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## The Sheriff is Coming to Cyberville: Trademark and Copyright Law and the Internet

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# The Sheriff is Coming to Cyberville: Trademark and Copyright Law and the Internet\*

## I. INTRODUCTION

In the late 1960s the United States government established a computer system which evolved into the entity known today as the Internet. The government had two original goals for the Internet, or ARPAnet (Advanced Research Projects Agency) as it was then known.<sup>1</sup> The first goal was a military goal—the net was to be “a decentralized computer system that would . . . be able to survive . . . attack.”<sup>2</sup> The second goal was that it would foster communication between scientists and military personnel.<sup>3</sup> To these ends the Internet was launched with four computers in Utah and California.<sup>4</sup> Today the Internet has several million host terminals with an estimated twenty-five million individual users.<sup>5</sup>

The Internet service has gone far beyond its primary role as a military and scientific message carrier. It is, to use a well-worn phrase, the “Information Superhighway”—the most efficient trade route in the information age. In addition to the military and scientific uses, the Internet is used by individuals, schools from the elementary to university level, and business. Business, in fact, has become one of the Internet’s heaviest users. “As of July of 1995, approximately 70,000 commercial (.com) domain names had been registered with InterNIC.”<sup>6</sup> The explosion of commercial registration continues as seen by the fact that “[i]n December 1995 alone, more than 10,000 [commercial names] were registered—more than the total number issued in all of 1993.”<sup>7</sup> The explosive growth of the Internet, while expected, has nevertheless caused significant legal problems for users. These problems arise in part from the fact

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1. Paul H. Arne, *New Wine in Old Bottles: The Developing Law of the Internet*, Intellectual Property, PRACTICING LAW INSTITUTE, Sept. 1995, PLI Order No. G4-3948.

2. Gary W. Hamilton, *Trademarks on the Internet: Confusion, Collusion or Dilution?*, 4 TEX. INTEL. PROP. L.J. 1, 2 (1995).

3. Arne, *supra* note 1.

4. *Id.*

5. Hamilton, *supra* note 2, at 3.

6. Robert J. Raskopf, *Trademarks and the Internet*, 416 PRACTICING LAW INSTITUTE 1047, Sept. 1995.

7. James A. Powers, *Web Names May Lead to Legal Trouble*, 3 Interactive Marketing News, Feb. 2, 1996, WL 7819865.

that, for most of the past ten years, the users of the net have gloried in the largely unregulated nature of "cyberspace."<sup>8</sup> Internet's early users were "proudful of its reputation as a frontier town."<sup>9</sup> The lack of regulation stems from the fact that the Internet, though still subsidized by the government, is not owned by anyone and has no real central management.<sup>10</sup> So far as the legal issues on the Internet are concerned, the ones that seem most unsettled are intellectual property issues, specifically, trademark and copyright infringement.

While copyright infringement has come under some judicial scrutiny, so far trademark infringement has mostly escaped review. The debate surrounding copyright infringement has two major sides. One side envisions the "information superhighway as a commercial center with intellectual property as the prime commodity."<sup>11</sup> The other side views on-line services as "the computer-age equivalent of a post office, a library, or a bookstore [and] . . . portray . . . [the on-line service provider's] business[] as [a] passive conduit[] for information, which, like the post office, should not be responsible for what people write in letters or send in packages, particularly when these cyberpackages contain unauthorized copyrighted materials . . ."<sup>12</sup>

The debate surrounding trademark infringement on the Internet is similarly bi-polar. Some argue that use of such trademarked names as on-line addresses should be afforded the same broad protection afforded to trademarked names generally. They might point to language such as that found in *A. Bourgeois & Co. v. Katzel* which states, "A trademark has come to be recognized as a property right of immense and incalculable value, whose proprietor is entitled to the strongest protection at the hands of the proper court"<sup>13</sup> to defend its position. Others hold the view that the Internet is new technology which cannot be held to the conventions of "old" trademark law. Their position is that use of a corporate name for a "web-site" is simply akin to a street address<sup>14</sup>—that, for example, a site

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8. "Cyberspace" is a popular term for the Internet.

9. Raskopf, *supra* note 6.

10. Rex S. Heinke & Heather D. Rafter, *Rough Justice in Cyberspace: Liability on the Electronic Frontier*, 11 *COMPUTER L.* 1, (1994).

11. Vera Titunik, *Who's Minding the On-Line Store?*, *CORP. COUNS. MAG.*, Sept. 1995, at 26.

12. *Id.*

13. 274 F. 856, 859 (S.D.N.Y. 1920).

14. *MTV Networks v. Curry* explains an Internet cite in the following way:

Each host computer providing Internet service ("site") has a unique Internet address. Users seeking to exchange digital information (electronic mail ("e-mail"), computer programs, images, music) with a particular Internet host requires the host's address in order to establish a connection. Hosts actually possess two fungible addresses: a numeric "IP" address such as "123.456.123.12" and an alphanumeric "domain name" such as "microsoft.com" with greater mnemonic potential. Internet domain names are similar to

address of mcdonalds.com is no more trademark infringement than someone who lives on "McDonalds" street writing his or her home address or receiving mail at that address. This paper will attempt to deal with both copyright and trademark infringement on the Internet. It will first discuss the trademark issue and then move to the copyright discussion.

The trademark discussion will first illustrate the scope of the issue. It will next use a traditional trademark case to discern what the traditional trademark infringement standards are and then show how these traditional standards can be applied to the Internet. Next, this section will investigate actions taken by InterNIC and the government in an attempt to deal with the trademark difficulty.

Because copyright infringement for those uploading copyrighted information on to the Internet has been established, the copyright section will look at the liability of Bulletin Board operators. It will discuss two decisions on the issue in an attempt to formulate some concrete rules which can be used in determining the liability of Bulletin Board operators.

## II. TRADEMARK AND THE INTERNET

### A. Introduction

The trademark section will first discuss the causes for the trademark trouble, it will then discuss briefly each of the cases which have involved the trademark issue, and then look at a traditional trademark case in hopes of finding a solution. Finally, it will look at attempts by the Internet registration organization to deal with the situation.

### B. Background

Since the well publicized case *MTV Networks*,<sup>15</sup> there has been a rash of corporate names registered by those not associated with the corporation in question. Because the Internet is run by a governing body known as "InterNIC" which refuses to accept the responsibility of checking for trademark violations and because InterNIC assigns address names on a first come-first served basis, protected corporate names can easily be reg-

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telephone number mnemonics, but they are of greater importance, since there is no satisfactory equivalent to a telephone company white pages or directory assistance, and domain names can often be guessed. A domain name mirroring a corporate name may be a valuable corporate asset, as it facilitates communication with a customer base. The uniqueness of Internet addresses is ensured by the registration of the Internet Network Information Center ("InterNIC"), a collaborative project established by the National Science Foundation.

867 F. Supp. 202, 203, 204 n.2 (S.D.N.Y. 1994).

15. *Id.*

istered. One enterprising person registered seventeen Internet addresses including "hertz.com" and "trump.com."<sup>16</sup> The mentality of mass registration was summed up in the title of a WIRED magazine article: "Billions Registered: Right Now There Are No Rules to Keep You From Owning A Bitchin' Corporate Name as Your Own Internet Address."<sup>17</sup> The rush to register corporate names by those unaffiliated with the corporation may cost businesses millions. "As more companies venture on-line they may find their name of choice already registered. At stake is corporate identity in the information age. Companies whose potential names have been registered by others will have three choices: pick another name, buy the rights to the original one or sue."<sup>18</sup>

Pirating of corporate names is not the only problem. Because domain names are typically only eleven characters long, two companies which used the same name and had never come into contact previously could now be at odds on the Internet. For instance, Ford Motor Company may have the name "Ford" trademarked for automobile sales but the Ford Modeling Agency may have trademarked the same name in its field. On the Internet the first to register "Ford" as a domain name would prevail as a holder of a legitimate trademark and the other party would be left without redress.

Another problem exists in the fact that the Internet only allows one web-site per corporate entity, thus, all of a corporation's trademarks cannot be used as web-cites. For instance, Ford Motor Company may not be registered for a domain name both under its corporate name and under trademark "Taurus" which is one of its car models. Thus, unless it is possible to argue trademark dilution when used by another, a corporate entity will only be able to use one of its trademarks as a domain name.

In addition to the problem of restricted web-sites, perhaps the bigger problem lies in the fact that the Internet's traditional domain registration theory differs from traditional trademark law. Traditional trademark law gives protection to the first party to use a mark in commerce.<sup>19</sup> The Internet has traditionally ignored trademark law and assigned domain names on a first-registered, first-served basis.

Despite the significance of the trademark issue and the scope of the problem, there has yet to be a case on domain name infringement decided by a court. While several cases have been filed, none as yet has made it to

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16. Stewart Ugelow, *Names Lost in Cyberspace*, WASHINGTON POST, Aug. 16, 1994, at B24.

17. 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, October 1994, at 50 (quoted in *Brunel*, *infra*, note 21, at 1).

18. *Id.*

19. Powers, *supra* note 7.

trial. There is currently no legal pronouncement—no precedent deciding whether or not traditional trademark law applies to the Internet domain name. Despite this lack of case law, it is nevertheless instructive to discuss briefly each of these disputes.

### C. Trademark Infringement Examples

The main cases in trademark infringement include cases involving MTV, McDonald's, Wired magazine, Kaplan Test Services, and Knowledgenet. Each is discussed below.

#### 1. MTV Networks v. Curry<sup>20</sup>

Adam Curry, a former MTV video disc jockey, had set up as a website at the domain name "mtv.com" while employed at MTV. He had done so with the blessing of his superiors at the station. Internet users could find among other things "'MTV's Top Ten Music List,' outtakes from MTV Network's programming, a printout of the text of a dialog between MTVN characters Beavis and Butt-head, and a giveaway of MTV-logo T-Shirts to subscribers."<sup>21</sup> After MTV and Curry parted company, he refused to surrender the domain name. MTV sued Curry for trademark violations as well as the breach of his employment contract. Curry counterclaimed for breach of oral contract. The case failed to issue any trademark/Internet precedent because the case was settled prior to a hearing on MTV's trademark claim. However, in a footnote to a hearing on MTV's motion to dismiss Curry's counterclaim, the court stated that, in its opinion, "domain names [were] similar to telephone number[s], but . . . are of greater importance . . ."<sup>22</sup> This analysis is key to one aspect of trademark and domain names because it assumes that a descriptive mnemonic telephone number (i.e. 1-800-OPERATOR for collect calls) may become a trademark so long as it has first acquired a "second meaning."<sup>23</sup> Thus, an Internet name can become a trademark like a telephone number can. In settling the claim, Curry agreed to terminate his use of the website.<sup>24</sup>

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20. MTV Networks v. Curry, 867 F. Supp. 202 (S.D.N.Y. 1994).

21. Andre Brunel, *Billions Registered, But No Rules: The Scope of Trademark Protection for Internet Domain Names*, 7 No. 3 J. PROPRIETARY RTS 2, 7 (1995).

22. MTV Networks v. Curry, 867 F. Supp. at 203 n. 2.

23. Brunel, *supra* note 21, at 8.

24. Raskopf, *supra* note 6.

## 2. Council of Better Business Bureaus v. Sloo

When the Council of Better Business Bureaus tried to use its “BBB” trademark as an Internet domain name it found that “bbb.com” had already been registered by an individual—Mark Sloo. Mr. Sloo likened the first-come, first served policy of the Internet to a “land-rush.”<sup>25</sup> The council filed suit in U.S. District Court in Kansas City but has had to use the site “cbbb.com” until the suit is settled. The council maintains that “Our communications with Mr. Sloo indicate that his only real interest is to barter the BBB domain names.”<sup>26</sup>

## 3. McDonald’s v. Ronald Quittner

Mr. Quittner requested and was granted the name “mcdonalds.com” after McDonald’s had registered “mcd.com.” Quittner, a reporter who describes himself as a “pain in the McButt,”<sup>27</sup> began taking suggestions at his web-cite as to what he should do with the name: “You tell me. I could auction it off. I could hold on to it as a trophy, I could set up a Mosaic home page, explaining the difference between McDonalds and Josh ‘Ronald’ Quittner. Got a suggestion? Send it to ronald@mcdonalds.com.”<sup>28</sup> Half of the suggestions told Quittner to sell the domain name to McDonald’s for a large sum of money and the other half suggested that Quittner set up a home page to “promot[e] vegetarianism over hamburger consumption.”<sup>29</sup> McDonald’s was eventually able to get the domain name back for \$3,500 and an agreement that the settlement money be used to put a New York City school on the Internet. Once again—no good precedent.

## 4. Wired v. WIRE

This dispute is slightly different because it involves two domain names that were not exactly alike. Wired, a computer magazine, used “wired.com” and WIRE a computer network devoted to women’s issues used “wire.net.”<sup>30</sup> Because of the similarity, Wired convinced WIRE to change its name to Women’s Wire and its web-cite to “wwire.net,” and in return paid half of the cost of the name change.<sup>31</sup> That Wired was con-

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25. Bruce McDonald, *Trademarks and the Internet*, CATALOG AGE, Sept. 1, 1995, at 83.

26. Martin Rosenberg, *E-mail Conflict Triggers a Lawsuit; KC Man Controls Internet Address That a Business Council Wants to Claim*, KANSAS CITY STAR, May 16, 1995, at D3.

27. Joshua Quittner, *Life in Cyberspace: You Deserve a Break Today*, NEWSDAY, Oct. 7, 1994, at A5 (quoted in Brunel, *supra* note 21, at 1).

28. Quittner, *supra* note 17, at 56 (quoted in Brunel, *supra* note 21, at 1).

29. Hamilton, *supra* note 2, at 7.

30. Brunel, *supra* note 21.

31. *Id.*

cerned about the entity name WIRE as well as the domain name illustrates the point that domain names are more difficult to distinguish than names in print because there is no use of stylized writing in domain names, and thus it is more difficult to differentiate between close names.<sup>32</sup>

#### 5. Princeton Review v. Kaplan

Barbara Kantrowitz and Jennifer Tanaka reported in Newsweek that:

Earlier this year the animosity between the nation's largest standardized-test-preparation companies—Stanley Kaplan and The Princeton Review—hit a new low. On March 1, [1994] TPR secured the address "kaplan.com" tying up an Internet address its competitor would covet. "It's an act of corporate theft," says Kaplan CEO Jonathan Grayer. According to John Katzman, TPR's president, the stunt was "done entirely for fun and to irritate them." It worked, especially when Kaplan execs realized that TPR was soliciting Kaplan horror stories through this address.<sup>33</sup>

Princeton's president offered to sell the domain name for a case of beer, domestic or imported.<sup>34</sup> This offer was rebuffed.

Eventually the case was submitted to binding arbitration with Princeton arguing that the kaplan.com domain name with disparaging information about Kaplan would not result in confusion because the consumer would realize that the information was not provided by Kaplan. Kaplan used traditional trademark law to argue that "the unauthorized use of Kaplan's mark on computer databases available to millions of people is, without question, a violation of the trademark law."<sup>35</sup> As a result of the arbitration, Princeton was ordered to "(1) notify the InterNIC that it was relinquishing all rights to the kaplan.com domain name; (2) cause the cancellation or revocation of its prior registration of the name; and (3) request InterNIC to transfer the name to Kaplan."<sup>36</sup> Princeton was not required to pay damages or attorney's fees because there was "inadequate showing of actual damages or intentional decept[ion] or bad faith" by Princeton.<sup>37</sup>

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32. *Id.*

33. Barbara Kantrowitz & Jennifer Tanaka, *All in a Name*, NEWSWEEK, Sept. 5, 1994, at 10.

34. Hamilton, *supra* note 2.

35. Raskopf, *supra* note 6, at 3 (citations omitted).

36. Raskopf, *supra* note 6, at 4.

37. *Id.*



6. KnowledgeNet, Inc. v. Boone<sup>38</sup>

KnowledgeNet, an Illinois corporation, had registered its name as a trademark and a servicemark. Boone was unaware of the corporation and founded a trade association called Knowledgenet and also used the word as his domain name. Upon discovering the domain name the Illinois company demanded that Boone cease using knowledgenet.com. Boone did not comply and a suit was filed against him. Boone was not able to sustain his claim because of mounting legal costs. By submitting to a consent decree Boone was forced to give up the domain name, send copies of the decree with a self addressed stamped post card asking the members of his association not to use the word "knowledgenet," and also send a copy of the consent decree to two publications which had written about the trade association.<sup>39</sup> "Although it's not precedent setting in a formal sense, the settlement does not give much comfort to those asserting that a computer address don't (sic) violate a similar-looking and sounding trademark."<sup>40</sup>

*D. Application: Traditional Trademark Law and the Internet*

As the cited trademark/domain name disputes illustrate, though there is no precedent showing that traditional trademark law will ultimately prevail, the trademark infringer has relinquished the offending domain name in each case. This would seem to be of comfort to all of the corporations who have yet to register trademarks as domain names. However, without actual precedent it is only of small comfort.

It will be the goal of this section to use a traditional trademark infringement case, *Sun Microsystems, Inc. v. Sunriver Corp.*,<sup>41</sup> to begin to draw a blueprint showing that traditional trademark law is not obsolete in dealing with on-line issues. Following the discussion of traditional trademark issues, the section applies the traditional law to the Internet issue and then discusses other solutions which have been offered to solve the problem. It is the ultimate goal of this section to demonstrate that traditional trademark law can indeed be used to protect trademarks used in the on-line arena.

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38. *Knowledgenet, Inc. v. Boone*, No. 94-CV-7195 (N.D.Ill. Eastern Div. filed Jan. 25, 1995).

39. *Retreat and Surrender: Internet Trademark Suit Fizzles, Boone Folds and Agrees to Give Domain Name to KnowledgeNet*, INFO L. ALERT: VOORHEES REPORT, July 7, 1995 at 2.

40. *Id.*

41. *Sun Microsystems v. Sunriver Corp.*, 1995 WL 390696 (N.D.Cal.)

### 1. Sun Microsystems v. Sunriver

a. *The Facts.* Sun Microsystems, Inc. (Sun) is a desktop computer workstation manufacturer. All of Sun's products bear the Sun mark or have a Sun-prefixed name. The company owns eleven federally registered Sun-prefixed names and marks and has used more than thirty-five Sun-based names and marks.<sup>42</sup> In 1987 SunRiver began manufacturing computer terminals which were host dependent. At that time Sun sent a cease and desist letter to SunRiver demanding that the company stop using the SunRiver mark. SunRiver assured Sun that it had no intention of selling high-end workstations and thus, that it would not be in direct competition with Sun.<sup>43</sup> This placated Sun. "In 1988 SunRiver got a federally registered trademark for its SUNRIVER mark for use with 'computers, computer peripherals and computer programs.'"<sup>44</sup> Problems erupted between the two companies again in 1993 when, in an effort to expand, SunRiver began competing with Sun by introducing a line of products for the UNIX system. Sun again wrote a letter to SunRiver demanding that SunRiver cease and desist. SunRiver failed to respond and Sun filed a petition with the Patent and Trademark Office to cancel the registration of the SUNRIVER mark.<sup>45</sup> SunRiver has continued to enter markets in which Sun sells products and has used the SunRiver name. Sun fears that the expanded use of the SUNRIVER name will likely confuse the public.<sup>46</sup> Sun moved for a preliminary injunction to prevent SunRiver from using the SUNRIVER trademark in areas in which it is in direct competition with Sun. The court granted Sun's motion for an injunction because it found, through its analysis, that there was "a combination of probable success on the merits and the possibility of irreparable injury" and "that serious questions are raised and the balance of hardships tips sharply in its [Sun's] favor."<sup>47</sup>

b. *The Court's Reasoning in Sun Microsystems.* First the *Sun* court cites the Lanham Act standard for trademark infringement. The Act makes a party liable for trademark infringement if the use of a mark "is likely to cause confusion, or to cause mistake, or to deceive."<sup>48</sup> *Sun* then cites *Levi-Strauss & Co. v. Blue Bell, Inc.*<sup>49</sup> for the proposition that to prevail in a trademark infringement case the complaining party must

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42. *Id.* at 1.

43. *Id.*

44. *Id.*

45. *Id.*

46. *Id.* at 1.

47. *Id.* at 2.

48. 15 U.S.C. § 1114(1)(a) (1996).

49. 778 F.2d 1352 (9th Cir. 1985).

show that: (1) it has valid, protectable trademarks or trade names and (2) there is a likelihood of confusion as to the source or sponsorship of the products.<sup>50</sup>

(1) *The first prong: a valid protectable trademark.*

a. *Did Sun have a valid, protectable trademark?* The court easily dismisses the first requirement on the basis that trademark registration is “prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce.”<sup>51</sup> Because of Sun’s registration and use of the “Sun” mark, the court concludes its analysis of the first point by simply stating, “The ownership, validity and protectability of Sun’s marks is undisputed.”<sup>52</sup>

b. *Did SunRiver have a valid, protectable trademark?* SunRiver does not dispute the fact that Sun’s trademark is valid. Its argument is “that its federal registration of the SUNRIVER mark renders that mark incapable of infringing any other mark.”<sup>53</sup> The court dismisses this contention saying that “contrary to SunRiver’s argument, registration does not automatically confer the right to use, nor does it constitute a defense to a claim of infringement by a senior user. Rather, the touchstone of ownership rights is prior use—and SunRiver cannot show a use prior to Sun’s.”<sup>54</sup> Thus, the court concludes that SunRiver’s registration of its mark is irrelevant and that “Because of its prior use, Sun is the senior user with the right to exclude any junior user of the mark where such use is likely to cause confusion.”<sup>55</sup>

(2) *The second prong: The likelihood of confusion.* The Sun court then turns to the second prong used in deciding whether or not a trademark infringement has occurred. It cites eight factors from *AMF Inc. v. Sleekcraft Boats*<sup>56</sup> that are used to determine the likelihood of confusion. These eight factors are: (1) strength of the mark; (2) proximity of the goods; (3) similarity of the sight, sound and meaning of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and degree of care likely to be exercised by the purchaser; (7) de-

50. *Id.* at 1354.

51. 15 U.S.C. § 1057(b) (1996).

52. *Sun Microsystems v. SunRiver*, 1995 WL 390696 at 2.

53. *Id.*

54. *Id.* at 3.

55. *Id.*

56. 599 F.2d 341 (9th Cir. 1979).

fendant's intent in selecting the mark; and (8) likelihood of expansion of the product line.<sup>57</sup>

*a. Strength of the mark.* Arbitrary marks which do not describe or suggest the products or services are stronger than descriptive marks. The stronger the mark the more protection afforded.<sup>58</sup> The court in its analysis holds that though "sun" is a common word, "[c]ommon words are arbitrary as long as they do not describe the product with which they are used."<sup>59</sup> The court determines, "Given their distinctiveness and notoriety, the SUN marks are strong marks worthy of a high degree of protection."<sup>60</sup>

*b. Proximity of the goods.* When goods in question are related the likelihood of consumer confusion is enhanced.<sup>61</sup> In the instant case, the court held that when SunRiver began to expand into markets previously served by Sun, the danger of consumer confusion was enhanced. The court states, "The proximity of Sun and SunRiver's products make it more likely that consumers will think that SunRiver's goods come from Sun."<sup>62</sup>

*c. Similarity of the marks.* Regarding the similarity of the marks the court states, "In assessing the similarity of marks, the court should examine the sight, sound and meaning of the marks, keeping in mind that the similarities are more important than the differences."<sup>63</sup> The court determined that "the marks are largely identical—SUNRIVER sounds a lot like SUN and looks a lot like SUN."<sup>64</sup> Ultimately, the court decided that the difference between the marks is subtle and "does not come close to overriding the close similarities in sight and sound."<sup>65</sup>

*d. Actual confusion.* The court finds little evidence of what it terms "actual confusion" resulting from the similarities between the trademarks. It notes, however, that this standard may not be at issue because the case is "forward-looking" rather than remedial.<sup>66</sup> The court

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57. *Id.* at 348-349.

58. *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1291 (9th Cir. 1992).

59. *Sun Microsystems v. SunRiver*, 1995 WL 390696 at 3.

60. *Id.*

61. *E.J. Gallo Winery*, 967 F.2d at 1291.

62. *Sun* at 4.

63. *Id.* (citations omitted).

64. *Id.*

65. *Id.*

66. *Id.*

seems to infer that in seeking injunctive relief this standard will not apply to the extent that it would in a suit seeking damages.

*e. Convergence of marketing channels.* Not much evidence is presented in *Sun* regarding the convergence of marketing channels. However, the court notes that “Sun has offered evidence indicating that Sun and SunRiver both sell to distributors who sell their software products a part of a ‘bundle’ of products.”<sup>67</sup>

*f. Type of the goods and degree of customer care.* It is noted here that “Consumers typically exercise more care when they buy expensive products than when they buy cheap products.”<sup>68</sup> The *Sun* court concludes from this fact that confusion due to trademark infringement is “less likely when the goods are expensive.”<sup>69</sup>

While Sun and SunRiver do compete in an expensive field—computer work stations—they also compete in an inexpensive field—Internet software tools and applications. Because the two companies compete in fields with varying price ranges and thus, varying levels of possible consumer confusion, the court calls the factor a “wash.”<sup>70</sup>

*g. Intent in selecting the mark.* While intent is not a necessary element of trademark infringement, the presumption is that a party intending to deceive consumers will be successful.<sup>71</sup> The court agrees with the Sun argument that SunRiver’s use of the SUNRIVER mark is “a thinly veiled attempt to trade off Sun’s more established name.”<sup>72</sup> This category strikes directly against SunRiver because the court does not believe SunRiver’s explanation about the use of its mark in newly acquired markets convincing.

*h. Expansion of product lines.* The court holds that the existence of Sun and SunRiver as competitors will expand. In other words, the competing companies will likely become competitors in more fields. In the court’s view, “This probable expansion of product lines adds to the likelihood of confusion.”<sup>73</sup>

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67. *Id.*

68. *Id.* at 5.

69. *Id.*

70. *Id.*

71. *See Sun Microsystems v. SunRiver*, WL 390696 at 4.

72. *Id.*

73. *Id.* at 8.

### C. *The Sun Court's Conclusion*

After weighing the eight factors considered under the likelihood of confusion analysis, the court states that Sun has shown the requisite probability of success on the merits to warrant awarding the injunction sought. The court states:

Taken together, the factors demonstrate a likelihood of confusion. Indeed almost all of the factors suggest that SunRiver's use of the SUNRIVER mark is likely to confuse consumers. The most convincing of these are the strength of Sun's marks, the close similarity of the competing marks in appearance and sound, and the proximity of the goods in light of SunRiver's recent acquisition of companies in direct competition with Sun.<sup>74</sup>

## III. ADDITIONAL TRADEMARK CONSIDERATIONS

While *Sun* is a good case to examine in order to understand traditional trademark infringement factors, it does miss two factors that need to be considered before discussing Internet trademark infringement. These factors are: (1) The reason for trademark protection is to protect a property right as well as the interest in the reputation built by the trademark owner; and (2) trademark protection may extend beyond products in the same market.

### A. *Trademark Protection as a Property Right and as a Protection of Reputation*

It may seem odd that trademarks are considered property, but this is widely accepted. The court in *Enoch Morgan's Sons Co. v. Ward* stated that "If a word or symbol . . . has been duly appropriated as a trademark, it becomes property, [which a competitor has no right to use], either alone or in connection with matter to which its owner lays no claim, without . . . [such] owner's consent."<sup>75</sup> As pointed out previously, trademarks as property rights have been recognized as being of "immense and incalculable value."<sup>76</sup> It is important to continuing trademark protection that there be a property right attached to a mark because without the right, trademark infringement litigation is left simply as a consumer protection device. This may call into question a corporation's standing to bring suit, since without a right to defend, there is no harm done, and thus, perhaps only the consumer would have standing to bring suit.

Closely related to the trademark-as-property issue is protection of reputation which might be lost through an infringement. Courts have understood that protection of reputation is as important as protection of a trademark's property

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74. *Id.*

75. 152 F. 690, 692 (7th Cir. 1907).

76. *A. Bourjois & Co.*, 274 F. 856, 859 (S.D.N.Y. 1920).

value. The court in *Alaska Sales & Service, Inc. v. Rutledge* stated, "Protection is afforded to the reputation which one party has acquired for his goods and services; and the public to the use of means distinguishing them from other goods."<sup>77</sup> In *Nu-Enamel Corporation of Illinois v. Armstrong Paint & Varnish Works* the court reached a similar conclusion when it said, "A manufacturer . . . is entitled to the reputation he has established and the public has the right to rely upon his distinctive means of distinguishing between his and other goods."<sup>78</sup> The protection of reputation also serves to ensure that trademark litigation is not merely a consumer protection device, but recognizes that the complaining corporation has an interest to protect.

### B. *The Extension of Trademark Protection Beyond Similar Markets*

Though the *Sun* court may not have intended to limit trademark infringements to similar markets, its language, nevertheless, seems at least tacitly to do just that. It discusses the importance of the fact that the two companies were competing in the same market in finding likely consumer confusion.<sup>79</sup> It is important, then, to clarify the fact that trademark infringement isn't restricted to directly competing goods, services, or companies. The court in *Baker v. Simmons Co.* stated that, "protection [given trademark owners] is not confined to the goods upon which it is or has been, used . . . but extends to products which would be reasonably thought by the buying public to come from the same source if sold under the same mark."<sup>80</sup> A Florida court went even further in the protection of trademarks used on unrelated goods. In *Chemical Corp. of America v. Anheuser-Busch, Inc.* the court stated:

One's interest in a trade-mark or trade name . . . [is] to be protected against simulation, . . . not only on competing goods, but on goods so related in the market to those on which the trademark or trade name is used that the good or ill repute of one type of goods is likely to be visited upon the other.<sup>81</sup>

After considering these issues in addition to the issues considered in *Sun*, we are prepared to investigate trademark issues as they deal with the Internet.

## V. *Trademark Infringement and the Internet*

Thus far this section has looked at a traditional eight-factor trademark analysis and discussed additional trademark issues which might effect the extension of traditional trademark issues onto the Internet. It is

77. 128 F. Supp. at 2 (D. Alaska 1955).

78. 95 F.2d 448 at 450 (7th Cir. 1938).

79. See *Sun Microsystems v. SunRiver*, 1995 WL 390696 at 4.

80. 307 F.2d 458, 462 (1st Cir. 1962)(quoting *Standard Brands v. Smidler*, 151 F.2d 34, 37 (2nd Cir. 1945)).

81. 306 F.2d 433, 438 (5th Cir. 1962)(citing RESTATEMENT (THIRD) OF TORTS § 730)).

important to remember at this point that while there have been several instances of corporate name Internet site registration, none of the instances has resulted in precedent setting litigation. In each case thus far the parties have settled. While one case, *Council of Better Business Bureaus Inc. v. Sloo*, is still undecided, the prospects for settlement look good. Because of the lack of a precedent we are left to speculate. Granted, a speculation of this sort will not be effective for all fact patterns but it will help form the approach that will allow traditional trademark law to be applied to the Internet.

### A. *The Facts*

We need not create an elaborate fact pattern for our trademark infringement case, since most Internet trademark infringement cases are fairly similar. In the scenario which we use, a well-known corporate name is registered in hope of securing some sort of monetary settlement for the right to use the name. The analysis will be made by first applying the standards in *Sun* and then looking at the additional issues which have been previously explored.

### B. *The First Sun Issue in Reference to the Internet*

The threshold issue in the *Sun* analysis is whether the corporate entity has a valid protectable trademark.<sup>82</sup> In every case so far contested, the complaining entity has had a valid trademarked name. This threshold issue falls to the favor of the complaining corporate entity.

### C. *The Eight Factors Considered*

It is next necessary to consider the eight factors taken from *Sun* which the court used to determine whether there is a likelihood of confusion for a consumer when a corporate or trade name is misappropriated for use on the Internet. The factors as cited previously include: (1) strength of the mark; (2) proximity of the goods; (3) similarity of the sight, sound and meaning of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product line.

#### 1. *Strength of the mark*

This analysis is difficult to make based on the fact that we do not have a specific company named. However, the *Sun* court seemed to apply

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82. *Sun Microsystems v. SunRiver*, 1995 WL 390696 at 2.



this test broadly enough to include any type of arbitrary mark. Many corporate names are arbitrary. For example, the name Hertz has little to do with the renting of automobiles and the name McDonalds little to do with hamburgers. However, this test must really be applied on a case by case basis.

## 2. *Proximity of the marks*

This, some would argue, is a difficult point for the complaining party in the case of an Internet infringement case. However, when it is understood that the Internet is a clearing house for information and that every corporate entity wants to have information available to customers or potential customers it is easy to see that the commodity in question here is information. In that respect all types of information exist in the same broad category. Thus, all of the information offered on the internet is related under the category of "information."

## 3. *Similarity of the marks*

In the case of name appropriation on the Internet, this is an easy win for the complaining entity, because not only is the mark similar, it is identical.

## 4. *Actual confusion*

As in the *Sun* case, in many instances there may be no actual evidence of consumer confusion. However, because Internet addresses are all based on names, and because there is no other identifier with the Internet name, the chance for consumer confusion has to be considered high.

## 5. *Convergence of marketing channels*

On its face this would seem difficult for a corporation to prove; however, when we consider that the commodity exchanged on the Internet is information not hamburgers or cars, it is relatively easy to see that the Internet, as the single Market Channel for on-line information, is the ultimate in the convergence of a marketing channel.

## 6. *Type of goods and degree of consumer care*

As put forth in *AMF Inc. v. Sleekcraft Boats* consumers typically exercise more care when they buy expensive products than when they buy cheap products. Because much of the information provided by a web-site is free, the possibility for consumer confusion is high.

### 7. *Intent in selecting the mark*

In our hypothetical case, the person registering the corporate name is especially vulnerable to this part of the analysis. If the sole purpose for selecting the name for a web-site is to extract some sort of money from a corporation, a court could easily find that there was an intent to deceive customers.

### 8. *Expansion of Product Lines*

Of all of the eight parts of the confusion test this is probably the least applicable to the Internet situation. Because information is the product, and the Internet is the only "marketing channel" there really is no room for expansion of product lines. The person registering the name and the corporation are already competing fully in the information marketplace.

## *D. The Other Factors and Their Bearing on the Issue*

### 1. *Trademark as property*

This factor is especially important in extending traditional trademark law to the Internet because if the ownership of a trademark is indeed a property right, then it must be protected regardless of where the mark is infringed upon. It does not matter, for example, where my car is stolen. Whether it is taken from my garage or whether it is taken from a public parking lot, my car has still been stolen. Likewise, the forum or setting in which a trademark is stolen should not matter.

### 2. *Protection of Reputation*

This again is a very important consideration in the extension of traditional trademark law to the Internet. If one of the purposes of traditional trademark law is to protect the corporation's reputation which is associated with its trademark or trade name, then that protection should extend to all forums. It is just as possible to tarnish a reputation on the Internet as it is in any other forum. In fact, because the commodity of the Internet is information and because the flow of the information is relatively unrestricted, it is possible that a reputation in the on-line community is even more fragile than it is outside of the Internet.

Protection of corporate reputation on the Internet is fragile, as can be seen in the controversy between Kaplan and Princeton Review. Princeton registered kaplan.com on the internet. Kaplan and Princeton are prime competitors in the test preparation market. Princeton used the kaplan.com site to print promotional information for its company. Thus, when an internet user accessed kaplan.com expecting information on Kaplan, the user was given anti-Kaplan information by Princeton. The case was arbi-

trated and settled out of court, but illustrates the danger to a carefully cultivated corporate reputation.<sup>83</sup>

### 3. *Protection of the Public*

The public deserves protection from misrepresentation of product source as a matter of policy. The customer is especially vulnerable to misrepresentation on the Internet because there is no immediate way to check the source of information. All that the consumer knows is that the information comes from a site which claims to be the on-line address for a corporation. With this type of blind information a consumer needs the protection of knowing that by accessing hertz.com it is accessing Hertz.

## VI. THE ARGUMENTS AGAINST USING TRADEMARK LAW FOR THE INTERNET

While there appears no logical reason not to apply traditional trademark law to the Internet, there are, nevertheless, arguments posited by those who do not believe that the Internet should be held to the traditional law. Two main arguments support this position: (1) that Internet addresses aren't trademark infringements; and (2) that the InterNIC bylaws already supply regulations for use of trademarked names as sites.

The first argument that Internet addresses are not trademark infringements, as discussed previously, is that an Internet address is akin to a street address. A web site of hertz.com is akin to living on Hertz street. Unfortunately, those who hold this view fail to acknowledge the fact that there is only one "house" on an Internet street.

The second argument is that the InterNIC should be allowed to govern the Internet and the trademark issues. To this end InterNIC issued an internal dispute resolution policy statement in July of 1995. In the policy InterNIC denies all responsibility in "screening requested Domain names to determine if the use of a Domain Name by an Applicant may infringe upon the right(s) of a third party."<sup>84</sup> InterNIC tries to deflect responsibility by saying that:

Upon requesting to register a Domain Name represents and warrants as follows: (1) Applicant's statements in the application are true and Applicant has the right to use the Domain Name as requested in the Application; (2) Applicant has a bona fide intention to use the Domain Name

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83. Charles Bruno, *Lawyers Raise Concerns About Internet Trade*, NETWORK WORLD, May 15, 1995, at 31.

84. NSI Domain Dispute Resolution Policy Statement, [URL <ftp://rs.internic.net/policy/internic/internic-domain-1.txt>].

on a regular basis on the Internet; and (3) The use or registration of Domain Name by Applicant 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.<sup>85</sup>

The document further maintains that "in the event that the applicant breaches any of its obligations under this policy statement, NSI (InterNIC) may request that Applicant relinquish the Domain Name in a written notice describing the alleged breach."<sup>86</sup> Despite its tough talk, it is doubtful that InterNIC has the ability or the desire to correctly govern use of corporate or trade names by individuals. The only workable alternative is that the legal system step in and apply trademark law to the Internet infringement issues.

#### IV. FURTHER EFFORTS TO DEAL WITH THE PROBLEM

As has been illustrated, several disputes have arisen regarding the use of trademarks as domain names on the Internet. If the data regarding the general use of trademarks as domain names is accurate many similar disputes will occur. In an effort to deal sanely with future disputes, InterNIC amended its policies once again in November of 1995 and Congress held hearings to examine the possibility of government regulation of cyberspace.

##### A. *InterNIC Action*

In response to the ever expanding concerns of owners of trademarks, InterNIC amended its procedures in November of 1995. The new policy steps back from InterNIC's previous position. The new policy claimed no responsibility for trademark infringement by domain names. David Graves of Network Solutions Inc. said of the policy change, "Since we don't have any jurisdiction over name disputes and are not in the position to deal with issues that belong in the courts, . . . we wanted to protect ourselves from any accusations of aiding and abetting trademark infringement."<sup>87</sup> To this end InterNIC agreed to freeze any domain names which it had been notified were genuinely disputed. An owner of a federally registered trademark can file a complaint if its "identical mark is regis-

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85. *Id.* at 1.

86. *Id.* at 2.

87. *More Protection is Due for Internet Mail Addresses*, CLEVELAND PLAIN DEALER, Dec. 31, 1995, at 6H.

tered as a domain name by someone else."<sup>88</sup> The new policy further requires that

If the original domain name owner has prior rights in the identical name or can also produce a federal trademark registration, NSI's policy allows the original domainname [sic] owner to continue to use the name if it posts bond and agrees to indemnify NSI against legal liability and expense. If the original domain name owner does not agree to this, or if the original domain name owner does not have prior rights or a federal registration in the identical name, NSI suspends the domain name registration pending the outcome of whatever court or arbitration proceedings the two parties may bring against each other.<sup>89</sup>

In addition to the amendment of procedures, InterNIC began charging a fee for the first time in August of 1995. It now costs \$50 per year to maintain a domain name.

NSI's theory was that a fee . . . would cut down on the number of such [domain name] speculators. It is doubtful that the policy has had this result. After a brief dip in the number of domain [name] registrations, it appears that the number of applications is continuing to increase at a geometric rate.<sup>90</sup>

### B. Congressional Hearings

In response to the trademark issue on the Internet the House Judiciary Committee held hearings in the early part of February 1996 for H.R. 2441. In these hearings Catherine Simmons-Gill, the President of the International Trademark Association ("INTO"), gave a statement in which she maintained that no congressional action is needed and that INTO is "of the view that the Lanham Act is sufficiently broad and elastic to provide relief to trademark owners against those who adopt domain names that infringe upon or dilute the rights of the mark's rightful owner."<sup>91</sup> Congress has yet to take action.

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88. *Prepared Statement of Catherine Simmons-Gill, President of the International Trademark Association, Before the House Committee on the Judiciary Subcommittee on Courts and Intellectual Property on H.R. 2441*, Feb. 8, 1996, at 2.

89. *Id.* at 4.

90. *Id.* at 5.

91. *Summary of Statement of the International Trademark Association on H.R. 2441, the "NII Copyright Protection Act of 1995,"* Feb. 8, 1996.

## V. CONCLUSION

By looking at a traditional trademark infringement case and the other relevant trademark issues it becomes clear that there is no other good option for protection of marks than the traditional trademark law. The eight issues the *Sun* court used to find a trademark infringement illustrate the fact that the traditional law can work in governing domain name trademark violations. Further, while InterNIC and Congress have made some moves to enact new laws, the fact that traditional trademark law applies so easily to Internet violations suggests that maybe no action need be taken. Perhaps a 1927 case said it best "A trade-mark . . . must be good against all infringements, or against none."<sup>92</sup> A trademark should be protected regardless of the forum. To do anything less is not logical and leaves corporate names and reputations at the mercy of unpredictable speculations. Traditional trademark law must be extended to Internet sites.

## VI. COPYRIGHT PROTECTION AND THE INTERNET

### A. Introduction

The current state of copyright law and the Internet is not as chaotic as the state of trademark law and the internet. This is mainly because precedent exists—there are cases in which the issue of copyright infringement on the Internet has been dealt with. It seems that traditional copyright law has prevailed in the scuffle. However, several interesting issues do remain. It is the goal of this section to examine the case law on this topic and make an effort to provide some concrete rules that can be adhered to when dealing with copyright issues on-line. To accomplish this task it is important to first look at traditional copyright law and to define where it currently stands. This will also allow us to see how courts have used the traditional approach to cope with the non-traditional nature of Internet copyright issues. These issues include the liability of bulletin board services and liability of those who actually down-load the information.

### B. Traditional Copyright Law

Traditional copyright law provides protection to the "authors" of creative works, giving authors a "bundle of rights."<sup>93</sup> These rights include "the exclusive right to reproduce the work, to display or perform the work, to distribute the work, and to prepare adaptations or derivations on

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92. *Oakland Chemical Co. v. Bookman*, 22 F.2d 930, 932 (2d Cir. 1927).

93. STEPHEN ELIAS, *PATENT, COPYRIGHT & TRADEMARK: A DESK REFERENCE TO INTELLECTUAL PROPERTY LAW* 69 (1996).

the work.”<sup>94</sup> The copyright protection extends only “to literal expression, not to ideas and concepts underlying the expression.”<sup>95</sup> To be copyrightable the work must fit into three criteria: 1) the work must be original; 2) the work must be fixed in a tangible medium of expression; and 3) the work must display creativity (this creativity portion is broadly interpreted, for example, the alphabetic list known as the white pages would likely not be considered creative).<sup>96</sup>

The list of infringing conduct includes: 1) unauthorized copies for commercial purposes; 2) use of a composer’s tune with different words; 3) including in a computer program original subroutines authored by someone else; 4) adapting a work from one medium to another; and 5) plagiarism.<sup>97</sup>

The main defense to copyright infringement is the fair use doctrine which allows use in non-commercial ways. These may include use of a work in teaching, research, scholarship, criticism and journalism.<sup>98</sup> In addition, the fair use doctrine covers inadvertent use. While inadvertent users must cease the infringing activity, they don’t pay damages.<sup>99</sup> The Copyright Act of 1976 includes four factors to determine fair use they are: 1) the purpose and character of the use including whether such use is of a commercial nature or is for non-profit educational purposes; 2) the nature of the copyrighted work; 3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and 4) the effect upon the potential market for or value of the copyrighted work.<sup>100</sup>

#### *D. Copyright Law and the Internet.*

The problem of copyrighted material and the Internet is summed up nicely by Stephen Elias. He writes:

Copyright law is supposed to work in the electronic world as it does in the mere tangible worlds of print and the fine arts. However, once works are put into digital form and uploaded into cyberspace, keeping track of copyright ownership and enforcing copyrights becomes difficult. Works cast in digital form can be more easily copied and modified than when they exist on paper or canvas. And it can be difficult to know when the line between copyright violation and permissible copying of ideas has been crossed. Also, once a work has been posted in cyberspace it can be simultaneously copied by millions of users in many different countries,

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94. *Id.*

95. *Id.* at 66.

96. *Id.*

97. *Id.* at 93.

98. *Id.* at 71.

99. *Id.*

100. 17 U.S.C. § 107 (1976).

even if copying is illegal. There is no practical way to reassert control over work so that copyright can be meaningfully enforced.<sup>101</sup>

It seems clear that courts have decided that copyright law does indeed extend to the Internet; however, the question of liability remains—who is to pay for copyright infringement?

### 1. *Downloading of copyrighted material onto the Internet*

It seems settled that the act of downloading copyrighted information onto the Internet is a violation of copyright law. The case *United States v. LaMacchia* illustrates this point.<sup>102</sup> In *LaMacchia* an MIT student was charged with violating copyright law by setting up a bulletin board called "Cynosure" and encouraging "correspondents to upload popular software" which was then transferred to a second bulletin board "Cynosure II" where the software could be downloaded by other users.<sup>103</sup> While *LaMacchia* was not found guilty of wire fraud in the case, the court did find that copyright infringement had occurred and the *LaMacchia* was liable for the act. Unfortunately for the copyright owners, college students typically don't have deep pockets. It would seem that the act of disseminating copyrighted material on the Internet is covered by traditional copyright law.

### 2. *Liability of bulletin board service operators*

The liability of Bulletin Board Service Operators (BBS's) is not as set as the liability for infringing down- or up-loaders. A BBS is in effect a "mini-community" on the Internet and about 100,000 of these exist throughout the world.<sup>104</sup> Each BBS has a systems operator or "Sysop." Sysops can set up BBS's relatively easily. All that is needed is a personal computer, a modem, and inexpensive BBS software.

With a telephone call to the regional Internet access provider, who can supply a telephone leased line and additional software, the Sysop can put his or her BBS on the net. Once a BBS is created, its subscribers have virtually free reign to upload and download information transmitted over the BBS. As a result, electronic bulletin boards raise a host of new legal issues regarding the liability of Sysops for the information transmitted over a BBS.<sup>105</sup>

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101. Elias, *supra* note 94, at 98.

102. *United States v. LaMacchia*, 871 F. Supp. 535 (D. Mass. 1994).

103. *Id.* at 536.

104. Heinke, *supra* note 10, at 1.

105. *Id.* at 2.



Two major cases have been decided which go to determining whether or not BBS's are liable for information which passes through them.

a. *Playboy Enterprises, Inc. v. Frena*.<sup>106</sup> In this case Playboy asserted that Frena was liable for use of Playboy copyrighted images which appeared on his BBS. Frena did not dispute that Playboy material had appeared on his BBS; however, he maintained that he was not liable because he had not uploaded the material and because he claimed that he removed the material once it had been brought to his attention.<sup>107</sup> Frena also maintained that the distribution of the material was covered by the fair use doctrine.<sup>108</sup> The court rejected Frena's arguments and held that "Intent to infringe is not needed to find copyright infringement" and that "an innocent infringer is liable for infringement."<sup>109</sup> Frena's fair use defense was also rejected by the court which weighed the fair use factors. The first factor—the purpose and character of the use—went against Frena because BBS users paid to use Frena's BBS. The second factor—the nature of the copyrighted work—also went against Frena because the court held that entertainment works were entitled to greater protection than copyrighted works. The third factor—the amount and substantiality of the portion used in relation to the copyrighted work as a whole — too went against Frena. "The court noted that the photographs in Playboy magazine are an essential part of that copyrighted work."<sup>110</sup> The court further stated that "[t]he court is not implying that people do not read the articles. However, a major factor [in the success of Playboy] is the photographs."<sup>111</sup> The fourth factor—the effect of the use upon the potential market for or value of the copyrighted work—also went in Playboy's favor because if an individual could download the photographs from a magazine he or she would be less likely to purchase the magazine. All four factors of the fair use doctrine went in Playboy's favor and the court ultimately rejected Frena's argument.

The court also rejected Frena's "innocence" argument, holding that since Frena had listed the photographs under the file names "Playboy" and "Playmate" and had removed Playboy's trademark from some of the photographs and substituted his own advertisement and phone number he was an active participant in the infringing activity.<sup>112</sup> Frena was thus found liable as a Sysop for copyright infringement.

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106. 839 F. Supp. 1552 (M.D.Fla. 1993).

107. *Id.* at 1554.

108. *Id.* at 1557.

109. *Id.* at 1559.

110. *Id.* at 1559.

111. *Playboy*, 839 F. Supp. at 1558.

112. *Id.* at 1562.

b. *Religious Technology Center v. Netcom*<sup>113</sup>

In this case Religious Technology Center (“RTC”), the copyright holder for published and unpublished works of L. Ron Hubbard—the founder of the Church of Scientology—sued a BBS named “support.com”, which was operated by Sysop Thomas Klemsrud.<sup>114</sup> Klemsrud’s BBS was connected to the Internet through Netcom On-Line Communication Services Inc. (“Netcom”). When RTC discovered its material it appealed to Klemsrud and Netcom to keep the individual who was posting the information, Dennis Erlich, from using their service. Klemsrud refused to keep Erlich off the system unless RTC proved that it held the copyright—RTC denied this request. Netcom refused to deny Erlich access because it contended that it would have to shut down Klemsrud’s whole BBS to affect Erlich.<sup>115</sup> Ultimately, the court held that neither Klemsrud nor Netcom was liable for the infringement, because neither had taken any affirmative action to infringe. The computers possessed by Klemsrud and Netcom were akin to copy machines. The court said:

Netcom’s act of designing or implementing a system that automatically and uniformly creates temporary copies of all data sent through it is not unlike that of the owner of a copying machine who lets the public make copies with it. Although some of the people using the machine may directly infringe copyrights, courts analyze the machine owner’s liability under the rubric of contributory infringement, not direct infringement.<sup>116</sup>

The court also found that to hold any one liable whose computer server acted without human intervention would result in liability for every single user in the worldwide link of computers transmitting a message to every other computer.<sup>117</sup>

The court then addressed whether Netcom and the BBS were liable for contributory infringement. The court maintained that contributory infringement can be found when the defendant acts “with knowledge of the infringing activity” and “induces, causes or materially contributes to the infringing conduct of another.”<sup>118</sup> The court found that Netcom was contributorily liable. First, it held that Netcom, following the receipt of RTC’s letter, knew or should have known that Erlich had infringed. Thus,

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113. *Religious Tech. Center v. Netcom On-Line Communication Services, Inc.*, 907 F. Supp. 1361 (N.D. Cal. 1995).

114. *Id.* at 1365.

115. *Id.* at 1366.

116. *Id.* at 1369.

117. *Id.*

118. *Id.* at 1373 (quoting *Gershwin Pub. Corp. v. Columbia Artists Management, Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971)).

Netcom is liable because it failed to cancel Erlich's messages after being given information about their infringing content. Second it found that Netcom's participation was substantial once it became aware of Erlich's actions since it does not relinquish complete control over the system to the users. According to the court:

Thus, it is fair, assuming Netcom is able to take simple measures to prevent further damage to plaintiffs' copyrighted works, to hold Netcom liable for contributory infringement where Netcom has knowledge of Erlich's infringing postings yet continues to aid in the accomplishment of Erlich's purpose of publicly distributing the postings.<sup>119</sup>

Though the court found the possibility of contributory infringement, it next analyzed whether vicarious infringement could be attributed to Netcom. It held that Netcom would be vicariously liable where the defendant "(1) has the right and ability to control the infringer's acts and (2) receives a direct financial benefit from the infringement."<sup>120</sup> The court held that Netcom indeed had the right and ability to control and that its argument that it was unable to limit Erlich's access without effecting the rest of Klemsrud's BBS users was groundless.<sup>121</sup> However, the court failed to find vicarious liability because there was no direct financial benefit. Netcom collected a flat fee regardless of the amount or type of use by the customer—it was not collecting fees for the downloading of copyrighted information.<sup>122</sup>

Finally, the court looked at whether or not a fair use defense was available in this situation using the four factors of fair use found in section 17 U.S.C 107. The first factor—the purpose and character of the use, according to the court, was not dispositive. Thus, despite the fact that the use was commercial, "a commercial use does not dictate against a finding of fair use."<sup>123</sup> As to the second factor—the nature of the copyrighted material—the court held that though the works were original and creative, Netcom's purpose in using them was not the same as RTC's use.<sup>124</sup> The court maintained that Netcom did not violate the third factor—the amount and substantiality of the portion used in relation to the copyrighted work as a whole—because Netcom only used the amount necessary for its purpose. That purpose was offering Internet service to customers.<sup>125</sup> The final factor—the effect upon the potential market for or

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119. *Religious Tech. Center*, 907 F. Supp. at 1375.

120. *Id.* (citations omitted).

121. *Id.* at 1376.

122. *Id.*

123. *Id.* at 1379.

124. *Id.*

125. *Id.* at 1379-80.

value of the copyrighted work—was the most important according to the court. It held that Netcom's posting of the infringing work would not have a detrimental effect on RTC gaining new members to its church.<sup>126</sup>

The court held that there was a triable issue of fact on the claim of contributory infringement and that the case should go forward. The RTC court laid out some very important ground work which will go to deciding whether or not BBS services are liable for their users' possible trademark infringement. The court seemed to say that so long as the BBS has no knowledge of infringing acts that there would be no liability. However, upon notice the BBS has a duty to intercede and stop the infringing action so far as possible.

#### *D. Copyright Conclusion*

There seems little question as to whether Internet users who upload copyrighted material will be held liable. However, the liability to BBS's is a bit more uncertain. The Playboy and RTC cases seem to stand for the proposition that so long as the BBS services do not know of the infringement occurring they will not be held liable. The courts also seem to have found a duty to stop the infringement when the BBS's do become aware of the actions. It would seem that upon learning of infringement that so long as the BBS acts in a reasonable manner to stop the transmission of the material that no liability will ensue.

### VII. CONCLUSION

It has been the goal of this paper to illustrate that traditional trademark and copyright law can be effective in protecting these intellectual property rights in Cyberspace. To this end it has shown that in trademark infringement traditional trademark law can be applied. So far as copyright infringement is concerned, this paper has shown that this issue is not as mysterious as it might appear initially. Those who act to infringe on copyrights will be held liable, those who do not make affirmative action will likely not be held liable. Protection of trademarks and copyrighted material on the Internet seems to be headed in the direction that will lead to traditional intellectual property law being applied.

While some have suggested the Internet is akin to a wild west town without a Sheriff, recent cases indicate that the Sheriff has e-mailed that he is on his way. Internet users rue the loss of their unregulated cyberspace, but they must realize that if cyberspace is to continue to allow the free flow of ideas, someone must take responsibility for infringement of trademarks and copyrights. InterNIC recently has made some

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126. *Id.* at 1380.

effort in domain name and trademark protection. The courts seem to be doing the same in the area of copyright infringement. The day is coming when long time Internet users may recall fondly the days of the wild west, however, they must remember that it is the nature of humanity to seek law and guidelines. Internet users have the opportunity to began policing themselves—to control their own town. Yes, the Sheriff must come to Cyberville, but he or she (or the cyber-*it*) has not yet arrived. With self regulation, Internet users still have the opportunity to be their own Sheriff rather than having one appointed.

*John R. Dean*