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

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LOCKHEED MARTIN CORP.
v.
NETWORK SOLUTIONS, INC.
985 F.Supp. 949 (C.D. Cal. 1997)

INTRODUCTION

Plaintiff, Lockheed Martin Corp. ("Lockheed"), filed suit against Network Solutions, Inc. ("NSI") alleging infringement, unfair competition, dilution and contributory infringement under the Lanham Act as a result of NSI's accepting registrations of Internet domain names that were identical or similar to Lockheed's service mark for "SKUNK WORKS."[1] The U.S. District Court for the Central District of California denied NSI's motion to dismiss for failure to join domain name registrants as indispensable parties under Federal Rule of Civil Procedure 19(b).[2] Subsequently, the court denied Lockheed's motion to file a first amended complaint adding a cause of action for contributory dilution on the basis of futility, undue delay and prejudice.[3] However, the court granted NSI's motion for summary judgment on all of Lockheed's claims in its entirety.[4]

FACTS

The Internet is an international "super network" which connects millions of individual computers, networks, and supporting various forms of communication, including the World Wide Web ("Web"),

1. Lockheed Martin Corp. v. Network Solutions, Inc., 1997 WL 721899 (C.D. Cal., Nov. 17, 1997).
2. *Id.*
3. *Id.*
4. *Id.*

electronic mail, bulletin board services and newsgroups.[5] All of these forms of Internet communication depend on the use of domain names to locate specific computers and networks on the Internet.[6]

The Web is an important medium of both commercial and non-commercial communication.[7] Information on the Web can be presented on "pages" of graphics and text that contain "links" (aka "hyperlinks") to other pages.[8] A link is an image or short section of text referring to another document on the Web.[9] The links connect a set of data files ("website" or "site") or separate data files located on other computer networks.[10] A user interested in accessing the referenced document selects the link, causing the document to be displayed automatically, along with a new set of links that the user may follow.[11] Much of the Web's usefulness derives from its use of links.[12]

While the linked structure of the Web is well-suited to allow users to browse among many sites, it is poorly suited for users who want to find a single Website directly.[13] If users do not know the exact address of a Website, they must rely on "search engines."[14] Search engines are available on the Web to search for key words or phrases associated with a desired site.[15] Due to the massive quantity of information on the Web, these searches often yield thousands of possible Websites.[16] This cumbersome process is not

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5. Lockheed Martin Corp. v. Network Solutions, Inc., 1997 WL 721899 (C.D. Cal., Nov. 17, 1997) at 2. *See generally* ACLU of Georgia v. Reno, 929 F. Supp. 824, 830-45 (E.D.Pa. 1996), aff'd. --- U.S. ---, 117 S.Ct. 2329, 138 L.Ed.2d 874 (1997).

6. *Id.*

7. *Id.*

8. *Id.*

9. *Id.*

10. *Lockheed*, 1997 WL 721899 at 2.

11. *Id.*

12. *Id.*

13. *Id.* at 3.

14. *Id.*

15. *Lockheed*, 1997 WL 721899 at 3.

16. *Id.*

helpful to businesses seeking to use the Web as a marketing tool.[17] Instead, businesses would prefer that customers simply be able to find a Website directly using a corporate name, trademark or service mark in the domain name.[18]

Under a contract with the National Science Foundation, NSI is the exclusive registrar of most Internet domain names, registering approximately 100,000 Internet domain names per month.[19] NSI performs two functions in the domain name system.[20] First, it screens domain name applications against its registry to prevent repeated registrations of the same name.[21] Second, it maintains a directory which matches domain names with "Internet Protocol" numbers of domain name servers.[22] NSI does not make an independent determination of an applicant's right to use a domain name nor does NSI assign domain names.[23] In 1995, NSI responded to the problem of conflicting claims to domain names by instituting a domain name dispute policy.[24] Under this policy, NSI requires applicants to represent and warrant that their use of a particular domain name does not interfere with the intellectual property rights of third parties.[25] If a trademark holder presents NSI with its trademark registration which corresponds to a domain name, NSI will require the domain name user to prove that it has a

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17. *Id.*

18. *Id.*; *See also* Panavision Int'l. L.P. v. Toeppen, 945 F. Supp. 1296 (C.D. Cal. 1996).

19. *Id.*

20. *Lockheed*, 1997 WL 72199 at 4.

21. *Id.*

22. *Id.* The Internet Protocol numbering system gives each individual computer or network a unique numerical address on the Internet. For the convenience of Internet users, these individual resources are also given domain names. Special servers maintain tables linking the Internet Protocol numbers to corresponding domain names.

23. *Id.*

24. *Id.*

25. *Lockheed*, 1997 WL 721899 at 4.

pre-existing right to use the name.[26] If the domain name holder fails to do so, NSI will cancel its registration.[27]

For over 50 years, Lockheed and its predecessors have operated "Skunk Works," an aerospace development and production facility.[28] Lockheed owns the federally registered "SKUNK WORKS" service mark for engineering, technical consulting and advisory services with respect to designing, building, equipping, and testing commercial and military aircraft and related equipment.[29] Lockheed did not apply to NSI for registration of the name.[30]

From 1994 to 1996, several Internet users registered domain names with NCI using the words "skunk works" or phonetic variations thereof, *e.g.*, "skunkwerks."[31] In a letter dated May 7, 1996, Lockheed notified NSI that it owned the SKUNK WORKS trademark.[32] The letter requested that NSI cease registering domain names that referred to or included the names "skunk works" and "skunkworks," or otherwise infringed Lockheed's mark.[33] Lockheed also requested that NSI provide them with a list of registered domain names that contain the words "skunk works" or any variation thereof.[34] In a subsequent letter dated June 18, 1996, Lockheed informed NSI that a domain name registrant had agreed to stop using its "skunkworks.com" domain name and it was suing another registrant in federal district court.[35] In response, NSI informed Lockheed that it could not provide a list of all domain names that included "skunk works" or any variation thereof, but that Lockheed could use the public "Whois" database of domain name registrations to find this information.[36] NSI

26. *Id.*
27. *Id.*
28. *Id.* at 1.
29. *Id.* at 5.
30. *Lockheed,* 1997 WL 721899 at 5.
31. *Id.*
32. *Id.*
33. *Id.*
34. *Id.* at 6.
35. *Lockheed*, 1997 WL 721899 at 6.
36. *Id.*

further informed Lockheed that upon receipt of a file-stamped copy of its complaint in district court, NSI would immediately deposit the domain name in the registry of that court, maintaining the status quo until the court ordered otherwise.[37] Lockheed filed this action on October 22, 1996.[38]

LEGAL ANALYSIS

In a summary judgment proceeding, the court addressed the issue of whether NSI violated federal trademark law by accepting registrations of Internet domain names that are identical or similar to Lockheed's SKUNK WORKS service mark.[39] Although summary judgement is disfavored in trademark cases because of the inherently factual nature of such disputes, it is appropriate where the party opposing the motion fails to demonstrate the existence of any material issues of fact for trial.[40]

Trademark Infringement

Lockheed asserted that NSI directly infringed upon its service mark under the Lanham Act by accepting registrations of Internet domain names that were identical or similar to SKUNK WORKS.[41] To be liable under § 32 of the Act, a person must use the mark on competing or related goods in a way that creates a likelihood of

37. *Id.*

38. *Id.* After Lockheed filed its suit, NSI continued to issue registrations of domain names using variations of "skunk works." In December 1996, a Texas resident registered the domain name "the-skunkwerks.com" with NSL and in January 1997, a Canadian resident registered the domain name "theskunkworks.com" with NSI. *Id.*

39. *Lockheed*, 1997 WL 721899 at 1.

40. *Id.* at 7 (citing Sykes Laboratory, Inc. v. Kalvin, 610 F. Supp. 849, 860 (C.D. Cal 1985)).

41. *Id.* at 1. *See also* Section 32 of the Lanham Act, 15 U.S.C. § 1114(1).

confusion.[42] Before considering the likelihood of confusion, however, the court has to determine whether NSI, by accepting registrations, had used the SKUNK WORKS mark in connection with the sale, distribution or advertising of goods or services.[43]

The court reasoned that NSI's acceptance of domain name registrations was connected only with the names' technical function on the Internet to designate a set of computers.[44] The court held this represented the type of purely "nominative" or "non-trademark" use of a mark not prohibited by trademark law.[45] Something more than the registration of a domain name is required before the use of the domain name is infringing.[46] The court pointed to a New York district court decision which found infringement when the defendant not only registered the domain name "plannedparenthood.com," but also created a home page promoting his book on abortion which used plaintiff's mark, PLANNED PARENTHOOD, in its address.[47] The infringing use in that case was not, however, the registration of plaintiff's mark with NSI.[48] Instead, the court held the defendant infringed the plaintiff's mark because it confused Internet users as to the source of products offered in defendant's home page.[49]

The court also analogized cases dealing with domain names with those dealing with vanity telephone numbers.[50] The court noted that domain names and vanity telephone numbers both allow one machine to connect to another making it easier for customers to

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42. *Id.* at 7 (citing AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348 (9th Cir. 1979)).

43. *Lockheed*, 1997 WL 721899 at 7 (citing Planned Parenthood Fed'n of America, Inc. v. Bucci, 42 U.S.P.Q.2d 1430, 1434 (S.D.N.Y. 1997)).

44. *Id.*

45. *Id.* at 8.

46. *Id.*

47. *Lockheed*, 1997 WL 721899 at 8 (citing Planned Parenthood Fed'n of America, Inc. v. Bucci, 42 U.S.P.Q.2d 1430, 1437 (S.D.N.Y. 1997)).

48. *Id.* (citing Planned Parenthood Fed'n of America, Inc. v. Bucci, 42 U.S.P.Q.2d 1430, 1440 (S.D.N.Y. 1997)).

49. *Id.* (citing Planned Parenthood Fed'n of America, Inc. v. Bucci, 42 U.S.P.Q.2d 1430, 1440 (S.D.N.Y. 1997)).

50. *Id.*, at 9.

find the trademark holder.[51] An infringing act, however, does not stem from the mere possession and use of the telephone number.[52] As with domain names, courts have held that the promotion of a confusingly similar telephone number may be enjoined as trademark infringement when the holder of the number promotes it in a way that causes a likelihood of confusion.[53]

By accepting registration of domain names containing the words "skunk works," the court concluded that NSI was not using the SKUNK WORKS mark in connection with the sale, distribution or advertising of goods and services.[54] Therefore, the court determined it did not need to apply the test for likelihood of confusion and held that NSI was entitled to judgment as a matter of law on the § 32 claim.[55]

Further, the court rejected Lockheed's claim that NSI infringed its service mark as a "printer" of the mark under the Lanham Act.[56] The court reasoned that NSI's role is fundamentally dissimilar from that of telephone directory publishers whose conduct has been found enjoinable under this section of the Act.[57] Unlike telephone directory publishers, NSI is not a "printer or publisher" of Websites or any other form of Internet "publication."[58] NSI's involvement does not extend beyond registration.[59] Therefore, the court found NSI's liability could not be premised on an argument that it prints or publishes the list of domain names.[60] The court held that NSI's liability, if it existed at all, would stem from the

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51. *Id.*

52. *Lockheed*, 1997 WL 721899 at 9. *See also* Holiday Inns. Inc., v. 800 Reservation, Inc., 86 F.3d 619 (6th Cir. 1996).

53. *Id. See also* Dial-a-Mattress Franchise Corp. v. Page, 880 F.2d 675 (2nd cir. 1989) and American Airlines, Inc. v. A 1800-A-M-E-R-I-C-A-N Corp., 622 F. Supp. 673 (N.D.Ill. 1985).

54. *Id.*

55. *Id.*

56. *Lockheed*, 1997 WL 721899 at 10. *See also* 15 U.S.C. § 1114(2)(A).

57. *Id. See also* Century 21 Real Estate Corp. of Northern Illinois v. R.M. Post Inc., 8 U.S.P.Q.2d 1614, 1617 (N.D.Ill. 1988).

58. *Id.*

59. *Id.*

60. *Lockheed*, 1997 WL 721899 at 10.

registrant's use of domain names in connection with other services not provided by NSI.[61] The court concluded that this type of liability is more properly analyzed under the contributory liability doctrine.[62]

Unfair Competition

As with most trademark infringement cases, Lockheed also alleged a cause of action for unfair competition against NSI under the Lanham Act.[63] Lockheed argued that NSI engaged in unfair competition in accepting registrations of Internet domain names that were identical or similar to SKUNK WORKS.[64] Like trademark infringement, a cause of action for unfair competition under § 43(a) of the Lanham Act depends on a demonstration of a likelihood of confusion.[65] Based on its analysis of Lockheed's trademark infringement claim, the court likewise rejected the unfair competition claim.[66] NSI's acceptance of registrations for domain names resembling SKUNK WORKS was not a use of the mark in connection with goods or services which foreclosed an analysis of likelihood of confusion.[67]

Trademark Dilution

Lockheed also asserted NSI directly diluted its service mark under Lanham Act § 43(c) by accepting registrations of Internet domain names that were identical or similar to SKUNK WORKS.[68] Unlike trademark infringement and unfair competition claims, trademark dilution laws protect "famous" marks from certain

61. *Id.*
62. *Id.*
63. *Id. See also* Section 43(a), 15 U.S.C. § 1125(a).
64. *Lockheed*, 1997 WL 721899 at 11.
65. *Id.*, at 10.
66. *Id.*
67. *Id.*
68. *Lockheed*, 1997 WL 721899 at 11.

unauthorized uses regardless of a showing of competition, relatedness or likelihood of confusion.[69] The Federal Trademark Dilution Act entitles the owner of a famous mark to enjoin another person's commercial use if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.[70]

The court reasoned that NSI's acceptance of domain name registrations was not a "commercial use" within the meaning of the Act, thereby rejecting Lockheed's argument that NSI engages in commercial use because the registration of similar domain names inhibits Lockheed's ability to use its mark as a domain name.[71] The court interpreted Lockheed's argument as implying that any conduct which makes it more difficult for Lockheed to establish a presence on the Internet constitutes diluting conduct.[72] The court pointed to other cases where the fact that defendant's conduct impeded plaintiff's use of its trademark as a domain name was not the determining factor in finding the defendant's use diluting.[73]

The court further noted that the Internet is not an exclusive medium of commerce.[74] The non-commercial use of a domain name that impedes a trademark owner's use of that domain name does not constitute dilution.[75] NSI's use of domain names is connected to the names' technical function to designate Internet computer addresses, not to the names' trademark function to distinguish goods and services.[76] The court found the fact that NSI makes a profit from this technical function did not convert its activity to trademark use.[77] Moreover, although a domain name which is easily deducible from a trademark makes it easier to use

69. *Id.*

70. *Id. See also* 15 U.S.C. § 1125(c)(1).

71. *Id.*

72. *Lockheed*, 1997 WL 721899 at 11.

73. *Id. See also* Panavision Int'l L.P. v. Toeppen, 945 F. Supp. 1296, 1299 (C.D. Cal. 1996) and Intermatic Inc. v. Toeppen, 947 F. Supp. 1227, 1239 (N.D. Ill. 1995).

74. *Id.*

75. *Id.*

76. *Lockheed*, 1997 WL 721899 at 11.

77. *Id.*

on the Internet and, thus more valuable to its owner, the domain name's correspondence to a trademark does not make the domain name any more valuable to NSI.[78] NSI's only interest in a domain name is a pointer to an Internet Protocol number; it does not make commercial use of domain names by trading on their value as trademarks.[79] Consequently, the court held, as a matter of law, that NSI did not make commercial use of domain names as trademarks and Lockheed could not prevail on its dilution claim.[80]

Contributory Infringement

Lockheed further asserted that NSI was liable for contributory infringement of the SKUNK WORKS mark because NSI accepted registrations of domain names similar to the mark and refused to cancel the registrations in response to Lockheed's demands.[81] Contributory infringement extends liability to manufacturers and distributors who do not themselves use the mark in connection with the sale of goods but who induce such use by supplying goods to direct infringers.[82] Under the doctrine, liability requires the defendant to (1) intentionally induce another to infringe on a trademark or (2) continue to supply a product knowing that the recipient is using the product to engage in trademark infringement.[83] Since Lockheed had presented no evidence of infringement inducement, the court set out to determine whether a genuine issue existed as to whether NSI knew users were using the domain names to engage in trademark infringement.[84]

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78. *Id.*

79. *Id.*

80. *Lockheed*, 1997 WL 721899 at 12.

81. *Id.*

82. *Id.*

83. *Id.*, (citing Fonovisao Inc. v. Cherry Auction, Inc., 76 F.3d 259, 264 (9th Cir. 1996) (citing the test set forth in Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 456 U.S. 844, 853-54, 102 S.Ct. 2182, 2188, 72 L.Ed.2d 606 (1982)).

84. *Lockheed*, 1997 WL 721899 at 12.

The court reiterated that NSI is only involved in the registration of domain names, not in the use of them in connection with goods and services on the Internet.[85] Moreover, NSI does not provide the other services needed to use a domain name in association with a Website or other means of communication on the Internet.[86] Those services are provided by Internet service providers who provide the host computers and connections necessary for communication on the Internet.[87] Users do not need to secure their own domain name registrations in order to establish a presence on the Internet; they can use the Internet service provider's domain name.[88]

The court reasoned that after a domain name is registered, NSI's involvement is over.[89] NSI is not part of the process of linking domain names with potentially infringing resources such as Websites.[90] Further, NSI does not require holders to use domain names for Websites or any other form of Internet communication nor do domain name holders need NSI's permission to do so.[91] The court found that since NSI's involvement with potentially infringing uses of domain names was remote, it was inappropriate to extend contributory liability to NSI absent a showing that they had unequivocable knowledge that a domain name was being used to infringe a trademark.[92]

Lockheed contended that NSI received sufficient information on its registration form to know whether a domain name registration would be used to infringe a mark, and that the use of this form

85. *Id.*, at 13.
86. *Id.*
87. *Id.*
88. *Lockheed*, 1997 WL 721899 at 13.
89. *Id.*
90. *Id.*
91. *Id.*
92. *Lockheed*, 1997 WL 721899 at 14. In view of this remoteness, the court distinguished a line of cases Lockheed relied upon. In those cases, courts held that the Inwood standard for contributory infringement should apply to flea market operators who leased space to vendors. The flea market operators directly controlled and monitored their premises whereas NSI neither controlled nor monitors the Internet. Unlike the landlord of a flea market, NSI cannot reasonably be expected to monitor the Internet. *Id.*

satisfied the knowledge requirement of the Contributory Infringement Doctrine.[93] The court rejected Lockheed's argument since the likelihood of confusion test, upon which infringement is determined, examines the totality of the circumstances under which a mark is used.[94] The court reasoned the test's outcome could not be predicted from an examination of the mark and the domain name (as defined in the NSI form's brief statement of the purpose), even if the domain name is identical to a mark and registered for use in connection with a similar or identical purpose.[95] Consequently, the court found that the receipt of a brief statement of purpose does not give NSI sufficient information for the court to impute knowledge of future infringing uses to NSI.[96]

The court supported its finding citing the numerous, legitimate, non-infringing uses of the term "skunk works" provided by NSI.[97] Accordingly, the existence of these uses illustrated the uncertainty inherent in the question of whether NSI knew or had reason to know of infringing use of domain name registrations.[98] The court further noted that trademark law permits multiple parties to use and register the same mark for different classes of goods and services.[99] The court held that the degree of uncertainty over infringing uses of domain names makes it inappropriate to impose contributory liability on NSI.[100]

In holding that the degree of uncertainty over infringing uses of domain names makes it inappropriate to impose contributory liability on NSI, the court specified it was not making new trademark rules for the Internet.[101] Lockheed's argument would require the court to impute knowledge of infringement to NSI in

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93. *Id.*

94. *Id.* (citing Eclipse Associates Ltd. v. Data General Corp., 894 F.2d 1114, 1117 (9th Cir. 1990)).

95. *Id.*

96. *Lockheed*, 1997 WL 721899 at 14.

97. *Id.*, at 15.

98. *Id.*

99. *Id.*

100. *Lockheed*, 1997 WL 721899 at 15.

101. *Id.*, at 16.

circumstances where the use of the term "skunk works" in a domain name may or may not be infringing.[102] Such an expansion of contributory liability, the court reasoned, would give Lockheed a right to gross control of all uses of "skunk works" in domain names.[103]

Lockheed's complaint also alleged contributory infringement in connection with four specific registrations of domain names similar to its SKUNK WORKS mark.[104] The court rejected Lockheed's argument that NSI had knowledge as to these specific registrants.[105] Two of the four registrants never used their domain name in connection with a Website or other form of Internet communication which would create a likelihood of confusion.[106] The other two registrants did use their domain names in a Website and an electronic mail address respectively.[107] Nonetheless, the court reiterated NSI's lack of involvement with uses of domain names in connection with Internet resources such as Websites and electronic mail.[108] Consequently, the court could not impute knowledge of potential infringement merely from the fact that such uses occurred.[109] The court reasoned that NSI, as a domain name registrar, had no affirmative duty to police the Internet in search of potentially infringing uses of domain names.[110] Further, Lockheed's two demand letters did not notify NSI of any post-registration uses of the domain names but merely asserted that the names had been registered.[111] Consequently, the court held

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102. *Id.*
103. *Id.*
104. *Lockheed*, 1997 WL 721899 at 15.
105. *Id.*, at 17.
106. *Id.*
107. *Id.*
108. *Lockheed*, 1997 WL 721899 at 17.
109. *Id.*.
110. *Id.*
111. *Id.*

Lockheed had failed to raise a triable issue as to NSI's knowledge of infringing uses of its services.[112]

The court concluded that NSI, as the moving party for summary judgment, met its burden of establishing the lack of evidence for Lockheed's case.[113] Lockheed's evidence would only have established liability for contributory infringement if NSI had an affirmative duty to police the Internet for infringing uses of Lockheed's service mark.[114] Lockheed's evidence did not show that NSI was involved in infringing activity or that it knew or had reason to know its services were being used to infringe Lockheed's service mark.[115] The court found that knowledge of infringement could not be imputed to NSI because of the inherent certainty of trademark protection in domain names.[116] Trademark law does not give Lockheed the right to interfere with all uses of the term "skunk works" by current domain name holders.[117] Consequently, the court held that an extension of contributory liability in this case would improperly broaden Lockheed's property rights in its service mark.[118]

CONCLUSION

The court granted summary judgment for NSI on the direct infringement and unfair competition claims under the Lanham Act because Lockheed could not establish that NSI had used its service mark in connection with the goods or services or with the sale, offer for sale, distribution or advertising of goods and services.[119] In the court's view, NSI's use of domain names was connected

112. *Lockheed*, 1997 WL 721899 at 17. The court also noted the parties had not presented evidence regarding use on the Internet of three of the four domain names registered since Lockheed filed its complaint. *Id.*

113. *Id.*.

114. *Id.*

115. *Id.*, at 18.

116. *Lockheed*, 1997 WL 721899 at 18.

117. *Id.*

118. *Id.*

119. *Id.*, at 19.

with their technical function to designate computers on the Internet, and not with their trademark function to identify the source of goods and services.[120] The court also granted summary judgment for NSI on the dilution claim since NSI's acceptance of domain name registrations was not a commercial use within the meaning of the Federal Trademark Dilution Act.[121] As to the contributory infringement claim, the court granted summary judgment for NSI because it had demonstrated that Lockheed could not establish that it knew or had reason to know its domain name registration service was used to infringe Lockheed's mark.[122] Finally, since summary judgment on these claims was based on Lockheed's nonexistent legal right to control the domain name registration process, there was no controversy between the parties and the court granted NSI's motion for summary judgment as to Lockheed's declaratory judgment cause of action.[123] In the court's view, the solution to current difficulties faced by trademark owners on the Internet lies in technical innovation, not in attempts to assert trademark rights over legitimate non-trademark uses of the Internet which is an important, evolving means of communication today.[124]

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120. *Lockheed*, 1997 WL 721899 at 19.
121. *Id. See also* 15 U.S.C. § 1125(c).
122. *Id.*
123. *Id.*
124. *Lockheed*, 1997 WL 721899 at 19.