

# Pursuing Domain Name Pirates Into Uncharted Waters: Internet Domain Names That Conflict With Corporate Trademarks\*

The Internet has arrived. Although the Internet was originally created for "education and research," it has evolved beyond this.<sup>1</sup> An "indescribable wealth of information" is available on the Internet to a global audience.<sup>2</sup> Millions of people now inhabit the Internet where there were once only a few thousand.<sup>3</sup> This transition has taken place astonishingly quickly, in less than a decade. With such an enormous audience can come both wonderful creative expression and abusive use.

Businesses have followed the great migration of society into cyberspace. Companies are primarily exploiting the most visually interactive portion of the Internet, the World Wide Web ("the Web"). Innovative entrepreneurs can make a fortune advertising and selling products through the Web. With the growth of Internet commerce, legal problems have mushroomed as well. Recently, there have been several lawsuits regarding Internet domain names. The legal issues applying to this area are still unsettled. There is very little statutory or case law that directly addresses this problem.<sup>4</sup> In an attempt to give greater coher-

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1. ED KROL, *THE WHOLE INTERNET* 36 (2d ed. 1994).

2. *Id.* at xix. See also The Law Firm of Kirkland & Ellis, *Commerce on the Internet* 14 (September 4, 1996) (unpublished essay presented at Price Waterhouse General Counsel Forum). This author has been to Speaker's Corner, Hyde Park, London. He never saw the audience exceed twelve people.

3. KROL, *supra* note 1, at xix. See also Tom Newell, *What's in a Name?* (last modified Dec. 30, 1996) <<http://rs/internic.net/nic-support/nicnews/jan97/wname.html>>.

4. See generally Davis & Schroeder, *Internet Domain Name Experience* (visited Sept. 17, 1997) <<http://www.iplawyers.com/domain.htm>> (noting that domain name litigation is "always expensive" and therefore most disputes are settled out of court, leaving no precedent for others to follow).

ence to the debate regarding trademarks as domain names, this Comment will demonstrate a connection between these Internet disputes and existing case law regarding mnemonic telephone numbers. With a grounding in prior case law, the conflicts over Internet domain names may be reduced or more summarily resolved.

To understand the legal problems of the Internet, one must first have a basic understanding of how the Internet operates. The next few pages provide the reader a rudimentary background in the operation of the Internet.

## I. STRUCTURE OF THE INTERNET

The Internet is largely the product of the U.S. Department of Defense. ARPAnet was created to link together American military bases.<sup>5</sup> Universities that had to communicate with the government and military were connected as well. The idea of a nondependent association of computers was then adopted by other government agencies. In the late 1980s the National Science Foundation ("NSF") expanded upon the ARPAnet idea and created five supercomputer centers at five major universities.<sup>6</sup> To connect the five supercomputers, NSF created its own network, the foundation of the current Internet. The redundant links of the Internet kept information flowing so long as a connection between sender and receiver was available through any possible route.<sup>7</sup> The Internet was initially used for email between universities and government entities. With the evolution of the Web, the public at large and corporations gained access to the Internet as well.

The Internet is a product of evolution and innovation. No centralized authority dictated how it would work or for what purposes. The world of the Internet has "no laws, no police, and no army."<sup>8</sup> It operates through the cooperation of its users. A basic administration, however, is required to keep things running. An entity called InterNIC performs that job.<sup>9</sup> Physically located in Virginia, InterNIC is a private company

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5. KROL, *supra* note 1, at 13.

6. *Id.* at 14.

7. *Id.*

8. HARLEY HAHN & RICK STOUT, *THE INTERNET COMPLETE REFERENCE* 3 (1994).

9. InterNIC is a joint project between AT&T and Network Solutions Inc. (NSI). The groups that administer the Internet are many, including the Internet Assigned Numbers Authority, Internet Architecture Board, Internet Society, Network Solutions, and others. Several authors refer to NSI rather than InterNIC. For simplicity I will use InterNIC to describe the entity operating as the chief registrar and power broker for the American portion of the Internet, although in some instances, that may not be technically correct.

operating under contract with the American government. Working with several volunteer groups, such as the Internet Architecture Board and Internet Engineering Task Force, it sets the standards by which the American portion of the Internet will operate.<sup>10</sup> InterNIC's primary duty is the registration of American domain names on the Internet.<sup>11</sup>

### A. The Domain Name System

The Internet is a global network of separate computers. Computers on the Internet use the domain name system to locate each computer in the network. The domain name system ensures that each computer, or site, on the Internet will not be confused with any other computer. For example, when people use the Internet and speak of visiting *ibm.com*, they mean that they have been looking at Internet information provided by International Business Machines.<sup>12</sup> There is only one *ibm.com* in the world. If a person mistakenly visits *ibn.com*<sup>13</sup> or *idn.com*,<sup>14</sup> his computer will not be able to understand that he meant to type in *ibm.com* instead. These other domain names are either different computer sites, or they do not exist as Internet sites. Therefore, it is important that the domain name of the site is entered correctly.

As mentioned, *ibm.com* is the site for International Business Machines. The *.com* after the company's acronym is a top level domain (TLD), meaning commercial. There are currently seven top level domains, *.edu*, *.com*, *.gov*, *.int*, *.mil*, *.net*, *.org*, corresponding respectively to educational institutions, commercial/private sites, government agencies, international agencies, military entities, network organizations, and nonprofit organizations. Therefore *ibm.com* is different from *ibm.edu*.<sup>15</sup> Initially most Internet domains were under *.edu*, as almost every American university signed up for Internet access.<sup>16</sup> For

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10. KROL, *supra* note 1, at 16.

11. There is a registrar for each nation, however the greatest number of registrations and the highest level of Internet use is within the United States. Therefore, the actions and policies of InterNIC are globally important.

12. See IBM (visited Feb. 9, 1997) <<http://www.ibm.com>>. IBM was prudent enough to register its site in 1986, and has largely avoided these problems. Its name and site are only used as an example.

13. [Http://www.ibm.com](http://www.ibm.com) is not registered as of February 28, 1997.

14. Nu Skin International (visited Feb. 9, 1997) <<http://www.idn.com>>.

15. [Http://www.ibm.edu](http://www.ibm.edu) is not registered as of February 28, 1997.

16. KROL, *supra* note 1, at 15.

example, Yale University is found at yale.edu. My school, the University of San Diego, has registered acusd.edu because the University of South Dakota owns usd.edu. The Massachusetts Institute of Technology registered mit.edu. Typing mit.edu is much faster and easier than massachusettsinstituteoftechnology.edu. This illustrates that a registered domain name does not necessarily correspond directly to a person's or a business's name. It also illustrates that it is easier to use a short and simple domain name. With a shorter name, the chance of typing errors is reduced, which is important given the aforementioned requirement of typing a domain name *exactly*.

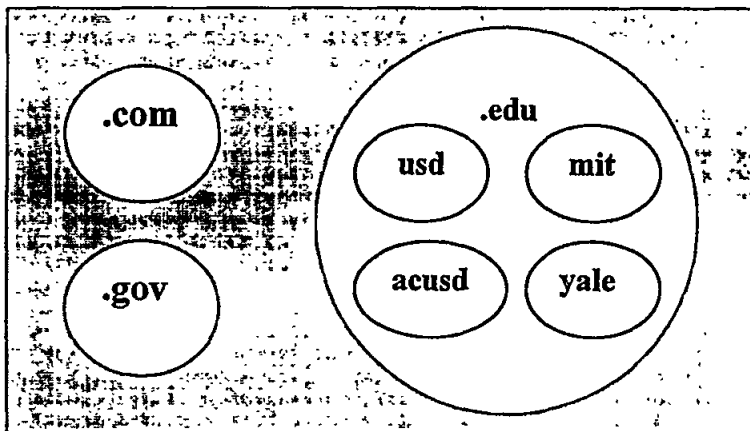


Diagram 1: The domain name system uses nested levels. .Com is distinct from .gov and .edu. Within .edu, usd.edu and yale.edu are distinct systems. Within those system can be separate systems as well. All these systems are linked together under the Internet as a whole.<sup>17</sup>

This explanation describes only half of the domain name system. People like to use names, but computers communicate with numbers.<sup>18</sup> Therefore, a dual system exists.<sup>19</sup> A domain name typed into a

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17. This diagram is similar to one found in KROL, *supra* note 1, at 31.

18. HAHN & STOUT, *supra* note 8, at 57.

19. See generally Robin Murphy, *From Names to Numbers: a brief overview of the Domain Name System* (last modified Aug. 10, 1997) <<http://rs.internic.net/nic-support/nicnews/apr97/dns.html>> (discussing structure and operation of the Domain Name System).

computer is converted to a series of numbers. The domain name system is just for human convenience. For example, would you rather remember to send email to a friend at ucsd.edu (The University of California at San Diego) or use the computer equivalent of 128.54.16.1?<sup>20</sup> Clearly ucsd.edu is easier to remember, but the two are the same.<sup>21</sup>

### B. *The World Wide Web*

Email is a useful Internet tool, but it is only simple text and is not especially appealing to sophisticated buyers. The World Wide Web is the primary medium for commercial use of the Internet. It can display text, pictures, animation, and even short sound clips. The Web is a powerful medium to sell products, and companies are just beginning to exploit that opportunity.

The Web is based upon hypertext, a collection of text and pictures accessible at an Internet site.<sup>22</sup> Using the Web is similar to reading the pages of a book. Within a Web page there are links to other pages at the same or other sites. The jump to the next document is nearly instantaneous. The site one leaps to has its own documents and links as well. The Web is a vast amount of information, connected by hypertext links. Text, pictures, and software can all be downloaded from the Web.

A user "surfs" the Web using software called a browser. Browser software uses a mouse to operate a "point and click" interface.<sup>23</sup> Browser software and the Web have brought to the Internet the same user-friendly graphical interface that the Macintosh and Windows software brought to personal computers. However, despite its primarily "point and click" interface, browser software still requires a person to type. The first jump onto the Web is often accomplished through typing in the domain name of the site one wishes to reach.<sup>24</sup> For example, to

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20. HAHN & STOUT, *supra* note 8, at 57.

21. *Id.*

22. *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1231-32 (N.D. Ill. 1996).

23. An interface is how a user commands a computer to do tasks. DOS is an interface based on typing text. Microsoft's Windows and Apple's Macintosh are the most common examples of a "point and click" interface. The user manipulates a mouse to click on small graphics on the screen to do tasks. Most users find the "point and click" interface easier to use than the text commands of Microsoft's DOS.

24. The use of bookmarks to access Internet sites is available on Web browsers, but is not always utilized by inexperienced users. In addition, the very first time a site

look at the products that International Business Machines is displaying on the Web, one would type [www.ibm.com](http://www.ibm.com) into a browser.<sup>25</sup> To do this, however, one must know beforehand that [ibm.com](http://ibm.com) is the site for International Business Machines and type it in exactly. Once that link is made, one can click around the IBM site and perhaps jump to other sites that are linked to the IBM site.

There is no single comprehensive directory for the Web comparable to the "White Pages" of the telephone companies.<sup>26</sup> Several private companies try to keep records of all Internet sites. These companies allow the public to scan their records for free with a "search engine," making a profit by inserting advertising around the borders of the search pages. These companies do an admirable job organizing the mountain of information on the Internet, but are not perfect. New domain names are registered at a rate such that the companies cannot keep entirely accurate records. Web pages may be altered or change ownership, so that the information in the archives may be out of date. Many users use trial and error to find a particular Web site. If one wanted to find the University of San Diego, one might try [uofsd.edu](http://uofsd.edu), [universitysd.edu](http://universitysd.edu), or [universityofsandiego.edu](http://universityofsandiego.edu) long before hitting the correct domain name with [acusd.edu](http://acusd.edu). Trying to find International Business Machines on the Web, one would probably guess [ibm.com](http://ibm.com) right away. But what if you were seeking Southwest Airlines? [Southwest.com](http://Southwest.com) is not its site<sup>27</sup> nor is it [swa.com](http://swa.com).<sup>28</sup> Southwest Airlines' site is [iflyswa.com](http://iflyswa.com).<sup>29</sup> A domain name that doesn't correspond in some way to a business' name is not especially valuable. A business therefore has a strong interest in owning a domain name that is short, simple, and logical.<sup>30</sup> Consumers will not

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is directly accessed, it must be typed in.

25. The prefix [www](http://www) before the domain name indicates that the user wishes to see the Web information available at the site.

26. HAHN & STOUT, *supra* note 8, at 26. In fact, one telephone company, BellSouth, sued the owner of [realpages.com](http://realpages.com) for infringing on its trademark "The Real Yellow Pages," despite having its own site at BellSouth Net Yellow Pages (visited Feb. 9, 1997) <<http://www.yellowpages.bellsouth.com>>. Evidently [therealyellowpages.com](http://therealyellowpages.com) was too long and unwieldy to be useful to BellSouth as a domain name. See *Realpages.com Presents Stop BellSouth and BAPCO* (last modified Oct. 14, 1996) <<http://www.realpages.com/lawsuit/>>.

27. See *Welcome to Utah's Desert Southwest* (visited Feb. 9, 1997) <<http://www.southwest.com>>. This site provides links to 26 other sites related to the word "Southwest," including Southwest Bank, Southwest University, and Southwest Airlines.

28. [Http://www.swa.com](http://www.swa.com) is not registered as of February 9, 1997.

29. See *Southwest Airlines Home Gate* (last modified Feb. 7, 1997) <<http://www.iflyswa.com>>. The Southwest Airlines domain name corresponds to its 1-800 phone number mnemonic.

30. See *MTV Networks v. Curry*, 867 F. Supp. 202, 203 n.2 (S.D.N.Y. 1994).

tolerate searching out a bizarre or obscure name to reach a company site.<sup>31</sup> Due to the nature of search engines, a request for a business' name may produce a competitor's Web site. This potential diversion of consumers is not tolerable to a business. Many companies have a trademark in their names or products. Presumably these companies would like to use their trademarks as domain names so that consumers can reach them with a minimum of effort in guessing the correct domain name. Because there can only be one *ibm.com*, *swa.com*, or any other domain name on the Internet, the ownership of a particular domain name is of great significance.<sup>32</sup> Current InterNIC registration policy allows any person to register any unused name. InterNIC expressly uses a "first come, first served" policy.<sup>33</sup> With this system, there are bound to be conflicts between two or more entities over the rights to a single domain name. That is the crux of the problem that this Comment addresses.

## II. THE PROBLEM

A brief review of the important points covered thus far is in order. The Internet is an evolving creation, with no centralized authority having strict police powers. The domain name system does not permit duplicate sites on the Internet. The spelling of a domain name must be exactly right or a user will not reach the correct destination. The Web allows people to jump from site to site using a "point and click" system, but the first site accessed must be typed in. Because there is no infallible index of Web sites, users continue to use trial and error to find a Web site. This creates a strong incentive for companies to register domain names that are short, simple, and logically related to their company name or product trademarks.

The Internet was created when there were only several thousand users.<sup>34</sup> Currently, with millions of users online, the domain name system that previously worked is strained to its limits.<sup>35</sup> For example

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31. See *Planned Parenthood Fed'n of Am., Inc. v. Bucci*, No. 97 CIV 0629, 1997 WL 133313, at \*4 (S.D.N.Y. Mar. 24, 1997).

32. See *MTV Networks*, 867 F. Supp. at 203 n.2.

33. See *Domain Name Dispute Policy* (last modified Aug. 13, 1996) <<http://rs.internic.net/domain-info/internic-domain-6.html>>.

34. KROL, *supra* note 1, at 1.

35. It should not be assumed that most companies are prudent enough to have registered their trademarks as domain names. In 1994, only 33% of the Fortune 500 Companies had registered their names. Fourteen percent of those 500 companies had

let us consider the problems of a fictional Ivan B. Moore. Ivan might want *ibm.com* for his own personal Web site, but International Business Machines already owns this domain name. Who has a better right to it? There can only be one *ibm.com* in the world, but there must be thousands of people and companies who could legitimately claim a right to *ibm.com*. IBM asked for the domain name first, so IBM owns the site. Ivan has no choice but to try a different domain name, perhaps *ivanmoore.com*. What if the positions were reversed? If Ivan B. Moore registered *ibm.com* first, this would force International Business Machines to use another domain name, one which consumers might not guess as easily. The immense utility that *ibm.com* has as a domain name to International Business Machines may encourage International Business Machines to sue Ivan for that domain name.<sup>36</sup> Ivan asked for the *ibm.com* name first, so why wouldn't he have the same first-come, first-served rights to turn IBM away? Because IBM holds a trademark in that acronym, which gives them legal rights to restrict the rights of others to use that trademark under certain circumstances. This situation has not happened to International Business Machines, but it has confronted several other companies.<sup>37</sup>

The previous example assumed that Ivan, the registrant, had a good faith right to the domain name. Ivan was using his initials. The InterNIC registration policy does not require any such good faith right to a domain name, and allows for abuse. The policy has few curbs to prevent or ameliorate the effects of anyone perusing the local phone book, finding the ten largest companies in town, and registering those names with InterNIC.<sup>38</sup> This is exactly what some people have done.

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their names registered by third parties. See Mark F. Radcliffe, *The Law of Cyberspace For Non-Lawyers* (last modified Oct. 22, 1996) <<http://www.gcwf.com/articles/primer.htm>>. InterNIC maintains that the current system "works extremely well." Chris Clough, *Internet Domain Name System: Myths and Facts* (last modified June 18, 1997) <<http://rs.internic.net/nic-support/nicnews/jun97/MYTHS4.html>>. However, as another InterNIC article states, the problem is not with the absolute number of possible domain names (calculated as being as large as  $3.17 \times 10^{34}$ ) but with "how many of these names are meaningful." David Holzman, *Domain Names: Will We Run Out?* (visited Sept. 17, 1997) <<http://rs.internic.net/nic-support/nicnews/jun97/ endless.html>>.

36. This utility may increase to even higher levels with the predicted advent of hybrid programs, that draw information from the Internet, as well as the local hard drive. Programs that automatically update themselves from Internet sites are also predicted. Microsoft is working on "Active Desktop" which is predicted to draw on the Internet for its operations. See David Bank, *Microsoft Moves to Control the PC Screen*, WALL ST. J., Dec. 5, 1996, at B6.

37. See *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1233 (N.D. Ill. 1996); *Panavision Int'l, L.P. v. Toeppen*, 938 F. Supp. 616, 619 (C.D. Cal. 1996).

38. HAHN & STOUT, *supra* note 8, at 57.



One of the most famous disputes over a domain name concerns mcdonald's.com.<sup>39</sup> In 1994, Joshua Quittner, a writer composing an article about the policies of InterNIC, discovered that mcdonald's.com had not yet been registered. As a lark, he registered the domain name himself. McDonald's, the American restaurant chain, was not happy about this, and sued Quittner.<sup>40</sup> Yet, according to the rules of the Internet at that time, Quittner had done nothing wrong. He was the first to ask for the name. He was not using the site to defame McDonald's or advertise for a competitor. However, the site was so valuable to McDonald's as a domain name, that it persisted in its lawsuit. Quittner eventually transferred the site to McDonald's after it agreed to make a donation to a school.<sup>41</sup> Other people who have intentionally registered corporate names are not as altruistic. They often demand payment of thousands of dollars before they will release a domain name to a company.<sup>42</sup> This is huge profit margin, considering it costs only \$100 to register a domain name.<sup>43</sup> One could call this hijacking, or one could call it inventive enterprise. Many legal commentators have termed it "piracy" or "extortion."<sup>44</sup>

Companies are suing competitors for registering their names.<sup>45</sup> Companies are suing individuals who innocently or intentionally register corporate names.<sup>46</sup> Several parties have sued InterNIC as well.<sup>47</sup> All

39. See Joshua Quittner, *Billions Registered*, WIRED (Dec. 4, 1995) <<http://www.hotwired.com/wired/2.10/departments/electrosphere/mcdonalds.html>>.

40. *Id.*

41. *Id.*

42. See *Panavision Int'l, L.P.*, 938 F. Supp. at 619 and interview with Mike Shalbrack, Attorney, Holmstrom & Kennedy Attorneys at Law (Oct. 28, 1996).

43. See *InterNIC Domain Registration Template* (visited Feb. 9, 1997) <<http://rs.internic.net/templates/paymentform.txt>>.

44. See Peter Leonard, *Pirates Find Big Money in Names* (visited Feb. 9, 1997) <<http://www.smh.com.au/columns/synapses-951017.html>> and Internet Ad Hoc Committee, *Final Report of the International Ad Hoc Committee: Recommendations for Administration and Management of gTLDs* (last modified Feb. 4, 1997) <<http://www.iahc.org/draft-iahc-recommend-00.html>>.

45. See *Princeton Review Management Corp. v. Stanley H. Kaplan Educ. Center, Ltd.*, No. 94-CV-1604 (S.D.N.Y. 1994) and Jonathan Agmon, Stacey Halpern and David Pauker, *Domain Name Grabbing* (last modified May 13, 1996) <<http://www.law.georgetown.edu/lc/internic/recent/rec2.html>>.

46. *Panavision Int'l, L.P.*, 938 F. Supp. at 619.

47. See, e.g., *Giacalone v. Network Solutions, Inc.*, No. C-96-20434, (N.D. Cal. July 15, 1996); *Giacalone v. Network Solutions, Inc.* (visited Feb. 9, 1997) <<http://www.iplawyers.com/giacalon.htm>>; *Lockheed Martin Corp. v. Network Solutions*

the parties to domain name disputes are searching for an efficient legal solution, yet there is very little case law, and almost no statutory law addressing these new problems. Traditional trademark law does not apply easily to these problems. InterNIC is aware of these disputes, but its solutions have failed to solve the dilemma. The InterNIC domain name dispute policy has gone through several evolutions and is on the verge of a revolution.<sup>48</sup> The unsettled nature of the law increases the propensity for lawsuits. If the law could provide a clear expression of the legal rights in these situations *before* an impasse, parties could arrange their affairs to avoid litigation. This Comment will seek to relate domain name disputes to existing case law dealing with mnemonic telephone numbers and will offer some suggestions for resolving the problems with domain name disputes.

### III. TRADEMARK LAW

The Lanham Act<sup>49</sup> is the “paramount source of trademark law.”<sup>50</sup> When a mark is registered with the federal government there is an “overarching presumption” that the registration is valid and that the registrant is entitled to exclusive use of the mark in the applicable industry.<sup>51</sup> Analysis of the theory and application of current trademark law demonstrates that it does not fit well to Internet domain name disputes. The use of trademarks by others is prevented for two reasons.

The first purpose of a trademark is to protect the valuable goodwill an owner has invested in it.<sup>52</sup> The law protects the owner’s investment in high-quality goods by prohibiting others from leeching off the goodwill created by that quality. Trademarks “foster competition and the maintenance of quality by securing to the producer the benefits of good

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Inc., No. CV 96-7438, 1997 WL 381967 (C.D. Cal. Mar. 19, 1997).

48. Compare J. Postel, *Domain Name System Structures and Delegation* (last modified Apr. 28, 1994) <<ftp://rs.internic.net/policy/rfe1591.txt>> with *NSI Domain Dispute Resolution Policy Statement* (last modified Nov. 28, 1995) <<ftp://rs.internic.net/policy/internic/internic-domain-1.txt>>, and *NSI Domain Dispute Resolution Policy Statement* (last modified Sept. 8, 1996) <<ftp://rs.internic.net/policy/internic/internic-domain-4.txt>>, and *Domain Name Dispute Policy* (last modified Aug. 13, 1996) <<http://rs.internic.net/domain-info/internic-domain-6.html>>, and Internet Ad Hoc Committee, *Final Report of the International Ad Hoc Committee: Recommendations for Administration and Management of gTLDs* (last modified Feb. 4, 1997) <<http://www.iahc.org/draft-iahc-recommend-00.html>>.

49. 15 U.S.C. §1051(1994).

50. *Two Pesos v. Taco Cabana*, 505 U.S. 763, 782 n.16 (1992).

51. 15 U.S.C. §§ 1057(b), 1115(a) (1994); *Sodima v. International Yogurt Co., Inc.*, 662 F. Supp. 839, 845 (Or. 1987).

52. See *Two Pesos*, 505 U.S. at 767-68 (1992).

reputation.<sup>53</sup> Courts usually remedy trademark infringement with an injunction against the defendant, since “[t]rademark or service mark ownership . . . is a meaningless right unless the infringement can be enjoined. Damages [alone] cannot supplant the owner’s right to exclusive use.”<sup>54</sup> The Lanham Act gives national protection to trademark holders, appropriately, because commerce is now more national and global, than local.<sup>55</sup> A trademark’s second purpose is consumer protection.<sup>56</sup> Trademarks are used to distinguish among different manufacturers. Anything that identifies source can function as a trademark, even a color<sup>57</sup> or a shape (the Coca-Cola bottle). Trademarks are a quick way for people to recall quality products and distinguish them from those made by other manufacturers. The public has an interest in not being deceived as to which products it is buying. “Trademark and service mark cases epitomize those situations in which the public interest . . . is a paramount consideration.”<sup>58</sup> Strong enforcement of trademark law reduces consumer confusion between products. In any trademark suit, the principal inquiry is if there is a likelihood of consumer confusion between the senior and the junior mark.<sup>59</sup> It should be remembered that the court is investigating whether there is

53. *Id.* at 774 (citing *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985) (citing S. Rep. No. 79-1333, at 3-5 (1946))).

54. *American Airlines, Inc. v. A 1-800-A-M-E-R-I-C-A-N Corp.*, 622 F. Supp. 673, 681 (N.D. Ill. E.D. 1985).

55. *Two Pesos*, 505 U.S. at 774, 782.

56. *Id.* at 767-68.

57. *Qualitex v. Jacobson Products Co., Inc.*, 514 U.S. 159, 162 (1995).

58. *American Airlines*, 622 F. Supp. at 684.

59. *Nutri/System, Inc. v. Con-Stan Industries, Inc.* 809 F.2d 601, 604 (9th Cir. 1987). A recent test for a likelihood of confusion includes consideration of the following factors: 1) similarity of the two marks; 2) strength of the senior mark; 3) price of the goods and care used by consumers when buying them; 4) the amount of time that the senior mark was used without confusion; 5) intent of the defendant; 6) evidence of actual consumer confusion; 7) if the goods are operating through same marketing channels and advertising mediums; 8) whether the target market is the same; 9) relationship between the two products in use (such as batteries and light bulbs); and 10) facts that would lead the public to believe that the senior user would expand into the defendant’s market. *Scott Paper Co. v. Scott’s Liquid Gold, Inc.*, 589 F.2d 1225, 1228-29 (3d Cir. 1978). No one factor is more important than another, but courts emphasize the first factor. See *Fisons Horticulture, Inc. v. Vigoro Industries, Inc.*, 30 F.3d 466, 476 n.11, 481 (3d Cir. 1994) (quoting *Ford Motor Co. v. Summit Motor Products, Inc.*, 930 F.2d 277, 293 (3d Cir. 1991)); *Nutri/System, Inc. v. Con-Stan Industries, Inc.*, 809 F.2d 601, 604 (9th Cir. 1987) (citing *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 782 F.2d 1508, 1509 (9th Cir. 1986)).

*likelihood* of confusion. Lack of evidence of *actual* confusion is not fatal to the plaintiff's case, as it is just one of many factors.<sup>60</sup> "The relevant issue is whether the public mistakenly believes that the senior user's products actually originate with the junior user."<sup>61</sup> For example, if I were to produce a car using a blue oval logo and call it a "Ford," I would be contravening both purposes of trademarks. I would be piggybacking on the goodwill Ford has built up in its name and logo. If my cars were to fall apart, my buyers might believe that Ford was now making shoddy cars. I would also be deceiving the buyers of my car as to the source of the product. Ford would bring a trademark lawsuit against me for such actions. By registering its trademark, Ford has the exclusive right to use its logo on automobiles, and will likely obtain an injunction against my actions.

The domain name system blurs the issue of consumer confusion. If Ivan owns *ibm.com*, but uses it to display vacation photos, is he creating consumer confusion? When users type *ibm.com* into their browser programs, they probably expect to see products from International Business Machines. When they see pictures of Ivan on vacation, they might think IBM has gone insane, or they might conclude that IBM does not own *ibm.com* and guess another domain name to type into their browser. One court considering this issue found consumer confusion was a question of fact, and made no definitive ruling,<sup>62</sup> while another court determined consumer confusion in this situation was "highly likely."<sup>63</sup>

Some terms are not protectable as trademarks, such as generic terms and descriptive terms that have not obtained secondary meaning. Generic terms are not protected as marks because courts "cannot deprive competing manufacturers of the product of the right to call an article by its name."<sup>64</sup> Although trademarks can be renewed in perpetuity, courts wish to discourage the "diminution of the language" by registering common and necessary words as trademarks.<sup>65</sup> "Trademarks are intended to be the essence of competition, not the means to hoard a good

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60. *Vigoro Industries*, 30 F.3d at 475.

61. *Sterling Drug, Inc. v. Bayer A.G.*, 14 F.3d 733, 741 (2d Cir. 1994).

62. *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1236 (N.D. Ill. 1996).

63. *Planned Parenthood Fed'n of Am., Inc. v. Bucci*, No. 97 CIV 0629, 1997 WL 133313, at \*8 (S.D.N.Y. Mar. 24, 1997).

64. *A.J. Canfield Co. v. Honickman*, 808 F.2d 291, 297 (3d Cir. 1986) (quoting *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976)).

65. *Clipper Cruise Line, Inc. v. Star Clippers*, 952 F.2d 1046, 1048 (8th Cir. 1992) (citing Folsom and Teply, *Trademarked Generic Words*, 89 YALE L.J. 1323, 1346 n.110 (1980) (citations omitted) and *WSM, Inc. v. Hilton*, 724 F.2d 1320, 1327 (8th Cir. 1984)).

name.”<sup>66</sup> For example, Ford could not register the word “automobile” and prevent all other car manufacturers from using that word. When considering whether to grant protection, the court examines if there are any useful alternative words for competitors to use. For example, “chocolate fudge-flavor soda” was held to be a generic mark, because there are no other satisfactory words available to describe that product.<sup>67</sup> If the term “chocolate fudge-flavor soda” were protected as a trademark, what would other soda manufacturers call their similar product? There are no other words to convey what the product is without infringing on the trademark. Therefore, the term is considered generic and unprotectable as a trademark. Anyone can use the term “chocolate fudge-flavor soda.”

The genericness doctrine of trademark law does not apply well to the Internet. Any term not taken already can be registered as a domain name. The name need not have any rational relation to the person’s name or business. This has resulted in a person registering *milk.com*,<sup>68</sup> and a company registering *underarm.com*.<sup>69</sup> Obviously, no one entity could trademark the word “milk” and enjoin its use by anyone else. However, because *milk.com* is registered to just one person, it effectively prohibits the use of *milk.com* by anyone else on the Internet. The domain name system has created a result that trademark law would never countenance. Additionally, the alternative available term doctrine presents problems for trademark holders. If Ivan Moore registered *ibm.com*, he might be able to defend his ownership of the site by arguing that IBM could register *ibmonline.com* or *intbusmachines.com*.

The second category of trademarks, descriptive trademarks, are sometimes given protection. Descriptive marks “forthwith convey an immediate idea of the ingredients, qualities or characteristics of the goods.”<sup>70</sup> A mark that is descriptive is one that is not normally

66. *Sodima v. International Yogurt Co., Inc.*, 662 F. Supp. 839, 852 (Or. 1987) (Footnote omitted).

67. See *A.J. Canfield Co. v. Honickman*, 808 F.2d 291 (3d Cir. 1986).

68. See *Milk Communications Ko-op* (last modified Oct. 7, 1996) <<http://www.milk.com>>.

69. See *Welcome to our little corner of cyberspace, brought to you by Procter and Gamble* (visited Feb. 9, 1997) <<http://www.underarm.com>>. This page leaps directly to the Procter and Gamble sites at [www.pg.com](http://www.pg.com), [www.tide.com](http://www.tide.com), [www.vidalsassoon.com](http://www.vidalsassoon.com), and [www.oldspice.com](http://www.oldspice.com).

70. *Honickman*, 808 F.2d at 297 (quoting *Stix Products, Inc. v. United Merchants & Mfrs., Inc.*, 295 F. Supp. 479, 488 (S.D.N.Y. 1968)).

protectable, but has become so because the mark has acquired "secondary meaning."<sup>71</sup> This means that the word or symbol is no longer exclusively associated with its original meaning in the public mind, but has become associated with a particular company.<sup>72</sup> For example, when a person mentions the word "American," not only do thoughts of the United States come to mind, but also the airline of the same name.<sup>73</sup> The word "American" has acquired secondary meaning in addition to its original dictionary meaning. If there is no secondary meaning proven, a descriptive mark will not be granted protection, and can be used by anyone.

Again, the operations of the Internet fit poorly to this area of trademark law. The name american.com can only be owned by one party, but there could be thousands of corporations that could prove secondary meaning in that term. American Airlines might be the best-known user of this mark, but because a mark can be held concurrently by several corporations in different industries, other businesses could also prove secondary meaning. Should the party with the greatest amount of secondary meaning own the site, or the party who registered first?<sup>74</sup> The domain name system has again reached a result that does not conform to traditional trademark law.

Recently, Congress expanded to the Lanham Act to include a claim for "dilution of famous marks."<sup>75</sup> The statute grants an injunction to the holder of a famous mark against a party commercially using that mark in a manner that tends to dilute or tarnish the mark's goodwill. The

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71. See *Fisons Horticulture, Inc. v. Vigoro Industries, Inc.*, 30 F.3d 466, 472 (3d Cir. 1994).

72. See *Kellogg v. National Biscuit*, 305 U.S. 111 (1938).

73. *American Airlines, Inc. v. A 1-800-A-M-E-R-I-C-A-N Corp.*, 622 F. Supp. 673, 683 (N.D. Ill. E.D. 1985).

74. American Internet operates american.com, not American Airlines. This is precisely the situation I am questioning.

75. 15 U.S.C. § 1125(c) (enacted January 16, 1996). The eight factors used to determine if a mark is "famous" are: 1) the degree of inherent or acquired distinctiveness of the mark; 2) the duration and extent of the use of the mark; 3) the duration and extent of advertising; 4) the geographical extent of the trading area in which the mark is used; 5) the channels of trade for the goods or services; 6) the degree of recognition of the mark in the trading areas and channels of trade; 7) the nature and extent of the same or similar marks by third parties; and 8) whether the mark was registered on the principal register. State legislatures have also taken note of domain name problems. California Senator Charles Calderon recently introduced California Senate Bill No. 1034 (Cal. S.B. No. 1034, 1995-96 Extraordinary Sess. (1995)) It was not enacted, but it illustrates the willingness of state legislators to try their hand at a solution. Calderon's bill declared registering the trademark of another as a domain name an act of unfair competition in California. The bill exempted domain names that coincided to a party's "own legal name" or its own trademark. Therefore, under this statute, an Ivan B. Moore would be able to retain ibm.com, much to the displeasure of International Business Machines.

hopes of mark holders in using this statute for Internet domain name disputes were greatly spurred by a statement made by Senator Patrick Leahy. He said, "It is my hope that this antidilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others."<sup>76</sup> A judge resolving a recent case where a domain name conflicted with a corporate trademark took note of Leahy's statement.<sup>77</sup>

Occasionally, both sides are found to have valid marks. Then trademark rights may be bifurcated according to priority of use and geography under the common law. If a trademark has been used to "warehouse" a useful word without any idea of its application to a product, it will not be granted protection.<sup>78</sup> In the *Sodima*<sup>79</sup> case, a company registered the commercially valuable name YOCREME without a clear plan to associate it with a product. Over two years of inactivity followed with no clear application of the mark to a product. Meanwhile, another company began using the term YOCREAM to sell a product. The mark holder sued for trademark infringement, but because the plaintiff had "warehoused" the mark, the court canceled the YOCREME mark and assigned rights to the terms according to the common law rule of geographic first use.<sup>80</sup>

Because the .com domain is global, without reference to any one country or area, this geographic apportionment method is not useful for disputes over domain names. The most specific divisions of geography that the Internet has are the country codes. Each nation has its own domain subtype.<sup>81</sup> That is extent of geographic division in the Internet. This is appropriate to the atmosphere of the Internet, a global community without borders, but does not make matters easier for those considering the domain name problems.

Clearly, traditional trademark law did not contemplate the problems of the Internet. Corporations have a strong interest in predictable and

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76. Carl Oppedahl, *Analysis and Suggestions Regarding NSI Domain Name Trademark Dispute Policy* (last modified Sept. 13, 1996) <<http://www.patents.com/nsi/iip.sht>> (quoting 141 CONG. REC. S. 19312 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy)).

77. *Intermatic, Inc. v. Toepfen*, 947 F. Supp. 1227, 1238 (N.D. Ill. 1996).

78. *Sodima v. International Yogurt Co., Inc.*, 662 F. Supp. 839, 846-47 (Or. 1987).

79. *See id.*

80. *Id.* at 852.

81. The domain for France is .fr and the domain for Switzerland is .ch. The United States largely ignores its own .us domain.

enforceable trademark law to prevent appropriation of marks and logos. For the Internet, such predictable statutory law cannot be applied. Parties are unsure of their legal rights in cyberspace. Because the Internet is a global creation, and not subject to only American laws, InterNIC has attempted to create its own dispute resolution process.

#### IV. THE RULES OF THE INTERNET

It is important to remember that the Internet grew without a controlling force or directing hand. InterNIC developed its own domain name dispute resolution policy, but it did not fully resolve the problems of "pirated" domain names and conflicting trademarks. Because trademark issues were not fully anticipated at the origin of the Internet, domain name registration procedures have since been in constant flux, attempting to remedy the problem piecemeal. Attempting to keep pace with evolving problems, the policy has been through several versions in just a few months.

The first policy to govern Internet domain name registration was titled rfc1591.<sup>82</sup> Under rfc1591 procedures, domain names were registered on a first-come, first-served basis. There was no trademark conflict search conducted. Rfc1591 stated explicitly that, "[i]t is extremely unlikely that any other TLDs [top level domains, such as .com and .edu] will be created."<sup>83</sup> Yet the .com domain had already grown "very large" and that there was "concern about the administrative load and system performance if the current growth pattern is continued."<sup>84</sup> Somewhat naively, rfc1591 stated that, "[c]oncerns about 'rights' and 'ownership' of domains are inappropriate. It is appropriate to be concerned about 'responsibilities' and 'service' to the community."<sup>85</sup>

Rfc1591 worked when the Internet was still a military and educational institution. When commercial use of the Internet exploded onto the Web in the early 1990s, the procedures of rfc1591 were found to be inadequate. Rfc1591 did not explain fully what rights were attached to

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82. Rfc refers to "review for comment." Rfc1591 was operative from the origin of the Internet until July 29, 1995. See J. Postel, *Domain Name System Structures and Delegation* (last modified Apr. 28, 1994) <<ftp://rs.internic.net/policy/rfc1591.txt>>.

83. J. Postel, *Domain Name System Structures and Delegation* (last modified Apr. 28, 1994) <<ftp://rs.internic.net/policy/rfc1591.txt>>. This is not likely to continue. Several new top level domains will be created in 1997. See Internet Ad Hoc Committee, *Final Report of the International Ad Hoc Committee: Recommendations for Administration and Management of gTLDs* (last modified Feb. 4, 1997) <<http://www.iahc.org/draft-iahc-recommend-00.html>>.

84. J. Postel, *Domain Name System Structures and Delegation* (last modified Apr. 28, 1994) <<ftp://rs.internic.net/policy/rfc1591.txt>>.

85. *Id.*



domain name registration or whether American trademark law applied to the Internet at all. Trademark owners were unsure how to approach retaking a domain name that they felt infringed on their trademark. Domain name holders were unsure whether they could successfully defend their registration of a site that intentionally or unintentionally conflicted with a trademark. The policy was changed in the summer of 1995, without notice to the registered domain name holders or any public input on the new procedures.

Domain-1<sup>86</sup> became the second version of the Domain Name Dispute Resolution Procedure. InterNIC continued to refuse to screen domain names for trademark conflicts because that would increase its costs and the delay to users to register a domain name.<sup>87</sup> Domain-1 continued the first-come, first-served policy of rfc1591, but now required the registrant to warrant that: 1) they had a bona fide intention to use the domain name on a regular basis; 2) the use or registration of the domain name did not infringe the intellectual property rights of any third party; and 3) the applicant is not registering the domain name for any unlawful purpose. Domain-1 required the applicant to indemnify InterNIC for any liability from the registration, including attorney's fees. Domain-1 also instituted a well-intentioned, but ultimately misguided, procedure to resolve disputes between domain names and trademarks.

Domain-1 introduced a policy of placing disputed domain names "on hold." When a trademark owner presented proof that a domain name was identical to its trademark, InterNIC would "freeze," or suspend the operation of the allegedly infringing site, rendering the site useless to both sides until the dispute was resolved between the parties. The procedure depended on trademark certificates.<sup>88</sup> The mark holder wrote a letter to InterNIC that the domain name infringed on its mark, including a copy of the trademark certificate. The domain holder was then obligated to produce his own trademark certificate within 14 days to continue using the domain name.<sup>89</sup> If the domain name holder could

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86. *NSI Domain Dispute Resolution Policy Statement* (last modified Nov. 28, 1995) <<ftp://rs.internic.net/policy/internic/internic-domain-1.txt>>.

87. See David Graves, *Network Solutions Announces Internet Domain Name Policy* (last modified July 28, 1995) <<http://www.saic.com/corporate/news/july95/news07-28-95.html>>.

88. *NSI Domain Dispute Resolution Policy Statement* (last modified Nov. 28, 1995) <<ftp://rs.internic.net/policy/internic/internic-domain-1.txt>>.

89. *Id.*

not do so, InterNIC would freeze the site. The trademark owner still had to sue the domain name owner to actually get possession of the domain name. Thus, the mark holder could stop any infringement by freezing the site, but was unable to get possession of the site. The domain name holder faced what was essentially an injunction granted by a nonjudicial entity without an examination of the merits of each side, as courts are required to do. Both sides were left unsatisfied.

Domain-1 resulted in several successful suits by domain name holders against InterNIC to prevent implementation of the freezing procedure.<sup>90</sup> The procedure also allowed a domain name holder to defend his or her registration with any trademark, even one procured *after* the initial demand from the mark holder. American trademarks take months to process. However, Tunisia grants trademarks almost overnight, and they are fully valid in the United States. Therefore, the following became the standard course of events: 1) A mark holder would ask InterNIC to freeze a site that infringed on its trademark; 2) InterNIC would demand proof of a trademark from the domain name holder to prevent the site's suspension; 3) Savvy domain name holders would procure a Tunisian trademark in a day or two, send it to InterNIC, and continue use of the site. The mark holder was left with nothing to do but start a costly trademark lawsuit. Frequently, the savvy domain name holders offered to sell the site back for just under what it would cost to sue for the site. Although the mark holder felt that the domain name infringed on its mark, the domain name holder had broken none of the Internet rules. Because of its flaws domain-1 was only effective from July 28, 1995 to November 22, 1995. Domain-4 then replaced domain-1.

Domain-4 didn't last long either, from November 23, 1995 to September 9, 1996. It reiterated the "first-come, first-served" policy and a disclaimer of liability for InterNIC.<sup>91</sup> It made some minor changes, but left domain-1 largely unchanged. The domain holder's defending trademark could now only be a valid "foreign or United States federal registration," eliminating the use of state-registered trademarks.<sup>92</sup> Curiously, the time window for a domain name holder to produce evidence of its own trademark was extended to 30 days. This made the

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90. *See, e.g.,* Roadrunner v. Network Solutions, Inc., No. 96-CIV-413-A (E.D. Va. March 26, 1996) and Roadrunner v. Network Solutions, Inc. (visited Feb. 9, 1996) <<http://www.patents.com/nsicpt.sht>>.

91. *NSI Domain Dispute Policy Statement* (last modified Sept. 8, 1996) <<ftp://rs.internic.net/policy/internic/internic-domain-4.txt>>.

92. *Id.*

Tunisian solution even easier.<sup>93</sup> Other than these minor adjustments, domain-4 is identical to domain-1.

Domain-6 is the current dispute resolution policy. It was enacted on September 9, 1996. Domain-6 continues to use the "first-come, first-served policy."<sup>94</sup> An applicant must continue to represent that the "domain name does not interfere with the rights of any third party, and that the domain name is not being registered for any unlawful purpose."<sup>95</sup> Domain-6 is not intended to "confer any rights upon complainants" for use in resolution of the dispute apart from InterNIC.<sup>96</sup> This is intended to prevent a mark holder claiming that they are a third party beneficiary of the contract between InterNIC and a domain name holder. The mark holder cannot use the fact that the domain holder may have breached his promise with InterNIC not to use the site "for an unlawful purpose" in the trademark suit against the domain name holder. Regarding the freezing procedure, InterNIC will now only accept trademarks that were registered *before* the request for proof of a trademark. This eliminates the use of quickly obtained Tunisian trademarks.<sup>97</sup> However, this may have unintentionally exacerbated the Tunisian option problem. The Tunisian option still exists in that a party can make a *preemptive* defensive registration in Tunisia. Since United States mark registration takes a year or more, now *everyone* with a domain name has an incentive to get a Tunisian trademark, whereas previously only those who were threatened with a suspension of their site had this incentive.<sup>98</sup>

All the policies had flaws, some serious ones. The domain-1 and domain-4 policies allowed a domain name holder threatened with suspension of his or her site to seek safe harbor with the bizarre solution of a Tunisian trademark granted overnight. Domain-6 attempted to reduce the utility of that loophole, but may have made matters worse. The freezing policy makes InterNIC, a private company, a grantor of preliminarily injunctions, which should be a judicial function. The

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93. *Id.*

94. *NSI Domain Dispute Policy Statement* (last modified Aug. 13, 1996) <<http://rs.internic.net/domain-info/internic-domain-6.html>>.

95. *Id.*

96. *Id.*

97. *Id.*

98. Carl Oppedahl, *NSI's Fourth Domain Name Policy Leaves Owners With Few Options* (last modified Sept. 5, 1996) <<http://www.patents.com/nylj7.sh>>.

freezing policy also raises issues of breach of contract and deprivation of property rights by InterNIC.<sup>99</sup> While the procedure is an expedient way for the trademark holder to stop an infringement, it does not grant the site to the trademark owner. To get possession of the domain name, they must still go to court, and it should be remembered that "there is no such thing as a quick trial."<sup>100</sup> The freezing policy alone does nothing to solve the underlying dispute.<sup>101</sup> Both parties are potentially losing money to competitors on the Internet while the suit progresses. Many companies registered their domain names under rfc1591, and are now subject to constantly fluctuating rules with little or no notice. Why should these entities have their contracts with InterNIC, a private company operating under government contract, unilaterally amended? The following cases have arisen under the various domain name dispute policies of InterNIC. The various fact patterns and different results to each case demonstrate the failure of InterNIC to draft a comprehensive domain name dispute resolution policy.<sup>102</sup>

## V. LAWSUITS PENDING AND RESOLVED<sup>103</sup>

In Internet domain name disputes there is no one typical case, and no common resolution. Of the disputes that actually proceed to the trial stage, most are settled out of court after a preliminary injunction hearing, leaving little precedent for those who approach the same problem. The following cases illustrate the confused nature of the problem, and the various resolutions that can be reached

### A. *Realpages.com case*<sup>104</sup>—*Close to Infringement*

BellSouth sued Internet Classifieds ("IC") for IC's use of the domain name realpages.com. BellSouth owns a registered mark in the words

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99. Mikki Barry, *Is The InterNIC's Dispute Policy Unconstitutional?* (last modified Sept. 18, 1996) <<http://www.mids.org/legal/dispute.html>>.

100. Interview with Mike Shalbrack, Attorney, Holmstrom & Kennedy Attorneys at Law (Oct. 28, 1996).

101. *Id.*

102. Recently, InterNIC has asserted that it "does not have the financial resources, personnel, expertise or authority to arbitrate or adjudicate conflicting claims." *Panavision Int'l L.P. v. Toepfen*, 938 F. Supp. 616, 619 (C.D. Cal. 1996). InterNIC appears to be removing itself from the entire process of domain name disputes except for complying with court orders.

103. The following cases may have been resolved judicially or in a settlement since the writing of this Comment.

104. See *BellSouth v. Internet Classifieds of Ohio and Don Madey*, No. 96-CV-769 (N. Dist of Georgia April 1, 1996) and *Cause of Action* (visited Feb. 9, 1997) <<http://realpages.com/lawsuit/lawsuit/2.html>>.

"The Real Yellow Pages" and "Let Your Fingers Do The Walking." IC was using a Web site that attempted to be an Internet yellow pages directory, where it charged a small fee to list companies in its database. IC uses a yellow background and the phrases "The Real Internet Pages" and "Let Your Mouse Do The Walking." BellSouth had its own Internet site at [www.yellowpages.bellsouth.com](http://www.yellowpages.bellsouth.com), but evidently believed that the [realpages.com](http://realpages.com) site was either infringing on its marks, or that the [realpages.com](http://realpages.com) site had greater utility and thus BellSouth wanted it for itself.

BellSouth's complaint alleged trademark infringement, unfair competition, deceptive trade practices, interference with business relationship, and trademark dilution.<sup>105</sup> BellSouth alleged that the very existence of the site [realpages.com](http://realpages.com) would cause consumers to confuse [realpages.com](http://realpages.com) with BellSouth, thereby diminishing BellSouth's marks. BellSouth asked for an injunction against the use of [realpages.com](http://realpages.com), all profits gained by defendants, treble damages suffered by BellSouth, punitive damages, and costs and attorney's fees. IC's answer acknowledged BellSouth's trademarks, but with the stipulation that they only applied to "printed materials."<sup>106</sup> IC asserted that it put a disclaimer of affiliation with BellSouth on the [realpages.com](http://realpages.com) site. It denied that any goodwill had been established by BellSouth on the Internet, or that its use of the domain name [realpages.com](http://realpages.com) is likely to cause confusion.<sup>107</sup>

The [realpages.com](http://realpages.com) site is still owned by Internet Classifieds at this time. No mediation progress had been made as of October 9, 1996.<sup>108</sup> The case went to trial in the summer of 1997, but a final ruling had not been rendered as of December 3, 1997.<sup>109</sup> This case illustrates the best possible case for a plaintiff mark holder. The domain name is almost identical to the mark held, and is being used in a competing industry.

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105. See *Cause of Action* (visited Feb. 9, 1997) <<http://realpages.com/lawsuit/lawsuit/2.html>>.

106. *BellSouth Lawsuit Answer* (visited Feb. 9, 1997) <<http://realpages.com/lawsuit/answer.html>>.

107. See *id.*

108. See *Events to Date* (visited Feb. 9, 1997) <<http://realpages.com/lawsuit/chrono.html>> (reporting that [realpages.com](http://realpages.com) case still in mediation on October 9, 1996).

109. A new site, [bellsouthstinks.com](http://bellsouthstinks.com), has been created by the owner of [realpages.com](http://realpages.com), reporting that the case went to trial in 1997, but without posting a resolution. Don Madey, *Realpages.com Presents You Be The Judge* (last modified May 5, 1997) <<http://www.bellsouthstinks.com>>.

The appearance and purpose of the site closely approximate the plaintiff's products and services, yet BellSouth has not been able to take the site away from Internet Classifieds after several months of effort. BellSouth's protracted litigation, despite its relatively strong case, illustrates that the court system's ability to protect intellectual property rights is crippled by poorly defined law.

*B. Candyland.com case*<sup>110</sup>—*Infringement That is Stopped*

Internet Entertainment Group ("IEG") registered candyland.com as a site for "adult entertainment." Hasbro, owner of a mark in the Candyland boardgame, objected to this site as diluting and harming its trademark and sued. IEG placed an explicit disclaimer of affiliation with Hasbro on the candyland.com site, but Hasbro persisted in its efforts to shut the site down or change the name. A federal district court granted a preliminary injunction to Hasbro and IEG transferred its Web page to adultplayground.com.<sup>111</sup> Candyland.com is unused by Hasbro as of January 1997.

This case is an example of intentional infringement on a mark, but not in a manner that is likely to cause confusion. This is a perfect example for the use of a dilution claim. It is not likely that people would think Hasbro was now a producer of pornography, but the surprise at finding the word candyland together with nude pictures would certainly dilute goodwill invested in Hasbro's candyland mark. In this instance, the mark holder was successful in its efforts to cease the dilution. This success might not be duplicated in other cases, especially if the mark were not famous.

*C. Ty.com case*<sup>112</sup>—*Unintentional Infringement*

A man named Giacalone registered ty.com for a Web site to conduct a small software consulting business. Mr. Giacalone picked ty.com because his son is named Ty. Unbeknownst to him, a California toy company, called Ty, Inc., owned a trademark in the term "Ty." Ty, Inc.

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110. See *Hasbro, Inc. v. Internet Entertainment Group, Ltd., et al*, 40 U.S.P.Q.2d 1479 (W.D. Wash. 1996) and *Hasbro, Inc. v. Internet Entertainment Group, Ltd.* (visited Feb. 9, 1997) <<http://www.gcwf.com/articles/hasbro.htm>>.

111. Jonathan Agmon, Stacey Halpern and David Pauker, *Logical Choices? Part I* (last modified May 13, 1996) <<http://www.law.georgetown.edu/lc/internic/recent/rec4.html>>.

112. See *Giacalone v. Network Solutions Inc.* (visited Feb. 9, 1997) <<http://www.iplawyers.com/giacalon.htm>> and *Giacalone v. Network Solutions Inc.*, No. C-96-20434 (N.D. Cal. June 13, 1996). This case was dismissed after the parties reached an out of court settlement.

initially asked to buy the site for \$1000, and when Giacalone refused, they threatened a trademark infringement suit.

Ty, Inc. used the domain-1 freezing policy, but Giacalone sued InterNIC to prevent this procedure. He sought a declaratory judgment that he was not infringing on the Ty trademark. He alleged abuse of trademark law and asked that the Ty, Inc. trademark be canceled. He alleged that Ty, Inc. had engaged in tortious acts that interfered with his private contract with InterNIC, calling it "Reverse Domain Name Hijacking."<sup>113</sup> His complaint also alleged that the InterNIC freezing policy denies a site owner any due process, and cripples him before the might of a large corporation and InterNIC. Giacalone alleged that there is no confusion or dilution because nothing at his ty.com site mentioned toys or used the Ty, Inc. logo.

This case is an example of what many small domain name holders fear. They have not intentionally "pirated" a domain name, and have invested time and money into their site, often without a profit motive. Suddenly a large corporation demands the domain name, threatening lawsuits and punitive damages. The small owner feels that he is being intimidated and treated unfairly. Several organizations of current domain name holders have sprung up to "protect the rights" of these Davids against the complaints of corporate Goliaths.<sup>114</sup> After winning a Temporary Restraining Order and a Preliminary Injunction, Mr. Giacalone reached a settlement with Ty, Inc., where Ty agreed to pay him a "very, very substantial sum" for the rights to the ty.com site.<sup>115</sup> This solution was reached only after expensive litigation was initiated. If both parties had had clearly defined and predictable law, that cost could have been avoided or reduced.

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113. *Id.*

114. *See, e.g., American Association of Domain Names* (visited Feb. 9, 1997) <<http://www.domains.org>>.

115. *Davis & Schroeder, Internet Domain Name Experience* (visited Sept. 17, 1997) <<http://www.iplawyers.com/domain.htm>>.

#### D. Roadrunner.com case<sup>116</sup>—An Amicable Resolution

Roadrunner is a local Internet access provider in New Mexico. It registered roadrunner.com as its site, and sold Internet access in the area. This means that potentially thousands of people were using <name>@roadrunner.com as their email address and using www.roadrunner.com/<name> for their own Web sites. Warner Brothers, owner of the Roadrunner cartoon character, decided that roadrunner.com infringed on its rights. This was their position although the roadrunner.com site makes no references to cartoons or Warner Brothers. Roadrunner is the company's name, chosen because it is the New Mexico state bird. Warner Brothers utilized the InterNIC freezing procedure. Like Mr. Giacalone, Roadrunner sued InterNIC to enjoin suspension of the site, and additionally requested an order for InterNIC to cease acting "arbitrarily" with its policies.<sup>117</sup>

The dispute came to an amicable solution when Warner Brothers registered road-runner.com. This site is identical to its main home page at warnerbros.com. Roadrunner continues to operate at roadrunner.com. This is an instance of the alleged infringer profiting from the disputed domain name, but without bad intent. Warner Brothers was able register a close approximation of the disputed term. If Warner Brothers had been more obstinate and won its case, it might have put Roadrunner out of business and additionally precluded Roadrunner's customers from accessing the Internet.

#### E. The Toeppen Cases—Intentional "Piracy" or Domain Name Warehousing

Dennis Toeppen runs an Internet service provider called Net66 in Champaign, Illinois. He registered over 200 corporate names with InterNIC, such as lufthansa.com, aircanada.com, deltaairlines.com, neiman-marcus.com, and eddiebauer.com, at a cost of \$100 each.<sup>118</sup> He then offered to sell these names back to their trademark holders for over \$10,000 apiece.<sup>119</sup> Several of the companies sued him and/or

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116. Roadrunner Computer Systems, Inc. v. Network Solutions, Inc., No. 96-413-A (E.D. Va. March 26, 1996) and Jonathan Agmon, Stacey Halpern and David Pauker, *Logical Choices Part II: Not Quite Someone Else's Trademark* (last modified May 13, 1996) <<http://www.law.georgetown.edu/lc/internic/recent/rec5.html>>.

117. *Id.*

118. Panavision Int'l, L.P. v. Toeppen, 938 F. Supp. 616, 619 (C.D. Cal. 1996).

119. *Id.* Others have also tried these tactics. A Canadian company was reported as having registered over 9000 domain names in two months. Mike Walsh, *Domain Stats as of 8/02/96* (last modified Aug. 11, 1996) <<http://www.shocker.gi.net/htbin/>>.



used the InterNIC freeze policy.<sup>120</sup> The following is just one of the several cases pending against Toeppen.

1. *Intermatic.com Case*<sup>121</sup>

Toeppen registered intermatic.com and very briefly used the site to market a software product under that name. Intermatic, an Illinois company that makes timing equipment, has held a registered trademark in the term "Intermatic" since 1951. Intermatic discovered Toeppen's registration of intermatic.com and brought suit against him for federal trademark infringement, federal false designation of origin, federal trademark dilution, and several Illinois state law claims. Although the site did not contain any information about timing equipment, Intermatic alleged that the very existence of the intermatic.com site was likely to cause confusion and affiliation with Intermatic. Intermatic sought an injunction against Toeppen's ownership of the site, all Toeppen's profits from the site, treble damages suffered by Intermatic, and costs and fees. Before trial Toeppen agreed to stop using Intermatic as the software product name, but refused to surrender the site. On a motion for summary judgment by both parties, the district court ruled in part for both parties.<sup>122</sup>

The court granted Toeppen's motion to dismiss the infringement and unfair competition claims for Intermatic's failure to prove a likelihood of confusion between intermatic.com and Intermatic. There was no confusion because the contents of the site were not related to Intermatic. The intermatic.com site was not being used to compete with Intermatic.<sup>123</sup> Toeppen used the intermatic.com site to display pictures of Champaign, Illinois. He did not use intermatic.com to sell or advertise any products or services. Toeppen was even willing to be enjoined from using intermatic.com to sell any product or service as long as he could retain possession of the site.<sup>124</sup> This would not have hurt

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120. See *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1232-33 (N.D. Ill. 1996); *Panavision Int'l, L.P.*, 938 F. Supp. at 616.

121. *Intermatic, Inc.*, 947 F. Supp. 1227 (N.D. Ill. 1996).

122. *Id.* at 1241.

123. *But see Planned Parenthood Fed'n of Am., Inc. v. Bucci*, No. 97CIV0629, 1997 WL 13313, at \*6, 8-9 (S.D.N.Y. Mar. 24, 1997) (ruling that interception and misleading of competitor's customers is "classically competitive").

124. *Intermatic, Inc.*, 947 F. Supp. at 1232.

Toeppen leaving him still free to sell the site to Intermatic. Like his hundreds of other sites, Toeppen was only holding the site to sell, not to develop.

The court granted Intermatic's motion for summary judgment on its claim of trademark dilution, using the recently enacted federal dilution statute.<sup>125</sup> The court found that the Intermatic mark was famous and deserved protection from tarnishment. It found that dilution occurred because any printout from the intermatic.com site would necessarily include the mark,<sup>126</sup> and that the mark could therefore be associated with unwanted images or messages.<sup>127</sup>

The court's ruling also swept aside the problem of *commercial* use of the mark. Normally, a noncommercial use of a trademark is treated much more leniently.<sup>128</sup> The intermatic.com site contained only static pictures of a city. Toeppen attempted to sell the domain name back to Intermatic, which constituted a commercial use of the domain name in the court's eyes. A much more sweeping provision followed this conclusion. The court found that "the in commerce requirement should be construed liberally" and that mere "use of the Internet is sufficient to meet the 'in commerce' requirement of the [Lanham] Act."<sup>129</sup> This spells trouble for those who unintentionally infringe on a mark, as Mr. Giacalone did in the ty.com case. Like Toeppen, Giacalone operated a site that did not resemble or compete with the trademark owner, although Giacalone did not attempt to sell the domain name back to the trademark owner. One might assume that such a site owner could retain his site because he had not used the mark in competing commerce. The *Intermatic* court, however, announced that mere registration of a domain name on the Internet is a use "in commerce" of that term, exposing site owners to liability or loss of their domain name.

The court did not find that Toeppen had engaged in willful dilution, and it did not condemn Toeppen's actions.<sup>130</sup> The court distinguished

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125. 15 U.S.C. § 1125(c) (1994).

126. Pages printed from an Internet site include the site's full domain name string at the top.

127. Just as Hasbro did not want its mark "candyland" associated with nude pictures.

128. See, e.g., 15 U.S.C. § 1125(c)(4) (1994).

129. *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1239-40 (N.D. Ill. 1996).

130. See also *Planned Parenthood Fed'n of Am., Inc. v. Bucci*, No. 97CIV0629, 1997 WL 13313, at \*9 (S.D.N.Y. Mar. 24, 1997) (refusing to find bad faith in registering the trademark of another party as a domain name despite having full knowledge of the trademark registration). Cases do not rule consistently on the bad faith issue. A federal district court in California called Toeppen a "spoiler" who was "running a scam." *Panavision Int'l, L.P. v. Toeppen*, 938 F. Supp. 616, 621-22 (C.D. Cal. 1996).

between the morality and the legality of Toeppen's conduct.<sup>131</sup> It noted that Toeppen was free to speculate in domain names according to InterNIC rules. The court stated that "[t]his is a relatively new area of law and Toeppen is free to test the waters."<sup>132</sup> Because willful intent was not proven, Intermatic received an injunction without any damages. It is unclear whether such a conclusion will be reached in subsequent cases. When Intermatic sued Toeppen, Internet law was unclear and "pirating" domain names had not been explicitly forbidden. After the publication of this case, a person "pirating" a domain name might be found to have acted willfully.

The *Intermatic* case contains two critical findings. First, a domain name identical to a trademark that does not compete with the trademark owner's products or services might not violate infringement laws, but probably is violating dilution laws. Second, any use of a domain name, even to transmit meaningless pictures or text, is a use "in commerce" of the domain name. The further question, whether transmitting meaningless pictures or text without an intent to sell the domain name to a trademark owner also constitutes a commercial use of the term, was not addressed by this ruling.

Most cases regarding domain name disputes are settled when the plaintiff agrees to pay the "buyback" price from the registrant.<sup>133</sup> Those few that have gone to trial are still at the trial court level and have not reached an appellate court for a more definitive ruling.<sup>134</sup> Mr. Toeppen's lawyer has indicated that he plans to appeal the *Intermatic* decision if possible.<sup>135</sup> This case demonstrates InterNIC's failure to establish firm rules for parties to plan their operations around or to use when disputes inevitably arise. The evolution from rfc1591 was well-intentioned, but poorly executed. With these problems in

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131. *Intermatic, Inc.*, 947 F. Supp. at 1233-34 (N.D. Ill. 1996).

132. *Id.* at 1236.

133. See *Roadrunner Computer Systems, Inc. v. Network Solutions, Inc.*, No. 96-413-A (E.D. Va. March 26, 1996) and Jonathan Agmon, Stacey Halpern and David Pauker, *Domain Name Grabbing* (last modified May 13, 1996) <<http://www.law.georgetown.edu/lc/internic/recent/rec2.html>> and *MTV Networks v. Curry*, 867 F. Supp. 202, 203 n.2 (S.D.N.Y. 1994). Neither Mr. Giacalone nor Mr. Curry were intentionally pirating the domain names they registered, but they both settled out of court against their plaintiffs, transferring site ownership to the plaintiffs.

134. See, e.g., *MTV Networks*, 867 F. Supp. at 203 n.2.

135. Email from Joseph D. Murphy (Feb. 9, 1997) (on file with author).

mind, a group has now been assembled to draft a more comprehensive and fair solution.<sup>136</sup>

## VI. THE INTERNET AD HOC COMMITTEE

The Internet Ad Hoc Committee ("IAHC") was assembled in the fall of 1996, and has presented its recommendations for curing the domain name dispute problems. This was done with the consultation of several intellectual property experts, suggestions from the public,<sup>137</sup> and the various groups that operate the Internet, including the Internet Assigned Numbers Authority, the Internet Architecture Board, and many others.<sup>138</sup> This is an unusual instance of specific control and direction being taken with the Internet. The IAHC has taken note of the existing problems with domain names and made a few general statements about its intentions: The IAHC recognizes the potential for "extortionists" to deliberately infringe on trademarks in order to sell domain names back to mark holders.<sup>139</sup> The IAHC is attempting to implement "procedures

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136. See Internet Ad Hoc Committee, *Final Report of the International Ad Hoc Committee: Recommendations for Administration and Management of gTLDs* (last modified Feb. 9, 1997) <<http://www.iahc.org/draft-iahc-recommend-00.html>>.

137. Trademark law allows for rights in the same mark to be split according to geography and the first use. See *Murrin v. Midco Communications, Inc.*, 726 F.Supp. 1195, 1197 (Minn. 1989). Some suggested the same be done for the Internet. Geographic distinctions could be added to the .com domain, such as .ny.com and .fl.com. There is no limit to the specificity that could be added, even down to something as specific as .michiganavenue.chicago.il.us.com. The problems with this solution are evident to the eye. No user wants to search thousands of different domain types to find just the right "xyz" company. The only way to distinguish the "xyz" you are looking for would be to know its physical location. This contravenes the spirit of the Internet, an international community without reference to physical space.

The same sort of proposal was made with reference to different industry types. This would entail having domains like .computers.com and .automobiles.com. The same problems of specificity, hassle, and intellectual disappointment that applied to the geographic division apply to this proposal as well. Holders of trademarks also want to have the right to expand into other lines of business. See *Sterling Drug, Inc. v. Bayer A.G.*, 14 F.3d 733, 744, 747-49 (2d Cir. 1994). An anticipated expansion into other industries will have applicants registering every possible domain industry subtype they can think of.

Interpleader law has been suggested, since there is only one xyz.com and several possible claimants to it. This sounds good in theory, but has many practical difficulties. For every possible domain name, there will be hundreds, if not thousands of legitimate claimants. A court would be faced with an unbelievable number of parties, dwarfing the size of class actions suits. Given that the Internet and its .com domain is global, what court site should be used, and whose laws would apply?

138. Internet Ad Hoc Committee, *Final Report of the International Ad Hoc Committee: Recommendations for Administration and Management of gTLDs* (last modified Feb. 4, 1997) <<http://www.iahc.org/draft-iahc-recommend-00.html>>.

139. *Id.*

which are as simple, fair, and direct as possible."<sup>140</sup> The current domain-6 policy of freezing domain sites, while "well intentioned" is "inconsistent with . . . equity and fair play" and will not be continued.<sup>141</sup> The policy "unfairly burdens the domain holder—who may actually have trademark rights superior to those of the challenging trademark registrant."<sup>142</sup> The IAHC is thus seeking to "juggle such concerns as administrative fairness, operational stability and robustness, and protection of intellectual property."<sup>143</sup>

The IAHC believes that its suggestions are an evolution rather than a revolution, characterizing its recommendations as being of "modest scale."<sup>144</sup> Despite the IAHC's claims that it is only enacting "experimental" ideas, the proposed changes are a strong shift in policy.<sup>145</sup> The IAHC's proposed changes will make numerous revisions in the operations of the Internet and in the dispute resolution process. The Internet's rules will more closely approximate the theories behind trademark laws.

Domain name registrars will continue to assign names on first-come, first-served basis. There will be an optional sixty day publication period for domain names, when they are apparently subject to challenge. This waiting period does not necessarily give any rights to a domain name holder, but it is "hoped" that domain name holders who publicly post their domain name will be given greater "defensive benefit" in a trademark lawsuit.<sup>146</sup> This is similar to the purposes of publication on the trademark register, which is intended to give actual or constructive notice to the public.<sup>147</sup> A plaintiff charging infringement or dilution would presumably be asked why he or she did not challenge the assignment of the domain name when it was publicly posted. This would impose a burden on trademark owners to constantly check the Internet for domain names that directly or tangentially conflict with their trademarks.

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140. *Id.*

141. *Id.*

142. *Id.*

143. *Id.*

144. *Id.*

145. *Id.*

146. *Id.*

147. *See* 15 U.S.C. § 1072 (1994).

New registrars will be added to operate with InterNIC.<sup>148</sup> The IAHC will require that each new registrar be a signatory to the Council of Registrars Memorandum of Understanding (CORE-MoU),<sup>149</sup> which requires that the registrar operate fairly, openly, and for the public. The IAHC recognizes that InterNIC is operating essentially as a monopoly and has very few checks on its operations.<sup>150</sup> With the introduction of competition, InterNIC's ability to act arbitrarily would be reduced because it would be competing with other registrars.

The most anticipated change is the addition of seven new top level domains: .firm, .store, .web, .arts, .rec, .info, and .nom.<sup>151</sup> The IAHC recommends adding these new top level domains, "as a means of increasing the level of competitive supply and access."<sup>152</sup> The use of the American .us domain is to be expanded as well.<sup>153</sup> For those mark holders that absolutely demand a space for their trademark on the Internet, the IAHC suggests creating a .tm domain in each nation, similar to the register of trademarks that each nation keeps. For truly international marks, the .tm.int domain would be created. In a bold statement the IAHC writes that, "[e]ach trademark owner should be entitled to a unique domain name which contains its trademark."<sup>154</sup> This would require an additional element, probably a number, added to the trademark because there can be concurrent marks for different products. For example, American Airlines could be registered under american1.tm.int while another owner of a trademark using the word American could be american2.tm.int, and so forth. The trademark-specific domain names would have a user-friendly directory that contains the logo as well.<sup>155</sup>

The domain name application process will change as well. Applicants for domain names will be required to appoint an agent for service of

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148. Internet Ad Hoc Committee, *Final Report of the International Ad Hoc Committee: Recommendations for Administration and Management of gTLDs* (last modified Feb. 4, 1997) <<http://www.iahc.org/draft-iahc-recommend-00.html>>.

149. *Id.*

150. *Id.*

151. *Id.* The domain name .firm is for businesses or firms, .store is for sellers, .web is for entities emphasizing Web activities, .arts is for cultural entities, .rec is for entertainment entities, .info is for information services, .nom is for domain names that correspond to an individual's name.

152. Internet Ad Hoc Committee, *Draft Specifications for the Administration and Management of gTLDs, Appendix A-B* (last modified Dec. 19, 1996) <<http://www.iahc.org/draft-iahc-gTLDspec-00.html>>.

153. See *supra* note 81 and associated text.

154. Internet Ad Hoc Committee, *Draft Specifications for the Administration and Management of gTLDs, Appendix A-B* (last modified Dec. 19, 1996) <<http://www.iahc.org/draft-iahc-gTLDspec-00.html>>.

155. *Id.*

process and waive defenses to venue, subject matter jurisdiction, and personal jurisdiction in case of a trademark lawsuit. An applicant must continue to swear that the intended use of the domain name will not infringe any rights of any other party. An applicant must now additionally confirm that the reason for selecting the name is that it conforms to the applicant's name, his company's name, his trademark, or some other logical relationship. The applicant must also identify the industry that is intended to be associated with the domain name. This is similar to trademark law, which allows multiple parties to hold similar or identical marks, so long as they are marketed in different geographic areas, or different industries. So long as consumers don't confuse two different producers, concurrent marks are allowed. To "promote accountability, discourage extortion, and minimize obsolete entries" an applicant must renew a domain name yearly and swear that the site has been used in the industry and manner affirmed to, and that the site "does not infringe on the rights of any other party."<sup>156</sup> This is again similar to a trademark, which must also be periodically renewed and kept close to its original industry. A person cannot register a concurrent trademark, assert that his or her use will not infringe on the senior mark, get the mark, and then shift the trademark's use to another industry that does infringe on the senior mark.<sup>157</sup> Presumably, if a person registered a site that resembled the mark of another and represented that the use would not infringe, and then used the site to compete with the mark holder, InterNIC would rescind the domain name.

The attitude towards disputes and domain name ownership has changed dramatically. Previously InterNIC's primary incentive was to stay as far from disputes as possible and to only comply with court orders.<sup>158</sup> With these new recommendations, the Internet authorities have augmented their responsibilities for helping to resolve disputes. Now, when conflicts arise over a domain name, the IAHG suggests using

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156. *Id.*

157. *See, e.g., Sterling Drug, Inc. v. Bayer A.G.*, 14 F.3d 733, 744 (2d Cir. 1994).

158. *See Philip Sbarbaro, Who is the Real McCoy?* (visited Sept. 17, 1997) <<http://rs.internic.net/nic-support/nicnews/aug97/real.html>> (stating that "the Dispute Policy does not resolve any dispute; it was not intended to resolve any dispute. It was and is intended to benefit Network Solutions"). *See also Panavision Int'l L.P. v. Toeppen*, 938 F. Supp. 616, 621 (C.D. Cal. 1996) (accepting InterNIC's assertion that it "does not have the financial resources, personnel, expertise or authority to arbitrate or adjudicate conflicting claims").

on-line arbitration with expert panels on a "fast-track" basis.<sup>159</sup> They would hope to resolve a dispute in under 30 days using the rules of the Arbitration and Mediation Center of the World Intellectual Property Organization.<sup>160</sup> IAHC does recognize that this arbitration cannot be unilaterally imposed, and that it is only a suggested alternative to litigation. The right to sue in court remains. The panels can act unilaterally as well. When doing so, the IAHC asserts that it has "authority over the domain names only, not the parties."<sup>161</sup> The expert panels would be able to exclude certain domain names summarily, such as "world-wide famous trademarks" from the database of *all* the registrars. Presumably these mark owners would petition to use the .tm.int domain name instead of registering in each national registry. The panel would also have the power to exclude domain names that are "similar" to a challenged domain name. This indicates that the IAHC believes that the groups operating the Internet retain some ownership rights over domain names, and can act without deferring to the demands of other parties.

These suggestions are well intentioned, and a welcome attempt at a rational and fair examination of the Internet as a whole. We have certainly come a long way from rfc1591's scolding that asserting property rights in domain names is "inappropriate."<sup>162</sup> The IAHC is seeking to promote competition and prevent "monopolistic trading practices."<sup>163</sup> InterNIC, the current monopoly, has published its response to the IAHC paper. InterNIC has pledged its cooperation "as long as the process ... does not threaten the integrity of a system which works very well today."<sup>164</sup> No proposals could please everyone,<sup>165</sup> but some of the flaws in the IAHC proposals should be analyzed. At the

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159. Internet Ad Hoc Committee, *Final Report of the International Ad Hoc Committee: Recommendations for Administration and Management of gTLDs* (last modified Feb. 4, 1997) <<http://www.iahc.org/draft-iahc-recommend-00.html>>.

160. *Id.*

161. *Id.*

162. J. Postel, *Domain Name System Structures and Delegation* (last modified Apr. 28, 1994) <<ftp://rs.internic.net/policy/rfc1591.txt>>.

163. Internet Ad Hoc Committee, *Final Report of the International Ad Hoc Committee: Recommendations for Administration and Management of gTLDs* (last modified Feb. 4, 1997) <<http://www.iahc.org/draft-iahc-recommend-00.html>>.

164. *Network Solutions' Preliminary Response to the IAHC's Draft Specifications of the Administration and Management of gTLDs* (last modified Jan. 14, 1997) <<http://www.netsol.com/announcements/011497.html>>.

165. Since release of the IAHC proposal, other parties and organizations have expressed dissatisfaction with the proposal's recommended changes. Many of these groups prefer that governments play a larger role. Robert McMillan, *Who Will Run the Internet Next Year?* (visited Sept. 17, 1997) <<http://www.sun.com/sunworldonline/swol-05-1997/swol-05-iahc.html>>.



very least, the new top level domains will alleviate pressure on the .com domain, and will allow for seven concurrent mark holders to solve their problems. On the other hand, creating seven new TLDs may simply increase the volume of piracy sevenfold. A party who wants exclusive use of "xyz" on the Internet will register xyz.com, xyz.firm, etc., rather than just xyz.com. It also remains to be seen if the public will perceive the new domains to be as valuable as the .com domain. The addition of domains could actually increase consumer confusion, as people access sites with the correct name, but the wrong top level domain, using .firm instead of .com and vice versa. It will make guessing the correct domain name just that much more difficult. Trademark owner plaintiffs will now confront up to seven parties for a domain name, with each defendant pointing at the others as the party who should be forced to surrender its domain name.

The plans to add new registrars are certainly ambitious. Will the new registries be able to perform efficiently and fairly? If the registries compete with each other, will the new registries offer better services in a competitive market or will price competition cause some registries to fail? If a registry fails, how will that be handled? These questions really cannot be answered until the IAHC suggestions are implemented.

Although expert arbitration panels will help to quickly resolve disputes, the panels are only an alternative to litigation. Moreover, the ruling of an arbitration panel expressly holds no weight in any courtroom.<sup>166</sup> The few Internet cases that have reached a conclusion in court provide only the most meager legal basis for the evolution of the Internet. A more established foundation of case law would provide greater certainty for future Internet growth. Case law from an analogous area, mnemonic telephone numbers, provides that foundation. Mnemonic telephone number case law is both innovative and applicable.

## VII. ANALOGIES TO MNEMONIC TELEPHONE NUMBERS

Domain name cases are still in their embryonic stages and have little appellate precedent to utilize. Parties on both sides of the issue are still unsure of what the law is, especially given that InterNIC keeps changing

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166. Interim Policy Oversight Committee, *[Revised] Substantive Guidelines Concerning Administrative Domain Name Challenge Panels* (last modified May 23, 1997) <<http://www.iahc.org/docs/racps.htm>>.

its policies every few months. The case law on mnemonic telephone numbers would provide a firmer legal base to draw from for domain name disputes. This is not to say that mnemonic telephone number cases are set in stone. Cases concerning mnemonic telephone numbers exploded in the late 1980s. Various circuits approached the problem differently and reached different resolutions. There are still splits between circuits and unresolved issues, but there is less turmoil here than in the sphere of domain name cases.

Domain names are valuable because they can correspond directly to a company's trademark or its corporate name. This is true, even though the computers are actually communicating with number strings. In this way, domain names resemble mnemonic telephone numbers. When an advertisement asks you to call 1-800-DOCTORS, the advertisement is easily recalled because we can remember the word "doctors" more easily than 362-8677. Domain names work much the same way. It is easier to recall *ucsd.edu* (The University of California at San Diego) than its computer equivalent of 128.54.16.1. "Internet domain names are similar to telephone number mnemonics, but they are of greater importance, since there is no satisfactory Internet 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."<sup>167</sup> There are some subtle differences between mnemonic telephone numbers and domain names that should be noted. Telephone numbers are granted based on the digits requested. The telephone company normally has no idea whether the user intends to advertise the number as a mnemonic or not. Domain names, however, are registered and used based on the mnemonic, not the underlying digits. Very rarely is an Internet site known by its digits. Thus InterNIC's procedures ensure that with the registration, it is aware of how the domain name will be advertised and presented to the public.

Anyone willing to pay a small registration fee can register any domain name that has not been taken.<sup>168</sup> In this regard the domain name system is again similar to using a 1-800 phone number. Like InterNIC procedures, any phone number not in use is obtainable for a fee.<sup>169</sup>

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167. *MTV Networks v. Curry*, 867 F. Supp. 202, 203 n.2 (S.D.N.Y. 1994).

168. American domain name registrations were once paid for by the United States government, but with the recent explosion of commercial registrations, the costs exceeded the funding. The government no longer wished to subsidize costs for the thousands of companies that were registering.

169. *Sodima v. International Yogurt Co., Inc.*, 662 F. Supp. 839, 857 n.9 (Or. 1987) (requiring only payment of \$100 to Bell of Pennsylvania for a 1-800 number).

Like InterNIC, telephone companies will not conduct a trademark infringement search that corresponds to the number's mnemonic. The two elements to a plaintiff's prima facie trademark infringement case are: 1) plaintiff's ownership of a protectable mark; and 2) proof of a likelihood of confusion.

Under strict trademark law, some generic words can never receive trademark protection. In 1989, the Second Circuit broke with this principle in a telephone mnemonic case. It extended protection to a generic word in a telephone number. In the *Dial-A-Mattress* case, the plaintiff held common law rights to the mnemonic local telephone number MAT-TRES in New York City after years of promoting the number. The defendant then bought 1-800-MATTRESS and advertised it, fully aware of the plaintiff's prior use.<sup>170</sup> Although "mattress" and "mattres" are both unprotectable as generic terms under traditional trademark law, the court found that the plaintiff's prior use rights were being infringed. The court held that the right to protection is not lost "just because the letters spell a generic term."<sup>171</sup> The court found a likelihood of confusion existed and stated that the genericness doctrine does "not require that a competitor remain free to confuse the public."<sup>172</sup>

In the *Dranoff*<sup>173</sup> case, the Third Circuit refused to give protection to a generic telephone mnemonic, disagreeing with the Second Circuit in *Dial-A-Mattress*. A Pennsylvania law firm using the mnemonic INJURY-1 sued a competing law firm using the mnemonic INJURY-9. The court found that the mnemonic INJURY-1 for a personal injury law firm was generic and unprotectable as a trademark.<sup>174</sup> Adhering to classic trademark law, the court found that when there are few or no commonly used alternatives to a mark's term, then the term should be considered generic and unprotectable.<sup>175</sup> The *Dranoff* court refused to depart from strict trademark theory.

The *Dranoff* holding should hold little to no weight in a case involving domain names. If the courts followed *Dranoff*, pirates might

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170. *Dial-A-Mattress Franchise Corp. v. Page*, 880 F.2d 675, 676-77 (2d Cir. 1989).

171. *Id.* at 678.

172. *Id.*

173. *Dranoff-Perlstein Assocs. v. Sklar*, 967 F.2d 852 (3d Cir. 1992).

174. *Id.* at 859-60.

175. *Id.* at 859 (quoting *A.J. Canfield v. Honickman*, 808 F.2d 291, 306 n.20 (3d Cir. 1986)).

have a defensible position. For phone mnemonics, the *Dranoff* court recognized that a limited amount of information could be conveyed in seven letters, and therefore the mnemonic should be available to everyone. Internet domain names do not have this limitation. A domain name can have up to two dozen letters, but for practical purposes people will only be able to recall and correctly type a few words. A pirate holding the useful domain name of xyz.com could defend his registration against XYZ, Inc. by asserting that XYZ was free to register xyzonline.com or xyzinc.com. Although a party may have a generic term as its mnemonic telephone number, the term can still be granted trademark protection. The same reasoning should be applied to the Internet. The fact that a generic word is being used as a domain name should not affect its protectability. Registering a generic word as a domain name does not prevent use of that word by anyone on the Internet except as a domain name. If an entity somehow trademarked the term "automobile," they could prevent anyone from using that word. If a party registers automobile.com, they have not prevented the use of that word on the Internet or anywhere else, except as a domain name. Because these words cannot be trademarked under law, domain names using generic terms should be granted to whomever registers them first. As mentioned previously, milk.com is registered to one party.<sup>176</sup> Must that party surrender its domain name because they have exclusive Internet use of a generic word? No, because domain name registration only prevents the use of a term *as a domain name*. It does not prevent use of the term in commerce generally or in conversation. The registration will not diminish the language available to society, the primary motivation for the genericness doctrine. If all common words could not be registered as domain names, that would eliminate thousands of potentially useful (and already registered) domain names. The courts should not follow *Dranoff's* reasoning in domain name disputes. The Internet is an innovative and new form of communication and should not be burdened by rigid and older forms of trademark theory. Courts ruling on a domain name dispute should look to the innovative result of *Dial-A-Mattress* and hold that genericness is not relevant in a domain name dispute.

Some courts look to the second factor of a trademark case, consumer confusion. Recently, the *Express Mortgage*<sup>177</sup> case reaffirmed the reasoning of *Dial-A-Mattress*, and gave protection to a telephone number

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176. See *Milk Communications Ko-op* (last modified Oct. 7, 1996) <<http://www.milk.com>>.

177. *Express Mortgage Brokers Inc. v. Simpson Mortgage, Inc.*, No 94-71056, 1994 WL 465842 (E.D. Mich. May 6, 1994).

mnemonic using a generic term. The plaintiff was using 369-CASH to advertise a mortgage brokerage business. The defendant, a former employee, started a competing business in the same market using the mnemonic 1-800-760-CASH.<sup>178</sup> The court found that 369-CASH had acquired secondary meaning, identifying Express Mortgage.<sup>179</sup> It also found that granting injunction protection to the plaintiff would not cripple the defendant's ability to advertise his services because there are alternative mnemonics available, such as LOAN or MONEY.<sup>180</sup> The court also found a likelihood of confusion between the two telephone numbers, using an 8 factor test. The factors included: 1) strength of plaintiff's mark; 2) relatedness of the goods; 3) similarity of the marks; 4) evidence of actual confusion; 5) marketing channels used; 6) degree of purchaser care; 7) *defendant's intent in selecting the mark*; and 8) the likelihood of expansion of the product lines.<sup>181</sup> The court found that the "use of a service mark with knowledge of another's prior use of the mark supports an 'inference of intentional infringement.'"<sup>182</sup>

In *Bell v. Kidan*, the plaintiff advertised the local number CALL-LAW mnemonic for his law firm, and held a federally registered mark in it.<sup>183</sup> The defendant purchased 1-800-LAW-CALL. The court found CALL-LAW was protectable,<sup>184</sup> but denied the plaintiff's request for an injunction for a failure to prove a likelihood of confusion, because one call was local and one call was a 1-800 call. The judge found that prior knowledge of the CALL-LAW mark did not establish bad faith by the defendants.<sup>185</sup>

A pirate could escape a trademark infringement claim by relying on *Bell's* reasoning that there is no public confusion when using xyz.com, because the pirate will simply make the site clearly unaffiliated with the plaintiff. Mr. Toepfen did this when he used intermatic.com to display pictures that had nothing to do with the timing equipment that Intermatic makes. The *Express Mortgage* case provides more applicable reasoning

178. *Id.* at \*1.

179. *Id.* at \*3.

180. *Id.* at \*2-3.

181. *Id.* at \*3 (citing *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186 (6th Cir. 1988)) (*emphasis added*).

182. *Id.* at \*4 (quoting *Wynn Oil Co. v. American Way Service Corp.*, 943 F.2d 595, 602-05 (6th Cir. 1991), *rev'd in part on other grounds*, 61 F.3d 904 (1995)).

183. *Bell v. Kidan*, 836 F. Supp. 125, 126 (S.D.N.Y. 1993).

184. *Id.* at 127 (mark was suggestive or descriptive).

185. *Id.*

to the issue of consumer confusion on the Internet. Using *Express Mortgage*, an inference of intentional infringement is established when a pirate registers a domain name with full knowledge of the prior trademark.<sup>186</sup> A court is more inclined to enjoin intentional infringement as likely to cause consumer confusion. Thus, the defensive attempts of Mr. Toeppen and IEG to deny consumer confusion by putting disclaimers on a site or ensuring that the site does not directly compete with the trademark holder would be eliminated pursuant to the *Express Mortgage* holding.<sup>187</sup> This investigation into intent would also serve to protect domain name registrants like Giacalone.

A plaintiff trademark owner must have ownership of a mark to have standing to sue. The *Wilkins*<sup>188</sup> case was resolved expediently due to a state statute that removed the ownership element. In *Wilkins*, the owner of the telephone number 722-ROOF, a roofing company, sued when Southwestern Bell allowed another roofing company to list 773-ROOF in the local yellow pages as well. A Missouri state law provided that "the customer has no property right in any number or central office designation assigned by the Telephone Company in the furnishing of telephone service."<sup>189</sup> By retaining ownership of the number in the phone company, the property rights underlying a trademark infringement claim were eliminated.<sup>190</sup> The proposals of the IAHC indicate a shift in this direction for the Internet. The expert panels assert no control over parties, but do assert their right to control domain names and exclude some domain names from registration.<sup>191</sup> The IAHC assertions may indicate a retention of some property rights in domain names with the authorities overseeing the Internet. In this respect, the Internet would resemble the *Wilkins* facts. However, this policy might then expose registrars to lawsuits by every mark holder who felt that trademark registration applied to the Internet.

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186. See *supra* note 167 and accompanying text.

187. See *Planned Parenthood Fed'n of Am., Inc. v. Bucci*, No. 97CIV0629, 1997 WL 13313, at \*12 (S.D.N.Y. Mar. 24, 1997) (determining that a disclaimer is an insufficient remedy, since the domain name is an "external label that, on [its] face, causes[s] confusion among Internet users").

188. *Southwestern Bell Yellow Pages v. Wilkins*, 920 S.W.2d 544 (Mo. App. E.D. 1996).

189. *Id.* at 548 (quoting Mo. General Exchange Tariff § 17.7.2(J)).

190. *Id.*

191. Internet Ad Hoc Committee, *Final Report of the International Ad Hoc Committee: Recommendations for Administration and Management of gTLDs* (last modified Feb. 4, 1997) <<http://www.iahc.org/draft-iahc-recommend-00.html>>.

## VIII. CONCLUSION

Just as no one single type of Internet domain name dispute exists, there is no one single answer to the problem. The proposals of the IAHC are a step in the right direction. The proposals are well thought out by a variety of constituencies with the public interest in mind. The proposals should reduce the existing problems, but might create some new problems, especially regarding the role of the new registrars. The IAHC has taken a bold step in tackling the domain name problems head on, and with foresight rather than a continuing series of quick fixes. The IAHC, by replacing the freezing policy with expert online arbitration panels, has created an improved process to resolve disputes. The expert panels are only an alternative to court litigation, and those judges faced with a domain name case would be well served by adopting the reasoning of *Express Mortgage* and *Dial-A-Mattress*. Adopting the reasoning that 1) genericness in a domain name should not preclude protection, and that 2) evidence of intentional infringement supports an inference of consumer confusion, would assist the courts and IAHC arbitration panels in their deliberations to reach solutions that are fair to both domain name holders and trademark owners. If the IAHC arbitration panels and courts confronted with a trademark infringement case regarding a domain name were to incorporate the analysis and resolutions found in mnemonic telephone number case law, there would be a greater amount of coherence to the legal debate regarding the Internet.

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