a new domain name. At the end of the ninety day transition period, the disputed domain name would be placed on "hold" status until a court or arbitrator determines which organization was the first to use or register the mark and until the NSI receives such a judgment.

c. Applicant Does Not Have a Registered Mark of the Domain Name

Paragraphs 6(c)(4) and (5) address the situation where the Applicant fails to provide NSI with evidence of a registered mark for the domain name. Under Paragraph 6(c)(4), the Applicant would be allowed to continue using the domain name if it is registered in a domain level or category that is different from that which the Claimants would have occupied had they properly registered.[171] Along with Paragraph 6(c)(2), 6(c)(4) provides for the so called "concurrent use" of domain names similar to the present system of U.S. trademarks. Paragraph 6(d)(5) addresses the situation where the Applicant's domain name which is also a registered mark is in the identical domain level and category the Claimant's domain name would have occupied had they registered.[172] Here, the Applicant would have ninety days to transition to a new domain name after which the disputed domain name would be transferred to the Claimant. Paragraph 6(d)(6) is similar to the indemnification provided in the current policy's Paragraph

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168. *Id.*
169. *See infra* Paragraph 6(c)(2) of Appendix D.
170. *See infra* Paragraph 6(c)(3) of Appendix D.
171. *See infra* Paragraph 6(c)(4) of Appendix D.
172. *See infra* Paragraph 6(c)(5) of Appendix D.

6(c)(5)[173] in that the Applicant agrees to indemnify NSI from any liability relating to the registration or use of the domain name.[174]

C. Concurrent Use of Domain Names

In a strict sense, concurrent use is unattainable under the current Domain Name System. This is contrary to the Lanham Act under which, in separate parts of the country, different registrants may obtain registration of the same or similar mark. A federal registration is not dispositive of common law ownership of a mark.[175] Section 2(d) of the Lanham Act provides:

> [I]f the Commissioner determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce. . . .[176]

Under the United States trademark system, a junior user registrant must make a prima facie showing that its concurrent registration will not cause a likelihood of confusion.[177] The burden of proof is placed on the junior user to show that confusion is not likely in the area claimed in the application as well as in the areas of actual use.

This Article's proposed modifications to the Internet's architecture will allow for identical domain names on different domain levels with no likelihood of confusion. Additionally, concurrent use under the proposed Domain Name System will be indistinguishable from the principles of concurrent use that were spelled out for the first time by the Court of Customs and Patent Appeals in *Beatrice Foods*.[178] With the Lanham Act in full view, the *Beatrice Foods* court stated that a balance must be struck in granting concurrent mark use registrations between protecting the rights of different users in separate territories and preventing

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173. *See infra* Paragraph 6(c)(5) of Appendix C.
174. *See infra* Paragraph 6(c)(6) of Appendix D.
175. Norden Restaurant Corp. v. Sons of the Revolution in the State of N.Y., 415 N.E.2d 956, 957, 210 U.S.P.Q. (BNA) 944, 945 (N.Y. 1980).
176. 15 U.S.C. § 1052(d) (1989).
177. *See* Fleming Co., Inc. v. Thriftway, Inc., 21 U.S.P.Q.2d (BNA) 1451, 1459 (T.T.A.B. 1991) (holding that the junior user has the burden of showing that concurrent use is not likely to cause confusion among those lawfully using the mark in the area), *aff'd*, 809 F. Supp. 38, 26 U.S.P.Q.2d (BNA) 1551 (S.D. Ohio 1992).
178. *In re* Beatrice Foods Co., 429 F.2d 466, 166 U.S.P.Q. (BNA) 431 (C.C.P.A. 1970).

likelihood of confusion among the buying public.[179] The court stated that "it would be illogical and inconsistent with the objectives of the Lanham Act, not to provide for nationwide coverage where there is more than one registration — provided there will be no public confusion created thereby."[180] Further, the court added, "[t]hus, an equitable balance must be struck between the competing interests of trademark users and the buyers of the goods or services."[181] Unlike the United States federal trademark registration system, the proposed Internet architecture will provide worldwide registration of identical domain names for different organizations on different levels of the ".com" root domain such that there is no likelihood of confusion.

D. Generic Domain Names

Companies that want to register terms frequently used in their line of business commonly apply for generic domain name registrations. For example, the Proctor and Gamble Company has recently registered a number of domain names that are generic in a trademark or service mark sense, including "badbreath.com," "cough.com," "dandruff.com," "dirreha.com" and "underarm.com." Yet, these domain names are not currently being put to use on the Internet. Generic registrations bring to light the pressing question of whether an organization should be able to register generic domain names to gain a competitive advantage over its competitors on the Internet where the same is forbidden under trademark law. The answer is a resounding "no."

Under proposed Paragraph 6(c) contained in Appendix D,[182] if the use or registration of a domain name is generic such that it could not attain trademark or service mark protection, it may be contested. If an Applicant presents evidence of trademark or service mark ownership to NSI, the Applicant will be able to continue using the domain name absent a court or arbitrator's judgement to the contrary.[183] If an Applicant contests a domain name as generic and does not present evidence of mark ownership, that name will be placed on "hold" status until NSI receives a court or arbitrator's judgement. The applicant will then be transitioned to a new domain name.[184]

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179. *Id.* at 470-71, 166 U.S.P.Q. (BNA) at 435-36.
180. *Id.* at 471, 166 U.S.P.Q. (BNA) at 436.
181. 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 20.23(1)(b) (1995).
182. *See infra* Appendix D.
183. *See infra* Paragraph 6(d)(2) of Appendix D.
184. *See infra* Paragraph 6(d)(3) of Appendix D.

E. *Scandalous or Immoral Domain Names*

Scandalous or immoral marks have been a source of concern for the United States Patent and Trademark Office, as well as the public, for over fifty years. At common law,[185] and more recently under the Lanham Act, courts have refused to enforce scandalous or immoral marks. The judiciary has recently defined the term "scandalous" for purposes of the Lanham Act as that which gives "offense to the conscience or moral feelings; exciting reprobation, calling out condemnation [for a] substantial composite of the general public."[186] Courts have not excluded domain names from scandalous registrations.[187]

Since domain names are commonly used in a trademark or service mark sense, the same rules of trademark should apply to scandalous or immoral domain name registrations. Thus, under proposed Paragraph 6(d) of Appendix D,[188] if the use or registration of a domain name is scandalous or immoral, it may be contested. As with generic challenges, if an applicant presents evidence of trademark or service mark ownership to NSI, the Applicant will be able to continue using the domain name absent a court or arbitrator's judgement to the contrary.[189] Furthermore, if a domain name is contested as being scandalous or immoral and the applicant fails to present evidence of mark ownership, the applicant will be assigned a new domain name.[190]

F. *Defining an "International" Organization*

Review of the proposed Domain Name System raises the question of how the term, "international company" and "international organization" should be defined. For example, if a company based in Detroit, Michigan, only conducts business in the United States and Ontario, Canada, should that company be considered an "international company" so that it receives preferred registration in the ".com" domain?[191] At the other end of the spectrum, must a company operate, apart from the Internet, in each country

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185. *See, e.g., In re* Riverbank Canning Co., 95 F.2d 327, 327, 37 U.S.P.Q. (BNA) 268, 268 (C.C.P.A. 1938) (holding that the name "Madonna" may not be registered as a trademark for wine since the affixation of the mark to alcoholic beverages would be considered sacrilegious).

186. *Id.* at 328, 37 U.S.P.Q. (BNA) at 269.

187. For example, sh—.com has been registered by a Canadian club called the Pigs in Sh— Club.

188. *See infra* Appendix D.

189. *See infra* Paragraph 6(e)(2) of Appendix D.

190. *See infra* Paragraph 6(e)(3) of Appendix D.

191. "International commerce" is defined as "[c]ommerce between states or nations entirely foreign to each other." BLACK'S LAW DICTIONARY 269 (6th ed. 1990).

with Internet access? The answer is that any organization conducting business in more than one country will be considered an "international" organization for purposes of the Internet architecture proposals contained in this Article.

The obvious question in implementing this hierarchical Domain Name System is whether it would create too high of an administrative burden on the InterNIC, which is already inundated with domain name registrations. It must be kept in mind that within the ".com" domain there are more than 35,000 registered domain names, a number that is growing at fifteen percent per month. Given the burgeoning domain name registrations on the Internet, a more workable solution would be to place the burden of registration proof on the applicant and not on the InterNIC. If the necessary paperwork, as filed, is defective or not complete, InterNIC should reject it or object to it and return it to the applicant for response within sixty days. The applicant would then have the option of appealing, correcting the application or not responding, at which time the domain name would go back to the public. In keeping with the InterNIC's current posture, the burden of proof would largely be placed on the third party alleging violation of its trademark rights. If a person is doing business as an organization, proof must be presented to the InterNIC. County registration papers would be sufficient. The burden of proof would then switch to the person who is "doing business as" to prove that an organization has been formed that is conducting "international" business.

CONCLUSION

The Internet's architecture is a patch-work system of various and sundry domains with little logical order. This Article's proposed Internet architecture,[192] as shown in Appendix B, provides a more workable solution to the trademark and service mark infringement problem that exists primarily under the ".com" domain, and allows for concurrent use of domain names even if they are used in a trademark or service mark sense. The main problem with the current Internet architecture is that it is a meandering intracountry network (the United States) that has rapidly become an international network that connects tens of millions of users worldwide.

The proposals in this Article suggest specific revisions to InterNIC's Domain Dispute Policy to make it complete and less litigious. Other proposals change the Internet's Domain Name System to bring it within the guise of United States trademark law. While a finite number of domain names are available, an

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192. *See infra* Appendix B.

estimated 5,200 names are being registered each month. Accordingly, it is becoming increasingly difficult for organizations to decide on a creative domain name that satisfies the marketing motto of having a short footprint for easy remembrance by the public. Unquestionably many organizations are abusing the current DNS on a daily basis by seeking multiple registrations of cybermarks under the ".com" root domain for "blocking" and generic terms. This abuse is effectively stymieing trademark use worldwide for a number of organizations. The proposed revisions to the InterNIC's Domain Dispute Policy provide workable rules that govern the suggested architectural changes to the Internet. The proposed Domain Name System will allow for concurrent use registrations without the administrative burden of proving no likelihood of confusion. In essence, the proposed system has a "built-in" likelihood of confusion function since a registrant will be limited to the domain level where they can prove operation of their organization, use of a mark or its future expansion. The proposals will diminish not only the burden of proof, but also the administrative burden on NSI.

Critics will argue that this Article's proposed Domain Name System will greatly complicate the user friendliness of the Internet. They will point out that domain names, which individuals could historically register as simply "(name).com," must now have their alphanumeric length increased, thereby making the map of the information superhighway more difficult to read. Critics may also point out that the goal of marketing's view of domain names — short footprints for easy remembrance by the consuming public — will be defeated. The changing landscape of the Internet will, however, render these arguments moot. Look-up tables, search engines, indices and GUI icons are quickly making the length and complexity of domain names irrelevant. Just as Microsoft Windows put a GUI face on the cumbersome commands of the Disk Operation System (DOS), so too will software from Netscape,[193] Sun Microsystems[194] and other Internet software companies[195] make the often cumbersome command lines of the Domain Name System transparent to users. Cyberspace may not

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193. Netscape has created the Internet's most widely used browser, which is entitled Netscape Navigator.

194. Sun Microsystems will soon challenge Netscape's browser domination by introducing to the Internet community HotJava, a browser based on the Java programming language.

195. *See* Joanna Pearlstein, *Two Internet Utilities Help Manage URL*, MACWEEK, Dec. 4, 1995, at 28 (reporting that Internet users can create icons for their favorite Web sites by using WhollyMac's Web ShortCuts, which works with a number of Web browsers). Additionally, Apple is expected to release its next operating system, Copland, with a web browser entitled CyberDog. Microsoft has already released a packaged browser entitled Internet Explorer with Windows 95.

be the final frontier for trademark law, but, as many organiza-
tions are finding out, their cybermarks must be protected in a
logical and orderly fashion or they run the risk of having the
goodwill associated therewith severely degraded.

Appendix A: Current Domain Name System
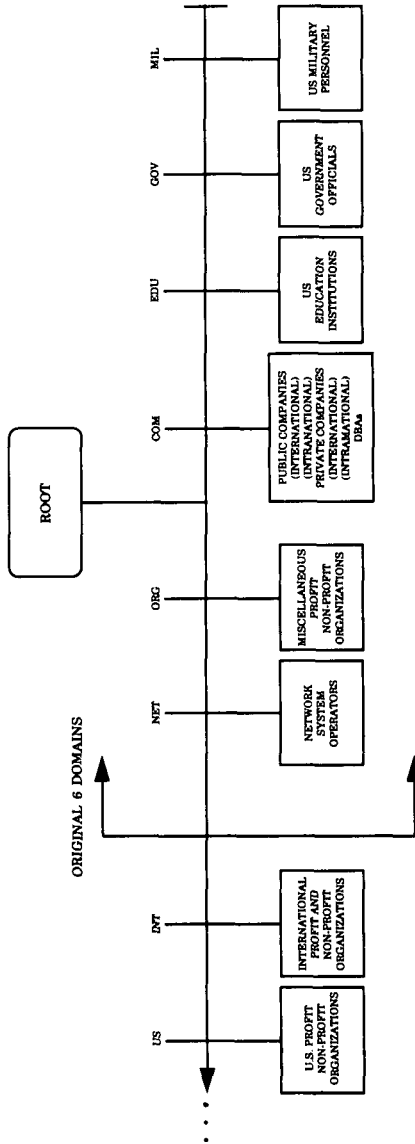
Appendix B: Proposed Domain Name System
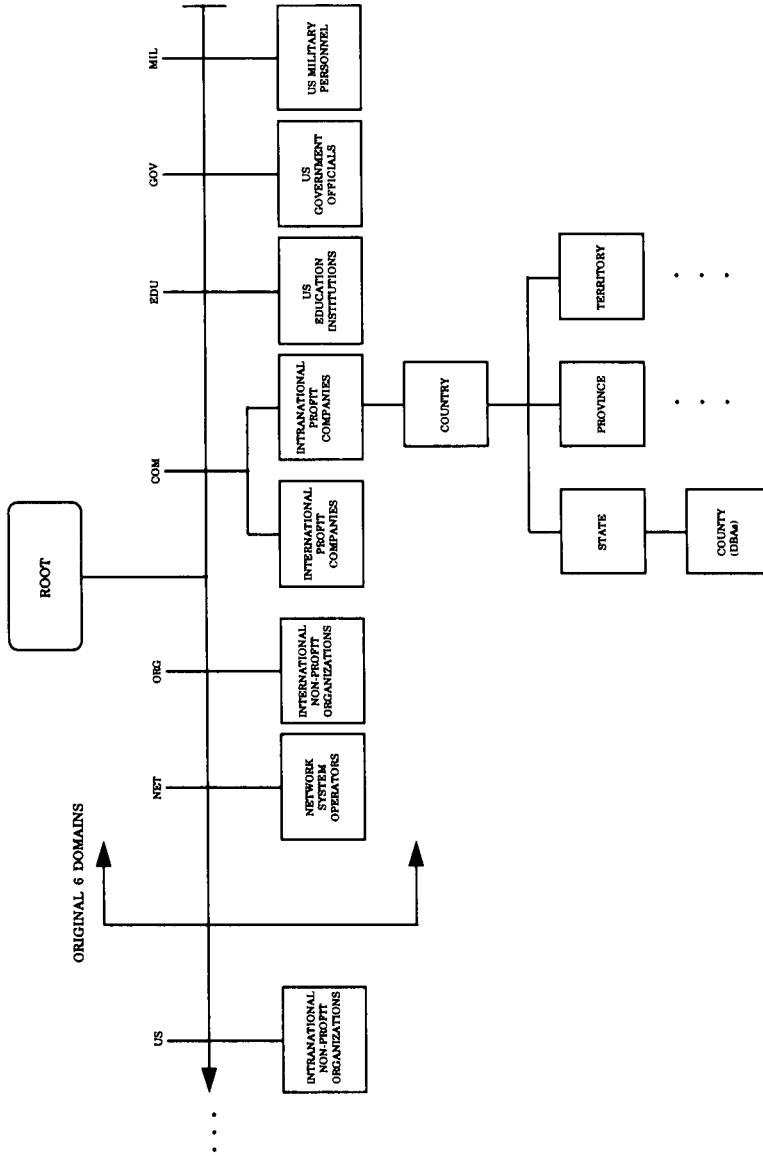
APPENDIX C

CURRENT NSI DOMAIN NAME DISPUTE POLICY STATEMENT

Network Solutions, Inc. ("NSI") is responsible for assigning second level Internet domain names in the top level COM, ORG, GOV, EDU and NET domains. This Policy Statement ("Policy Statement") will clarify NSI's policies regarding the use and registration of domain names ("Domain Name(s)").

1. NSI is responsible for the registration of second level Internet Domain Names in the top level COM, ORG, GOV, EDU, and NET domains. NSI registers these Domain Names on a "first come, first served" basis. NSI has neither the resources nor the legal obligation to screen requested Domain Names to determine if the use of a Domain Name by an Applicant may infringe upon the rights(s) of a third party. Consequently, as an express condition and material inducement of the grant of an applicant's ("Applicant") request to register a Domain Name, Applicant represents and warrants as follows:

    (a) Applicant's statements in the application are true and Applicant has the right to use the Domain Name as requested in the Application;

    (b) Applicant has a bona fide intention to use the Domain Name on a regular basis on the Internet;

    (c) The use or registration of the Domain Name by Applicant, to the best of Applicant's knowledge, does not interfere with or infringe the right of any third party in any jurisdiction with respect to trademark, service mark, tradename, company name or any other intellectual property right;

    (d) Applicant is not seeking to use the Domain Name for any unlawful purpose, including, without limitation, tortious interference with contract or prospective business advantage, unfair competition, injuring the reputation of another, or for the purpose of confusing or misleading a person, whether natural or incorporated.

2. Applicant acknowledges and agrees that this Policy Statement on the registration and use of Domain Name 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, NSI may modify or amend the terms of this Policy Statement.

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

Internet and capable of receiving queries under that Domain Name and responding thereto. In the event that Applicant does not make regular use of its assigned Domain Name for any a period of ninety (90) days or more, Applicant agrees that he or she shall, upon request of NSI, relinquish that Domain Name to NSI, making that Domain Name available for registration and use by another party.

4. Applicant is responsible for its selection of the Domain Name. Consequently, Applicant shall defend, indemnify and hold harmless (i) NSI, its officers, directors, employees and agents, (ii) 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 (vi) the officers, directors, employees and agents of NSI's parents and subsidiaries (collectively, the "Indemnified Parties") for any loss, damage, expense or liability resulting from any claim, action or demand arising out of or related to the use or registration of the Domain Name, including reasonable attorneys fees. Such claims shall include, without limitation, those based upon 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. The Indemnified Parties agree to give Applicant written notice of any such claim, action or demand within a reasonable time. Applicant agrees that the Indemnified parties shall be defended by attorneys of their choice at Applicant's expense, and that Applicant shall advance the costs of such litigation, in a reasonable fashion, from time to time. The failure to abide by this provision shall be considered a material breach of the Agreement and permit NSI to immediately withdraw the use and registration of Domain Name from Applicant. NSI recognizes that certain educational and government entities may not be able to indemnify third parties. If the Applicant is (i) a governmental or non-profit educational entity, (ii) is requesting a Domain Name with a root of EDU or GOV and (iii) is not permitted by law or under its organizational documents to indemnify third parties, the Applicant should notify NSI in writing and, upon receiving appropriate proof of such restriction, NSI will provide an alternative registration agreement for such a Domain Name.

5. Applicant agrees that NSI shall have the right to withdraw a Domain Name from use and registration on the Internet upon thirty (30) days prior written notice (or earlier if ordered by the court) should NSI receive a properly authenti-

cated order by a United States court or arbitration panel
chosen by the parties (if the order is from an arbitration
panel, it should include written evidence that all parties
which will be bound by the decision submitted the dispute for
binding arbitration to such panel) that the Domain Name in
dispute rightfully belongs to a third party.

6.   (a) In the event that the Applicant breaches any of its obli-
          gations under this Policy Statement, NSI may request
          that Applicant relinquish the Domain Name in a written
          notice describing the alleged breach. If Applicant fails to
          provide evidence that it has not breached its obligations
          which is reasonably satisfactory to NSI within thirty (30)
          days of the date of receipt of such notice, then NSI may
          terminate Applicant's use and registration of the Domain
          Name. Breach of any of the warranties, representations,
          or obligations of an Applicant pursuant to this Policy
          shall not provide any third party a right to require or
          demand removal of a Domain Name or an Applicant from
          the NSI registry. Neither shall any such breach by an
          Applicant be deemed to have been excused simply be-
          cause NSI did not act earlier in response to that, or any
          other, breach by the Applicant.

      (b) Applicant acknowledges and agrees that NSI cannot act
          as an arbiter of disputes arising out of the registration
          and use of Domain Names. At the same time, Applicant
          acknowledges that NSI may be presented with evidence
          that a Domain Name registered by Applicant violates the
          rights of a third party. Such evidence includes, but is not
          limited to, evidence that the Domain Name is identical to
          a valid and subsisting foreign or United States federal
          registration of a trademark or service mark that is in full
          force and effect and owned by another person or entity.
          Trademark or service mark registrations from the indi-
          vidual states (such as California) of the United States
          are not sufficient. In those instances where the basis of
          the claim is other than a registered trademark or service
          mark, Applicant shall be allowed to continue using the
          contested Domain Name, unless and until a court order
          or arbitrator's judgment to the contrary is received by
          NSI as provided in Paragraph 5.

      (c) In those instances when the claim is based upon a trade-
          mark or service mark:

          (1)   Without prejudice to the ultimate determination
                and with recognition that trademark or service
                mark ownership does not automatically extend
                ownership to a Domain Name, NSI shall deter-
                mine the date Applicant's Domain Name was

first in use by Applicant (as determined by the activation date of the Domain Name). If the date of first use of the Domain Name by Applicant is not prior to the earlier of (i) the date of first use of a claimant's trademark or service mark, or (ii) the effective date of the valid and subsisting registration of the trademark or service mark owned by the claimant, NSI shall request from the Applicant proof of ownership of their own trademark or service mark by submission of a certified copy of a foreign or United States federal trademark or service mark 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) owned by the Applicant that is in full force and effect and that is the same as the Domain Name registered to Applicant.

(2)   In the event that Applicant's Domain Name was in use by Applicant (as determined by the activation date of the Domain Name) prior to the earlier of (i) the date of first use of the trademark or service mark or (ii) the effective date of the valid and subsisting registration of the trademark or service mark owned by the claimant, or, if Applicant provides evidence of ownership of a trademark or service mark as provided in paragraph 6(b), Applicant shall be allowed, subject to Paragraph 6(c)(5), to continue using the contested Domain Name, unless and until a court order or arbitrator's judgment to the contrary is received by NSI as provided in Paragraph 5.

(3)   In the event the Applicant fails to provide evidence of a trademark or service mark registration to NSI within thirty (30) days of NSI's request, and is not eligible under Paragraph 6(c)(2) for non-suspension, NSI will assist Applicant with assignment of a new Domain Name, and will allow Applicant to maintain both names simultaneously for up to ninety (90) days to allow an orderly transition to the new Domain Name. NSI will provide such assistance to an Applicant if and only if Applicant submits an explicit written request for assistance, including and identification of the Applicant's desired new

Domain Name, within the thirty (30) days of NSI's original request. At the end of the transition period, NSI will place the disputed Domain Name on "Hold" status, that Domain Name registered to Applicant shall not be available for use by any party.

(4)   If Applicant fails to provide evidence of a trademark or service mark registration to NSI within thirty (30) days and will neither accept the assignment of a new Domain Name nor relinquish its use of the 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 Applicant shall not be available for use by any party.

(5)   If Applicant provides the evidence described in paragraph 6(b), or is eligible under paragraph 6(c)(2), and wishes to continue use of the contested Domain Name registered by Applicant, Applicant agrees to indemnify NSI on the terms stated in Paragraph 4 from any liability relating to the registration or use of the Domain Name registered by Applicant and post a bond in an amount sufficient to meet the damages sought, or if no specific amount of damages is sought, in an amount deemed reasonable in NSI's sole discretion within fourteen (14) days of NSI's request. Without such agreement and the posting of the bond, NSI may, notwithstanding any trademark or service mark registration presented to it, place the use of the Domain Name in "Hold" status pending resolution of the dispute.

(6)   NSI will reinstate the use and registration of a Domain Name placed in "Hold" status when and if it receives an order by a United States court or arbitration panel chosen by the parties (if the order is from an arbitration panel, it should include written evidence that all parties which will be bound by the decision submitted the dispute for binding arbitration to such panel) stating which party to the dispute is entitled to use and register the Domain Name or if NSI receives satisfactory evidence of the resolution of the dispute.

7.   NSI WILL NOT BE LIABLE FOR ANY LOSS OF USE, 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 NSI HAS BEEN ADVISED OF THE POSSIBILITY
OF SUCH DAMAGES. IN NO EVENT SHALL NSI'S MAXI-
MUM LIABILITY UNDER THE POLICY EXCEED FIVE
HUNDRED ($500.00) DOLLARS.

8.   Any dispute arising out of this Agreement or, at the request
of NSI and upon the agreement of the challenging party, a
dispute regarding the right to register or use Domain Name
shall be resolved by binding arbitration by the American
Arbitration Association under its commercial rules then in
effect in San Diego, California (hereinafter "AAA"). A single
arbitrator shall be selected according to AAA rules within
thirty (30) days of submission of the dispute to AAA. The
arbitrator shall conduct the arbitration in accordance with
the California Evidence Code and shall apply the substantive
laws of the State of California, without regard for California's
choice of law rules. Except as expressly provided in the
Agreement, no discovery of any kind shall be taken by either
party without the written consent of the other party, provid-
ed, however, that either party may seek the arbitrator's per-
mission to take any deposition which is necessary to preserve
the testimony of a witness who either is, or may become,
outside the subpoena power of the arbitrator or otherwise
unavailable to testify at the arbitration. The arbitrator shall
have the power to enter any award that could be entered by a
Judge of the Superior Court of the State of California sitting
without a jury, and only such power, except that the arbitra-
tor shall not have the power to award punitive damages,
treble damages, or any other damages which are not compen-
satory against NSI, NSF, ISOC, or IANA, their parents, sub-
sidiaries, officers, directors, employees or agents even if per-
mitted under the laws of the State of California or any other
applicable law. Within twenty (20) days of the close of arbi-
tration hearings, the arbitrator shall submit a written arbi-
tration award to the parties, stating the basis for each deci-
sion made by the arbitrator and the amount of each arbitra-
tion award. The arbitrator shall award the prevailing party
its costs and its reasonable attorneys' fees, and the losing
party shall bear the entire cost of the arbitration, including
the arbitrator's fee. The arbitration award may be enforced in
any court having jurisdiction over the parties and the subject
matter of the arbitration. Notwithstanding the forgoing, the
parties irrevocably submit to the non-exclusive jurisdiction of
the Superior Court of the State of California, San Diego
County, and the United States District Court for the South-

ern District of California, in any action to enforce an arbitration award.

9.   All notices or reports permitted or required under this Agreement shall be in writing and shall be delivered by personal delivery, facsimile transmission or by certified or registered mail, return receipt requested, and shall be deemed given upon personal delivery, seven (7) days after deposit in the mail, or upon acknowledgment of the receipt of electronic transmission. Notices shall be sent to the Domain Administrative Contact listed in the InterNIC Registration Services' database or such other address as either party may specify in writing. This Policy Statement can only be amended by NSI as provided in Paragraph 2. Nothing contained in this Policy Statement shall be construed as creating any agency, partnership, or other form of joint enterprise between the parties. 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. In the event that any provision of this Agreement 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 Agreement unenforceable or invalid as a whole. The parties agree to amend or replace such provision with one that is valid and enforceable and which achieves, to the extent possible, the original economic objectives and contractual intent of NSI as reflected in the original provision. This Policy Statement, as amended, and the Registration Agreement together constitute the complete and exclusive agreement of the parties regarding Domain Names. It supersedes and its terms govern all prior proposals, agreements or other communications between the parties.

Please address correspondence related to the following policy to:

Network Solutions, Inc.
Attn: David M. Graves
505 Huntmar Park Drive
Herndon, Virginia 22070
Fax: (703) 742-8449

APPENDIX D

PROPOSED NSI DOMAIN DISPUTE RESOLUTION POLICY STATEMENT

Network Solutions, Inc. ("NSI") is responsible for assigning second level Internet domain names in the top level COM, ORG, GOV, EDU and NET domains. This Policy Statement ("Policy Statement") will clarify NSI's policies regarding the use and registration of domain names ("Domain Name(s)").

1. *DOMAIN NAME REGISTRATION*

    NSI is responsible for the registration of second level Internet Domain Names in the top level COM, ORG, GOV, EDU, AND NET domains. NSI registers these Domain Names on a "first come, first served" basis. NSI has neither the resources nor the legal obligation to screen requested Domain Names to determine if the use of a Domain Name by an applicant may infringe upon the rights(s) of a third party. Consequently, as an express condition and material inducement of the grant of an applicant's ("Applicant") request to register a Domain Name, Applicant represents and warrants as follows:

    (a) Applicant's statements in the application are true and Applicant has the right to use the Domain Name as requested in the Application;

    (b) Applicant has a bona fide intention to use the Domain Name on a regular basis on the Internet, *will begin using the Domain Name within 6 months from the effective date of registration, and will have a World Wide Web home page at the Domain Name's Internet address*;

    (c) The use or registration of the Domain Name by Applicant, to the best of Applicant's knowledge, does not interfere with or infringe the right of any third party in any jurisdiction with respect to trademark, service mark, trade name, company name or any other intellectual property right;

    (d) Applicant is not seeking to use the Domain Name for any unlawful purpose, including, without limitation, tortious interference with contract or prospective business advantage, unfair competition, injuring the reputation of another, or for the purpose of confusing or misleading a person, whether natural or incorporated~~.~~; *and*

    (e) *The use or registration of the Domain Name by Applicant is not such that it is generic in a trademark or service mark sense.*

2. *MODIFICATIONS AND AMENDMENTS*

    Applicant ~~acknowledges and~~ agrees that this Policy Statement on the registration and use of Domain Names 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, NSI may modify or amend the terms of this Policy Statement.

3. *SUBMISSIONS*

    At the time of the initial submission of the Domain Name request, the Applicant is required to have operational name service from at least two operational Internet servers for that ~~domain name~~ *Domain Name*. Each server must be fully connected to the Internet and capable of receiving queries under that Domain Name and responding thereto. ~~In the event that~~ *If* Applicant does not make regular use of its assigned Domain Name for ~~any~~ a period of ~~ninety~~ 90 days or more, Applicant agrees *to* ~~that he or she shall~~, upon request of NSI, relinquish that Domain Name to NSI, making that Domain Name available for registration and use by another party.

4. *INDEMNIFICATION*

    Applicant is responsible for its selection of the Domain Name. Consequently, Applicant ~~shall~~ *must* defend, indemnify and hold harmless (i) NSI, its officers, directors, employees, and agents, (ii) National Science Foundation ("NSF"), its officers, directors, employees, and agents, (iii) the Internet Assigned Numbers Authority ("IANA"), its officers, directors, employees, and agents, and (iv) the Internet Activities Board ("IAB"), its officers, directors, employees and agents, and (vi) the officers, directors, employees and agents of NSI's parents and subsidiaries (collectively, the "Indemnified Parties") for any loss, damage, expense, or liability resulting from any claim, action or demand arising out of or related to the use or registration of the Domain Name, including reasonable attorneys fees. ~~Such~~ *The* claims ~~shall~~ include, without limitation, those based upon 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. The Indemnified Parties agree to give Applicant written notice of any ~~such~~ claim, action, or demand within a reasonable time. Applicant agrees that the Indemnified parties ~~shall~~ *may* be defended by attorneys of their choice at Applicant's expense, and that Applicant ~~shall~~ *must* advance the costs of ~~such~~ *the* litigation, ~~in a reasonable fashion, from time to time~~ *on a timely basis*. The failure to abide by this provision ~~shall~~ *will* be considered a material breach of the Agreement and permit NSI to immediately withdraw the use and registration of Domain Name from Applicant. NSI recognizes that certain educational and government entities may not be able to indemnify third parties. If the Applicant is (i) a governmental

or non-profit educational entity, (ii) is requesting a Domain Name with a root of EDU or GOV, and (iii) is not permitted by law or under its organizational documents to indemnify third parties, the Applicant should notify NSI in writing and, upon receiving appropriate proof of such restriction, NSI will provide an alternative registration agreement for such a Domain Name.

5. *REVOCATION*

Applicant agrees that NSI ~~shall have~~ *has* the right to withdraw a Domain Name from use and registration on the Internet upon ~~thirty~~ 30 days prior written notice (or earlier if ordered by ~~the~~ court *or arbitrator's judgement*) should NSI receive a properly authenticated order by a United States court or arbitration panel chosen by the parties (if the order is from an arbitration panel, it should include written evidence that all parties which will be bound by the decision submitted the dispute for binding arbitration to such panel) that the Domain Name in dispute rightfully belongs to a third party.

6. *OBLIGATORY BREACH, THIRD PARTY RIGHTS, AND INDEMNIFICATION*

(a) ~~In the event that~~ *If* the Applicant breaches any of its obligations under this Policy Statement, NSI may request that Applicant relinquish the Domain Name in a written notice describing the alleged breach. If Applicant fails to provide evidence that it has not breached its obligations, which is reasonably satisfactory to NSI, within ~~thirty~~ 30 days of the date of receipt of ~~such~~ *the* notice, then NSI may terminate Applicant's use and registration of the Domain Name. Breach of any of the warranties, representations, or obligations of an Applicant ~~pursuant to~~ *under* this Policy ~~shall~~ *will* not provide any third party a right to require or demand removal of a Domain Name or an Applicant from the NSI registry. Neither ~~shall~~ *will* any such breach by an Applicant be deemed to have been excused simply because NSI did not act earlier in response to that, or any other, breach by the Applicant.

(b) Applicant acknowledges ~~and agrees~~ that NSI cannot act as an arbiter of disputes arising out of the registration and use of Domain Names *and.* ~~At the same time, Applicant acknowledges~~ that NSI may be presented with evidence that a Domain Name registered by Applicant violates the rights of a third party. Such evidence includes, but is not limited to, evidence that the Domain Name is identical to a valid and subsisting foreign, ~~or~~ United States federal, *or state* registration of a trademark or

service mark that is in full force and effect and owned by another person or entity. Trademark or service mark registrations from the individual states (such as California) of the United States are not sufficient. In those instances where the basis of the claim is other than a registered trademark or service mark, Applicant ~~shall~~ *will* be allowed to continue using the contested Domain Name, unless ~~and until~~ a court order or arbitrator's judgment to the contrary is received by NSI as provided in Paragraph 5.

(c) In those instances when the claim is based upon a trademark or service mark *that is identical, or confusingly similar, to a registered Domain Name*:

    (1)   Without prejudice to the ultimate determination and with recognition that trademark or service mark ownership does not automatically extend ownership to a Domain Name, NSI ~~shall~~ *will* request from the Applicant a certified copy of a trademark or service mark registration (copies certified in accordance with 37 CFR 2.33(a)(1)(vii) or its successor will meet this standard for registrations in jurisdictions other than the United States) owned by the Applicant that is in full force and effect. ~~and that is the same as the Domain Name registered to Applicant.~~

    ~~(2)~~   ~~In the event that Applicant's Domain Name was in use by Applicant (as determined by the activation date of the Domain Name) prior to the earlier of (i) the date of first use of the trademark or service mark or (ii) the effective date of the valid and subsisting registration of the trademark or service mark owned by the claimant, or, if Applicant provides evidence of ownership of a trademark or service mark as provided in paragraph 6(b), Applicant shall be allowed, subject to Paragraph 6(c) (5), to continue using the contested Domain Name, unless and until a court order or arbitrator's judgment to the contrary is received by NSI as provided in Paragraph 5.~~

    ~~(3)~~*(2)*   *If Applicant provides evidence of ownership of a trademark or service mark as provided in Paragraph 6(b) so that the Domain Name is in a different domain level or a different category within a domain level as would be the Claimant's mark if registered as a Domain*

Name, NSI will assist Applicant with assign-
ment of a new Domain Name, and will allow
Applicant to maintain both names simultaneous-
ly for up to ~~ninety~~ 90 days to allow an orderly
transition to the new Domain Name. NSI will
provide such assistance to an Applicant if and
only if Applicant submits an explicit written
request for assistance, including and identifica-
tion of the Applicant's desired new Domain
Name, within the ~~thirty~~ 30 days of NSI's origi-
nal request. At the end of the transition period,
NSI will place the disputed Domain Name on
"Hold" status, that Domain Name registered to
Applicant shall not be available for use by any
party *until a court or arbitrator's judgement is
received by NSI.*

(3) *If the Applicant provides evidence of ownership
of a trademark or service mark as provided in
Paragraph 6(b) so that the Domain Name is in
the same domain level and category within the
domain level as would be the Claimant's mark if
registered as a Domain Name, Applicant will be
allowed to continue using the contested Domain
Name, unless a court order or arbitrator's judg-
ment to the contrary is received by NSI as pro-
vided in Paragraph 6(c)(8).*

(4) If *the* Applicant fails to provide evidence of a
trademark or service mark registration to NSI
within ~~thirty~~ 30 days *of NSI's request, and the
Applicant's Domain Name is registered in a
different domain level or category within a do-
main level as would be the Claimant's mark if
registered as a Domain Name, the Applicant will
be allowed to continue using the contested Do-
main Name, unless a court order or arbitrator's
judgment to the contrary is received by NSI as
provided in Paragraph 6(c)(8).*

(5) *If the Applicant fails to provide evidence of a
trademark or service mark registration to NSI
within 30 days of NSI's request, and the Domain
Name is in the same domain level and category
within the domain level as would be the
Claimant's mark if registered as a Domain
Name, NSI will assist Applicant with assign-
ment of a new Domain Name, and will allow
Applicant to maintain both names simultaneous-
ly for up to 90 days to allow an orderly transi-*

tion to the new Domain Name. NSI will provide such assistance to an Applicant if and only if Applicant submits an explicit written request for assistance, including and identification of the Applicant's desired new Domain Name, within the 30 days of NSI's original request. At the end of the transition period, NSI will transfer the Domain Name registration to the Claimant.

(5)(6)   If *the* Applicant provides the evidence described in Paragraph 6(b), or is eligible under paragraph 6(e)(2), and wishes to continue use of the contested Domain Name registered by Applicant, Applicant agrees to indemnify NSI on the terms stated in Paragraph 4 from any liability relating to the registration or use of the Domain Name registered by Applicant and post a bond in an amount sufficient to meet the damages sought, or if no specific amount of damages is sought, in an amount deemed reasonable in NSI's sole discretion within fourteen 14 days of NSI's request. Without such *an* agreement and the posting of the bond, NSI may, notwithstanding any trademark or service mark registration presented to it, place the use of the Domain Name in "Hold" status pending resolution of the dispute.

(6)(7)   NSI will reinstate the use and registration of a Domain Name placed in "Hold" status when and if it receives an order by a United States court or arbitration panel chosen by the parties (if the order is from an arbitration panel, it should include written evidence that all parties which will be bound by the decision submitted the dispute for binding arbitration to such panel) stating which party to the dispute is entitled to use and register the Domain Name or if NSI receives satisfactory evidence of the resolution of the dispute.

(d)   *In those instances when the claim is based upon the use or registration of a Domain Name that is generic in a trademark or service mark sense:*

(1)   *Without prejudice to the ultimate determination, NSI will request from the Applicant a certified copy of a trademark or service mark registration (copies certified in accordance with 37 CFR 2.33(a)(1)(vii) or its successor will meet this standard for registrations in jurisdictions other than the United States) owned by the Applicant that is*

in full force and effect.

(2)   *If the Applicant provides evidence of ownership of a trademark or service mark as provided in Paragraph 6(b), Applicant will be allowed to continue using the contested Domain Name, unless a court order or arbitrator's judgment to the contrary is received by NSI as provided in Paragraph 6(c)(8).*

(3)   *If Applicant does not provide evidence of ownership of a trademark or service mark as provided in Paragraph 6(b), NSI will assist Applicant with assignment of a new Domain Name, and will allow Applicant to maintain both names simultaneously for up to 90 days to allow an orderly transition to the new Domain Name. NSI will provide such assistance to an Applicant if and only if Applicant submits an explicit written request for assistance, including and identification of the Applicant's desired new Domain Name, within the 30 days of NSI's original request. At the end of the transition period, NSI will place the disputed Domain Name on "Hold" status, that Domain Name registered to Applicant shall not be available for use by any party until a court or arbitrator's judgement is received by NSI.*

(e) *In those instances when the claim is based upon the use or registration of a Domain Name that is scandalous or immoral in a trademark or service mark sense:*

(1)   *Without prejudice to the ultimate determination, NSI will request from the Applicant a certified copy of a trademark or service mark registration (copies certified in accordance with 37 CFR 2.33(a)(1)(vii) or its successor will meet this standard for registrations in jurisdictions other than the United States) owned by the Applicant that is in full force and effect.*

(2)   *If the Applicant provides evidence of ownership of a trademark or service mark as provided in Paragraph 6(b), Applicant will be allowed to continue using the contested Domain Name, unless a court order or arbitrator's judgment to the contrary is received by NSI as provided in Paragraph 6(c)(8).*

(3)   *If Applicant does not provide evidence of ownership of a trademark or service mark as provided in Paragraph 6(b), NSI will assist Applicant*

with assignment of a new Domain Name, and will allow Applicant to maintain both names simultaneously for up to 90 days to allow an orderly transition to the new Domain Name. NSI will provide such assistance to an Applicant if and only if Applicant submits an explicit written request for assistance, including and identifica-tion of the Applicant's desired new Domain Name, within the 30 days of NSI's original re-quest. At the end of the transition period, NSI will place the disputed Domain Name on "Hold" status, that Domain Name registered to Appli-cant shall not be available for use by any party until a court or arbitrator's judgement is received by NSI.

7. *DOMAIN NAME USE*
    If evidence of Domain Name use is not presented to NSI with-in the 6 month period, the Domain Name will be revoked and open to registration by any party.

8. DAMAGES
    NSI ~~WILL NOT BE~~ *IS NOT* LIABLE FOR ANY LOSS OF USE, INTERRUPTION OF BUSINESS, OR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAG-ES OF ANY KIND (INCLUDING LOST PROFITS). RE-GARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTH-ERWISE, EVEN IF NSI HAS BEEN ADVISED OF THE POSSIBILITY OF ~~SUCH~~ *THESE* DAMAGES. ~~IN NO EVENT SHALL~~ NSI'S MAXIMUM LIABILITY UNDER THE POLICY *WILL NOT* EXCEED ~~FIVE HUNDRED ($500.00) DOLLARS~~ *$500*.

9. DISPUTES
    Any dispute arising out of this Agreement or, at the request of NSI and upon the agreement of the challenging party, a dispute regarding the right to register or use Domain Name ~~shall~~ *must* be resolved by binding arbitration by the Ameri-can Arbitration Association under its commercial rules then in effect in San Diego, California (hereinafter "AAA"). A sin-gle arbitrator ~~shall~~ *will* be selected according to AAA rules within ~~thirty~~ 30 days of submission of the dispute to AAA. The arbitrator ~~shall~~ *must* conduct the arbitration in accor-dance with the California Evidence Code and ~~shall~~ *must* apply the substantive laws of the State of California, without regard for California's choice of law rules. Except as express-ly provided in the Agreement, no discovery of any kind ~~shall~~ *will* be taken by either party without the written consent of the other party, provided, however, that either party may

seek the arbitrator's permission to take any deposition ~~which~~ *that* is necessary to preserve the testimony of a witness who either is, or may become, outside the subpoena power of the arbitrator or otherwise unavailable to testify at the arbitration. The arbitrator ~~shall~~ *will* have the power to enter any award that could be entered by a Judge of the Superior Court of the State of California sitting without a jury, and only ~~such~~ *this* power, except that the arbitrator ~~shall~~ *will* not have the power to award punitive damages, treble damages, or any other damages ~~which~~ *that* are not compensatory against NSI, NSF, ISOC, or IANA, their parents, subsidiaries, officers, directors, employees or agents even if permitted under the laws of the State of California or any other ~~applicable law~~ *jurisdiction*. Within ~~twenty~~ 20 days of the close of arbitration hearings, the arbitrator ~~shall~~ *must* submit a written arbitration award to the parties, stating the basis for each decision made by the arbitrator and the amount of each arbitration award. The arbitrator ~~shall~~ *will* award the prevailing party its costs and its reasonable attorneys' fees, and the losing party ~~shall~~ *must* bear the entire cost of the arbitration, including the arbitrator's fee. The arbitration award may be enforced in any court having jurisdiction over the parties and the subject matter of the arbitration. ~~Notwithstanding the forgoing,~~ *Even if* the parties irrevocably submit to the non-exclusive jurisdiction of the Superior Court of the State of California, San Diego County, and the United States District Court for the Southern District of California, in any action to enforce an arbitration award.

10. *NOTICES*

All notices or reports permitted or required under this Agreement ~~shall~~ *must* be in writing and ~~shall be~~ delivered by personal delivery, facsimile transmission, or by certified or registered mail, return receipt requested, and ~~shall be~~ *is* deemed given ~~upon~~ personal delivery, ~~seven~~ 7 days after deposit in the mail, or upon acknowledgment of the receipt of electronic transmission. Notices ~~shall~~ *may* be sent to the Domain Administrative Contact listed in the InterNIC Registration Services database or ~~such~~ other address as either party may specify in writing. This Policy Statement can only be amended by NSI as provided in Paragraph 2. Nothing contained in this Policy Statement ~~shall~~ *is to* be construed as creating any agency, partnership, or other form of joint enterprise between the parties. The failure of either party to require performance by the other party of any provision hereof ~~shall~~ *will* not affect the full right to require ~~such~~ *the* performance at any time ~~thereafter~~; nor ~~shall~~ *will* the waiver by either party of a breach of any provision hereof be taken or held to be a waiv-

er of the provision itself. ~~In the event that~~ *If* any provision of this Agreement ~~shall be~~ *is* unenforceable or invalid under any applicable law or be so held by applicable court decision, ~~such~~ *this* unenforceability or invalidity ~~shall~~ *will* not render this Agreement unenforceable or invalid as a whole. The parties agree to amend or replace ~~such~~ *the* provision with one that is valid, ~~and~~ enforceable, and ~~which~~ achieves, to the extent possible, the original economic objectives and contractual intent of NSI as reflected in the original provision. This Policy Statement, as amended, and the Registration Agreement together constitute the complete and exclusive agreement of the parties regarding Domain Names. It supersedes and its terms govern all prior proposals, agreements, or other communications between the parties.

Please address correspondence related to the following policy to:

Network Solutions, Inc.
Attn: David M. Graves
505 Huntmar Park Drive
Herndon, Virginia 22070
Fax: (703) 742-8449