

BALANCING TRADEMARK RIGHTS ON THE INTERNET: THE CASE OF DOMAIN NAME DISPUTES

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Trademarks are the signs or symbols used, primarily by commercial entities, to differentiate their products from the competition. They are valuable intellectual property assets. Strong and recognizable trademarks are becoming ever more important to corporations trying to win and keep consumers in a global economy.¹ Domain names are the names used as a human friendly form of the numeric addresses that link computers to each other on the Internet.² Consider the importance of a commercial presence on the Internet for any business nowadays, and the potential for conflict over the right to the exclusive use of particular words to identify an Internet domain becomes clear.

The purpose of this article is to explore the “trademark dilemma”³ caused by abusive domain name registrations. It reviews and evaluates the trends evident from the recent case law on trademark disputes over domain names and U.S. Government policy and legislation on Internet management. The aim of this analysis is to demonstrate that the balance between the interests of trademark owners and other Internet users is in danger of being skewed in favor of trademark interests. The successful lobbying of wealthy trademark owners should not persuade legislators in particular, that the accessibility and commercial success of the Internet is an enormous threat to the ability of trademark owners to protect their rights. This paper concludes that the current system for the protection of trademark rights appears capable of dealing with the challenges of cyberspace, and that it is unwise and unnecessary to expand trademark rights on the Internet to the possible detriment of non-commercial users of this medium.

L TRADEMARK LAW

There are two basic aims of trademark law. The primary public policy behind the acknowledgment of trademark rights is the protection of consumers to ensure they can be confident of the source of a product or service. The other objective of the law is to assure producers that they will reap the rewards associated

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¹ See for example, David A. Aker & Erich Joachimsthaler, *The Lure of Global Branding*, Harv. Bus. Rev. 137(1999).

² See Robert Shaw, *Internet Domains: Whose Domain Is This?*, presented at the workshop, “Coordination and Administration of the Internet,” at John F. Kennedy School of Government, Harvard University on Sept. 9-10, 1996. A copy of the paper can be found at <<http://www.itu.ch/intreg/dns.html>> (visited Jan. 10, 2000).

³ This is the term used for the problem by the United States Government in its policy statement, “White Paper.” See National Telecommunication Administration’s Management of Internet Names and Addresses, (Docket No. 98021036-8146-02, June 5, 1998). A copy of the paper can be found at <<http://commerce.wipo.int/domains/process/eng/processhome.html>> (visited Jan 27, 2000).

with a desirable product.⁴ The law accomplishes these aims by giving certain rights to trademark owners to prevent others from misusing their marks in such a way as to confuse consumers.⁵ Although the purpose of trademark law is broadly similar in most jurisdictions worldwide, there is no international harmonized trademark law or even a universally accepted definition of what constitutes a trademark. Marks are defined on a national basis by the laws of each nation.

The World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property (hereinafter known as "TRIPS"),⁶ an international agreement which harmonizes trademark law by prescribing minimum standards of protection, describes a trademark in these terms:

Any sign or any combination of signs capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark.⁷

Virtually all jurisdictions worldwide recognize and protect trademark rights based on this definition of a trademark, but rights must be obtained through use or registration on a national basis. Many countries are signatories to multi-lateral agreements on trademark rights such as TRIPS and the Paris Convention,⁸ which requires nations to treat foreign trademark applicants on the same basis as their own citizens, but these treaties do not guarantee substantive legal rights. Certain key aspects of the rights conferred by trademark law should be kept in mind and contrasted with the laws governing rights to domain names:

1. Rights to trademarks must be obtained and enforced by use and registration on a national basis, subject to a few exceptions. For example, the European Community Trademark is a trademark obtained by making one application for a single registration that covers all European Union (EU) countries. The application procedure is administered by the Office for the Harmonization of the Internal Market.⁹ However, even under this procedure the trademark applied for is still checked against earlier registrations from individual member nations and regional

⁴ See, for example, *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-4 (1995); *Bonito Boats, Inc. v. Thunder Craft Boats Inc.*, 489 U.S. 141,159 (1989).

⁵ See generally the Trademark Act of 1946, ch. 540, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051-1127) [herein after The Lanham Act].

⁶ Agreement on Trade Related Aspects of Intellectual Property Rights 1994, 33 I.L.M. 1197, in General Agreement on Tariffs and Trade: Multilateral Trade Negotiations Final Act Embodying the Results of the Uruguay Round, April 15, 1994, 33 I.L.M. 1125, Annex 1C [hereinafter TRIPS].

⁷ *Id.* at Article 15(1).

⁸ Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 828 U.N.T.S. 305.

⁹ Council Regulation 40/94 of December 20, 1993 Establishing One Procedural System for Obtaining Community-Wide Trademark Registrations, 1994 O.J. (L1) 1.

registration systems before it is registered.¹⁰

2. A trademark confers only a limited exclusive right to the particular word or phrase chosen as the mark. A trademark is not protected from all use by third parties. For example, there may be different owners of the same mark for different goods and services or in different geographical areas,¹¹ and non-commercial use may always be made of another's mark.¹¹ In determining whether a trademark has been infringed, the core issue is whether use of the mark by someone other than the mark owner is likely to cause confusion to the public.¹³

As well as protecting the public, trademark law in some jurisdictions recognizes a right to prevent the dilution of famous marks. Dilution takes place where other users use a mark for goods and services so that it loses its distinctiveness as a mark associated with only one particular owner. Federal trademark law recognizes the right to prevent the dilution of famous marks¹⁴. This gives additional protection to the mark owner of a famous mark even where there is no likelihood of confusion over the use of the mark by a third party. For example, a consumer is unlikely to believe that Lego brand garden hoses are sponsored or affiliated with the well-known manufacturer of children's building blocks, but given the fame of the "LEGO" mark, such a use would probably give rise to a suit for dilution.¹⁵ This protects the financial investment in a famous brand name from being blurred or tarnished by use by another even if that use is unlikely to confuse or mislead the public. Such protection is only available, however, to famous marks, and what constitutes a famous mark depends on the definition of fame in the jurisdiction and the factual finding of the court deciding the dilution claim as to whether a particular mark satisfies the criteria for fame.

II. DOMAIN NAMES

Since the start of commercial use of the Internet in the mid-1990s, many have recognized that there is tremendous power in a name in this medium. In cyberspace a domain name often functions both as an address and as an indicator of source of a product or service (i.e. it functions, at least in part, in the same manner as

¹⁰ See *id.* at Article 7(2). See also J. Thomas McCarthy, MCCARTHY ON TRADEMARKS AND Unfair Competition §. 29.35 at 29-71 (Rel. 12, 1999) (4* Edition 1998). This explains the procedure for obtaining a European Community Trademark.

¹¹ See *id.* at § 26.4. At common law rights to the same mark can belong to different entities in different geographical areas.

¹² See *id.* At § 24.11 (1999).

¹³ See, for example, *E&J Gallo Winery v. Gallo Cattle Co.*, 967 F. 2d 1280, 1290 (9th Cir. 1993).

¹⁴ See 15 U.S.C. § 1127(cX2). The statute defines "dilution" as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties or (2) likelihood of confusion, deception, mistake or deception." *Id.*

¹⁵ See the English case *Lego v. Lego M. Lemstrich*, F.S.R, 155 (C.A 1983) where on these facts the English appeal court decided that trademark dilution of the "LEGO" mark had occurred.

¹⁶ See, e.g., *Shaw*, *supra* note 2, at 1.

a trademark serving as an indicator of the source of goods or services). Yet, the Internet transcends national boundaries and the nationally based legal systems which protect trademark rights. A web site is accessible anywhere in the world via a computer linked to the Internet to anyone who knows its "URL" or domain name.

A user who wants to find information on something or someone on the Internet will often guess the URL as a name associated with the individual, product or company. "A customer who is unsure about a company's domain name will often guess that the domain name is also the company's name."¹⁷ In this way a user can guess (correctly) that the IBM web site is at ibm.com,¹⁸ that George W. Bush's presidential campaign has a site named georgewbush.com¹⁹ and that information on Coca-Cola can be found at coke.com.²⁰ It is important to any web site owner who wants to attract traffic to his site that he has a good (i.e., easy to guess) address or domain name. Potential customers may be discouraged if they cannot find a company's web site where they think it should be at www.companyname.com or www.trademark.com.²¹ The lack of a comprehensive directory and the enormous increase in commercial use of the Internet has heightened the importance of the right domain name, and for a business the most recognizable name is often one of its trademarks or its trade name. The reported sums paid for particularly favored names are further evidence of the value of the right to a particular name for a web site.²²

The conflict between trademarks and domain names derives from the differences between the legal rights attaching to trademarks and domain names. Trademark rights, for example, are obtainable only on a national basis (i.e. a trademark owner must use and/or register his trademark separately in each jurisdiction in which he wants to obtain trademark rights). Trademark rights only confer certain limited rights on the mark owner to prevent misuse by others if such misuse is likely to cause confusion to consumers. If the mark is a famous mark the owner will also have the additional right to prevent dilution of the mark. Rights to the same name may be owned by more than one party for different goods or in different jurisdictions. Domain names, on the other hand, are global, apparently have no legal significance²³ and, unlike trademarks, are not subject to registration procedures designed to prevent confusion and conflicts. However, domain names can fulfill the function of trademarks on the Internet by leading users to the source of a product or service.

III. DOMAIN NAME/TRADENAME CONFLICTS

¹⁷ *Cardservice Int'l v. McGee*, 950 F. Supp. 737,741 (E.D. Va. 1997).

¹⁸ See <http://www.ibm.com>.

¹⁹ See <http://www.georgewbush.com>.

²⁰ See <http://www.coke.com>.

²¹ See *Panavision Int'l. v. Toeppen*, 141 F.3d 319, 333 (9th Cir. 1998).

²² See 4 MCCARTHY, *supra* note 10, § 25.73 at 25-173 n. 9 (in 1998 Compaq Computers Corp reportedly paid \$3.35 million to AltaVista Technology for the right to use the domain name ahavi.sta.com).

²³ See 4 MCCARTHY, *supra* note 10, at § 25.73 (reserving a domain name does not give any right to use the name free of legal claims).

The disputes that have commonly arisen between trademark owners and others over the naming of domains on the Internet can be divided into three main types:

1. The reservation and ransoming of valuable domain names (usually trademarks) by exploiters of the system who have come to be known as “cyberpirates,” “cybersquatters” or “domain name-hijackers.”
2. Disputes between legitimate businesses with valid rights in the same name, often a trademark owned by both in different lines of commerce.
3. Disputes that involve non-trademark or non-commercial use of a trademark or other name as a domain name.

Recent case law and legislative developments concerning each type of dispute are examined in turn below.

1. DOMAIN NAME HIJACK

The reservation or ransoming of a valuable trademark by registering it as a trade name started early in the rush to gain a commercial presence on the Internet. One of the first indications of the importance of trademarks on the Internet came in 1994 when a reporter at Newsday, Joshua Quittner, registered the domain name <mcdonalds.com>. Subsequently Quittner, identifying himself as ronald@mcdonalds.com, wrote an article in Wired magazine to publicize how slow some companies had been to comprehend the commercial possibilities of the Internet.²⁴ McDonald's Corp. was not amused. Quittner, having made his point, quickly relinquished control of the domain name in return for a donation to a school in New York City.²⁵ Since 1995 there have been many other incidents involving the reservation of domain names that are identical to famous trademarks by unscrupulous individuals intending to profit from the fame of the trademark.²⁶ Many businesses have tried to register their trademark as a domain name only to find that someone else has got there first.²⁷

With reported decisions in many different jurisdictions about the activities of domain name-hijackers, it is possible to say that some fairly-settled legal

²⁴ See Joshua Quittner, *Billions Registered: Right Now There Are No Rules To Keep You From Owning A Bitchin' Corporate Name As Your Own Internet Address*, WIREd, Oct 1994, at 154.

²⁵ See Dan L. Burk, *Trademarks Along the Infobahn: A First Look At the Emerging Law of Cybermarks*, 1 Rich. J. L. & TECH. 1, 12 (Apr. 10, 1995) <<http://www.urich.edu/~jolt/v1il/burk.html>>.

²⁶ The activities of one well-known domain name-hijacker who attempted to extort money from companies to relinquish trademarks he had registered as domain names have alone resulted in three reported cases; *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227 (N.D. III. 1996); *American Standard, Inc., v. Toeppen*, 1996 U.S. Dist. LEXIS 14451 (C.D. III. 1996); *Panavision Int'l L.P. v. Toeppen*, 141 F.3d 319 (9th Cir. 1998).

²⁷ The list of companies affected by domain name-hijackers in this way reads like a Who's Who of the business world including McDonalds, Coca-Cola and MCI.

principles are emerging to deal with the trademark issues raised by abusive domain name registrations. A major problem for trademark owners, related to the international nature of the Internet, is that domain name-hijackers are often based far from where their activities do damage to the rightful owner of a trademark. A number of courts have now addressed the issue of jurisdiction over an absent domain name registrant and considered what actions satisfy the "minimum contacts" necessary to establish personal jurisdiction over the domain name registrant in the forum state. Courts have also had to consider what use of a disputed domain name is necessary to establish the "commercial use" of the name as a trademark required to bring a trademark infringement claim. Courts have also had to analyze such matters as how similar the offending domain name must be to the trademark for a successful trademark infringement action to be brought. A more detailed discussion of the principles that are emerging, and the cases from which they are derived, follows.

Jurisdiction - Personal

Probably the biggest concern of trademark owners in connection with the Internet has been the issue of jurisdiction over the domain name-hijacker. The nature of the Internet means that a web site is accessible anywhere in the world where there is access to a computer. Thus the domain name owner may be outside the jurisdiction of the court where his web site causes damage. It is well established that in order not to violate the Due Process Clause of the Fourteenth Amendment to the U.S. Constitution, a plaintiff must show that a non-resident defendant has established "minimum contacts" with the state by the defendant's actions such that haling him in to court would not offend "traditional notions of fair play and justice."²⁸ The issue of personal jurisdiction over the defendant was raised in *Panavision*²⁹ because Dennis Toeppen, the well-known cyberpirate, who registered the Panavision mark, was a resident of Illinois, but Panavision sued him for trademark infringement and dilution in California, where the company was based. Toeppen had contacted the California company and offered to relinquish the domain name <panavision.com> in return for money. The Ninth Circuit Court of Appeals decided that they did have jurisdiction over Toeppen although he was not a resident of California as he was "engaged in a scheme to register Panavision's trademarks as his domain name for the purpose of extorting money from Panavision. His conduct, as he knew it likely would, had the effect of injuring Panavision in California where Panavision has its principal place of business.... Under the 'effects test' the purposeful availment requirement necessary for specific personal jurisdiction is satisfied."³⁰ Accordingly, at least in the Ninth Circuit, if a domain name registrant attempts to ransom the domain name to the rightful owner of the mark he brings himself within the specific limited jurisdiction where the company is located even if his actions took place outside the jurisdiction, because their effect is felt within it.

²⁸ See, e.g., *International Shoe v. State of Washington*, 326 U.S. 310 (1945).

²⁹ See *Panavision*, 141 F.3d 319 (9th Cir. 1998)

³⁰ See id. at 333.

Panavision seems consistent with U.S. Constitutional principles since it was the defendant's own actions that gave rise to the court's jurisdiction over him.

Jurisdiction - In Rem

Trademark owners have complained that it is difficult for them "to police" use of their marks on the ever-expanding Internet and that often the hijacker cannot be found or does not by his actions avail himself of the jurisdiction. In several cases, trademark owners have tried to argue that a domain name is a right "in rem" or property right.³¹ The reason is that if domain names are property then they can be disposed of by the courts on the basis of "in rem" jurisdiction over the property in issue even in the absence of the defendant, the domain name holder. This is one of the proposals that trademark owners attempted, without success, to get the World Intellectual Property Organization (hereinafter "WIPO") to adopt in its report on the Internet domain name process.³² They argue it would make it much easier to combat domain name-hijackers who often give incorrect address information when reserving domain names. If a court had "in rem" jurisdiction over the domain name itself it would not have to consider whether there were sufficient "minimum contacts" for it to exercise personal jurisdiction over a domain name holder. It would be enough that the domain names themselves were within the jurisdiction of the court. In an unreported decision of a Virginia state court,³³ the manufacturer of soccer equipment, Umbro International, sued an Internet pomographer based in Canada, who had registered, but not used, the domain name <umbro.com>. The defendant failed to enter a defense and a default judgment was entered in favor of Umbro transferring the domain name to the company and granting them damages of \$25,000. The defendant had no U.S. assets and Umbro's attorneys proceeded to institute garnishment proceedings against Network Solutions Inc. (hereinafter "NSI"), the Virginia-based registry where the defendant had registered a number of domain names including <umbro.com>. The court in deciding whether domain names were property capable of garnishment and judicial sale, held that the applicable state statute "clearly states that a writ of fieri facias is a lien on all the intangible property of the judgment debtor" and "domain names are a form of intellectual property" so "there should be no reason why a judgement creditor should be precluded from satisfying a valid judgment just because his debtor has a possessory interest in intangible intellectual property resulting from technology of recent vintage."³⁴ Intangible property may in some cases be subject to garnishment

³¹ See, e.g., *Umbro Int'l v. 3263851 Canada, Inc.*, No. 174388 (Va. App. 1999) (a copy of the unreported judgment in this case is available on the Internet at <<http://www.alston.com/docs7Articles/199709/umbrodns.htm>> (visited Jan. 4, 2000)); *Network Solutions Inc. v. Umbro Int'l, Inc.*, 1999 WL 117760 (Va. Cir. Ct 1999); *Porsche Cars North America, Inc. v. Porsche.com*, 51 F. Supp.2d 707 (E.D. Va. 1999).

³² See David W. Maher, *Trademarks on the Internet: Who is in Charge?* A copy of the paper can be found at <<http://info.isoc.org:80/whati...es/inet/96/proceedings/f4/f4-2.htm>> (visited Jan. 10, 2000).

³³ See *Umbro Int'l v. 3263851 Canada, Inc.*, No. 174388 (Va. Cir. a filed Feb. 3, 1999).

³⁴ *Id.*

as a form of property. Trademarks are considered a type of intangible property. However, the function of trademarks has long been to identify particular goods and services, and trademark rights cannot be disposed of separately to those goods and services. Domain names used as trademarks on the Internet should be treated similarly to trademarks and should not be disposed of on the basis of “in rem” jurisdiction in the absence of the domain name owner. In the author's view the court in *Umbro* failed to grasp that domain names could function as trademarks and thus should not be treated as a right “in gross.”

The *Umbro* decision was hailed as a victory by many trademark lawyers³⁵ but the idea that domain names are property was not followed in a later case, *Porsche*.³⁶ A Virginia district court in this case declined to determine questions relating to domain names in the absence of jurisdiction over the owners of the domain name. Porsche (the car manufacturer) was plagued by the registration by others of numerous web sites incorporating the “PORSCHE” brand name. Rather than going to the trouble of filing an “in personam” claim against all those who had registered the allegedly offending domain names, Porsche filed an “in rem” proceeding against the domain names themselves.³⁷ All of the names were held in this case by NSI, which until recently, had the exclusive right to register domain names in the top-level domains: .com, .org, .net, .gov and .edu. Porsche argued that even if these other web sites would not confuse customers into believing that they were linked with Porsche, as a famous mark it had a cause of action in dilution to prevent the “blurring” of its famous mark by sites bearing its name. The court held that the Trademark Dilution Act,³⁸ did not permit “in rem” actions against allegedly diluting marks because, even though it does not “expressly preclude *in rem* lawsuits, its language speaks strongly in favor of allowing in personam actions alone” and “a contrary reading of the statute would unnecessarily put its constitutionality in doubt.”³⁹ “The court cannot presume that Congress intended the Trademark Dilution Act to operate in such a way that so blindly ignores ‘traditional notions of fair play and substantial justice.’”⁴⁰ The court thought that Porsche had not suffered damage to its mark from these sites, most of which Porsche admitted were unused, and where they were used Porsche could generally identify the registrant. The court clearly believed that Porsche should be forced to identify and take action against the individual registrants of the allegedly infringing domains rather than be able to take domain names away in the registrant's absence. The court in *Porsche* was right to be wary of creating “in rem” rights in domain names. It has long been established that trademarks do not constitute rights “in gross,” that is, rights that can exist separate

³⁵ Brian McWilliams, *Court Rules Domain Names Are Property*, InternetNews.com, Mar. 24 1999.

³⁶ *Porsche Cars North America, Inc. v. Porsche.com*, 51 F. Supp.2d 707 (E.D. Va. 1999).

³⁷ *See id.* at 712.

³⁸ 15 U.S.C. § 1125 et seq.

³⁹ *Porsche supra* note 36, at 714.

⁴⁰ *Porsche supra* note 36, at 714 (*quoting* *International Shoe Co. v. Washington*, 326 U.S. 310, 316(1945)).

from the goods or services to which they are attached.⁴¹ Domain names functioning as trademarks should not be treated differently.

Use in Commerce and Likelihood of Confusion

The two main causes of action for violation of trademark rights are trademark infringement and trademark dilution. The main requirements of any claim for trademark infringement, whether concerning a registered or unregistered trademark, are that there be both use in commerce and a likelihood of confusion⁴³ between the two marks. With the isolated exception of an unreported decision of an Illinois federal court,⁴⁴ most courts faced with the question of whether commercial use of a trademark has occurred on the Internet have held that mere registration of a domain name, with a registry such as NSI or ICANN, without more, does not constitute commercial use and therefore cannot constitute trademark infringement.⁴⁵ This requires no more than a traditional trademark analysis under the existing law. If the mark has simply been registered as a domain name but no commercial use has been made of the domain then there can be no danger of potential customers knowing of the use of the mark by the third party and being confused or misled into believing that there is a link between the domain name and the trademark owner. However, courts have had to consider many cases where there is no use of the trademark in the traditional sense, but which involve a typical activity of the cyberpirate: registering a famous name and offering it for sale to the trademark owner.⁴⁶ The question for the courts in this type of case has been whether registering a famous name and offering it for sale constitutes the commercial use on which a trademark infringement action can be based. In *Panavision* the requirement of commercial use was held to be met by any attempt to ransom the domain name to the true owner of the mark. The Ninth Circuit Court of Appeals held that registering a mark as a domain name for the purpose of trading on the value of the mark by selling the domain name to the true trademark owner constituted commercial use. Injunctive relief was granted. Other cases involving cyberpirates in courts outside the U.S. have been decided on similar grounds. For example, in the English High Court in *Marks and Spencer and Others v. One in a Million and Others*,⁴⁷ the well-known UK retailer and others won back various allegedly infringing domain names from a domain name-hijacker. The rationale for the judgment was that the registrant had registered domain names that were identical to the companies' trademarks and

⁴¹ See 4 MCCARTHY, *supra* note 10, at § 24.11 (1999).

⁴² 15 U.S.C. §§ 1114(1) and 1125(a).

⁴³ See 4 MCCARTHY *supra* note 10, at § 23.1.

⁴⁴ *Actmedia, Inc. v. Active Media Int'l Inc.*, 1996 U.S. Dist. LEXIS 20814 (N.D. 111. July 12, 1996) (reaching a final judgment that reservation alone of someone else's famous mark as a domain name constituted trademark infringement and dilution. However, this was an uncontested consent order).

⁴⁵ See, *Lockheed Martin Corp. v. Network Solutions Inc.*, 985 F. Supp. 949 (C.D. Cal. 1997).

⁴⁶ See, for example, *Panavision Int'l L.P. v. Toeppen*, 141 F.3d 319 (9th Cir. 1998).

⁴⁷ See *id.* at 330.
⁴⁸ Judgment reported at <<http://www.nominet.org.uk/news/oiam-judgment.html>> (visited Jan. 10, 2000).

indicated his willingness to sell the names to the real owners, or to third parties if the real owners declined to buy them. In the court's view, this could not help but cause damage to the mark owners because they either had to pay for the domain names or face the possibility of use by third parties that would likely infringe or dilute their marks⁴⁹

Similarity of Trademark and Domain Name

For confusion and therefore trademark infringement to exist, courts have decided that, just as in non-Internet trademark infringement, the offending domain name must be identical to or substantially similar to the trademark infringed.⁵⁰ In the ToysRUs case, the court held that the domain name <gunsareus.com> did not infringe the mark "TOYSRUS" because the domain name and mark were sufficiently different and were used in different lines of commerce so that there was not likely to be any confusion of the consumer. To have decided otherwise would have given ToysRUs greater trademark rights on the Internet than in the world of "bricks and mortar." On a traditional analysis of the facts of this case there was not likely to be confusion over any affiliation between the <gunsareus.com> web site and the toy company because they were in different lines of business and the domain name was sufficiently dissimilar to the trademark at issue.

Trademark Owners versus Domain Name Users

There have been many stories in the press about the difficulties faced by businesses in securing their trademark rights in cyberspace against domain name- hijackers.⁵¹ Nevertheless, even according to many trademark lawyers whose job it is to safeguard their clients' rights, most attempts by cyberpirates to exploit the first- come, first-served system of allocation of domain names have not succeeded.⁵² In the author's view the courts have been able, employing traditional trademark principles, to deal with trademark infringement on the Internet and there is no need to expand the rights of trademark owners in cyberspace. The problems caused by domain name-hijackers are, for the most part, not new to trademark law or particularly different to the problems caused by counterfeiters or other trademark infringers in the real world. The only really new issue which arises from the activities of people who register the trademarks of others on the Internet is what constitutes commercial use of a trademark in situations where the registrant is not in business to sell products or services at the offending web site. Numerous courts have already applied current law to hold that attempts to sell a domain name consisting of another's trademark to the trademark owner is commercial use of the mark but that mere registration as a domain name is not, given that any site can be put to noncommercial use.

⁴⁹See *id.*

⁵⁰ See *ToysRUs v. Feinberg*, 26 U.S.P.Q. 2d 639 (S.D.N.Y. 1998).

⁵¹ See, e.g., Brenda Sandburg, *Do WIPO Trademark Rules Go Far Enough?* THE RECORDER/ Cal Law (May 4, 1999).

⁵² See, e.g., Brenda Sandburg, *The Name Game*, THE RECORDER/CAL Law (Sept. 8, 1999).

Faced with the registration of their preferred name by someone else, trademark owners have the option, if they believe that confusion of their customers is likely, of litigating or, if no commercial detriment is likely, utilizing a variant of their own name or trademark for their web site. Various companies in different businesses coexist in the real world using the same trademark and such companies should also be able to coexist on the Internet. For example, the mark "SUN" is a popular trademark owned by several well-known companies.⁵³ To take a hypothetical example, if The Sun Company, Inc. fails to obtain <sun.com> as its web site, it is not disadvantaged as long as the public does not believe that <sun.com> is linked to The Sun Company or their goods or services in any way, and so long as The Sun Company is able to register its own domain at, for example, <suncompany.com> or some similar site at which it will be easily located by customers. Moreover, the position of trademark owners with respect to cybersquatters has been further improved by the WIPO drafted administrative dispute resolution policy for domain name disputes.⁵⁴

WIPO Recommendations

In response to concerns over U.S. domination of the Internet in 1998, the U.S. government asked the WIPO to undertake an international process of consultation and make recommendations on certain questions arising out of the tension between domain names and intellectual property rights.⁵⁵ The U.S. government also handed over governance of the domain name system to the private sector. A new non-profit international organization, The Internet Corporation for Assigned Names and Numbers (hereinafter "ICANN"), was formed in September 1998 and immediately started to assume responsibility for assigning and managing domain name space.⁵⁶ After consultations involving the trademark community, domain name registrars, Internet users and national governments, the WIPO made its draft recommendations concerning the resolution of the trademark/domain name dilemma available in an interim report in December 1998. On April 30, 1999 it released its final report, which was submitted to ICANN.⁵⁷

The WIPO's recommendations resulted in the adoption by ICANN in August 1999 of a new "Uniform Domain Name Dispute Resolution Policy"⁵⁸ designed to provide an administrative remedy for those aggrieved by the registration of a domain name. The policy has been in effect since December 1999 in registries accredited by ICANN in the top level domains, i.e., ".com," ".net" and ".org"; and

⁵³ "SUN" is a trademark used by, among others, Sun Microsystems, Inc. and Sun Bank PLC for different goods and services.

⁵⁴ Final Report of the WIPO Internet Domain Name Process, Official WIPO Publication No. 92-805-0779-6 (Apr. 30, 1999) a copy of this document can be found at <http://ecommerce.wipo.int/demains/progcess/eng/final-reoort.html> (visited Jan. 10, 2000).

⁵⁵ See US Government "White Paper," *supra* note 3.

⁵⁶ ICANN's responsibilities are set out at its web site at <http://www.icann.org>.

⁵⁷ See WIPO Final Report, *supra* note 54.

⁵⁸ Details of this policy can be found on the Internet at <http://www.icann.org/udrp/udrp-policy-240ct99.htm> (visited Jan. 10, 2000).

since January 2000 for NSI (National Solutions Inc.) accredited registries. It is aimed at making it quicker and cheaper for those with legitimate rights to prevent those with no such rights from registering their marks as domain names. The policy is directed at the activity of domain name-hijackers. There was a previous attempt to deal with trademark/domain name disputes by administrative proceedings by ICANN's predecessor, NSI.⁵⁹ The NSI policy had a number of major flaws, the worst being that it only recognized registered trademarks so that companies with valid but unregistered trademark rights could lose out to imposters who had registered a trademark in jurisdictions such as Tunisia that issue trademarks on short notice without a search. The ICANN policy does not favor the holders of registered trademarks over those with unregistered rights and it does not attempt to deal with the situation where valid rights coexist in one domain name, but leaves that for the courts. To invoke the ICANN policy a complainant must prove all three of the following to the satisfaction of ICANN appointed arbitrators:⁶⁰

1. The domain name is identical or confusingly similar to a trademark in which the complainant has rights;
2. The registrant has no rights or legitimate interests in the domain name and the name;
3. The domain name has been registered and used in bad faith.

If these elements are proved, the domain name registrant must submit to a mandatory administrative proceeding.⁶¹ Either party can take the dispute to court before or following the administrative proceeding.⁶² Only trademark owners can use this administrative proceeding to prevent use of their marks as domain names.⁶³ Others with legitimate rights to a name, such as a celebrity whose name has been registered by a domain name-hijacker, cannot use the policy and would have to litigate. The administrative procedure can only be used if the domain name registrant has both no legitimate interest in the mark and is using the domain name in bad faith. For example, if the domain name holder has an unregistered trademark, trade name, or is using his own name, the policy cannot be invoked. It also cannot be used where he is making legitimate non-commercial use of the mark. The author believes that this policy is a powerful tool for trademark owners to use against blatant domain name trademark infringement by opportunists. It avoids the need for expensive litigation in cases of clear domain name hijacking. Indeed, the law firm of Skadden Arps, whose lawyers helped frame the policy, says it is intending to use it against a "cyber-squatter" who has registered the name <skaddenarps.com> and is demanding money to relinquish it, as it will cost hundreds rather than thousands of dollars to deal with the problem using the policy rather than going to court.⁶⁴

⁵⁹ A copy of the NSI dispute resolution policy is to be found at 4 McCarthy, *supra* note 10, §25.75 at 25-167 (1999).

⁶⁰ See ICANN dispute resolution policy, *supra* note 58, Policy Article 4 (a).

⁶¹ See *id.* Policy Article 4 (a).

⁶² See *id.* Policy Article 4 (k).

⁶³ See *id.* Policy Article 4 (aXi).

⁶⁴ See Brenda Sandburg, *The Name Game*, *supra* note 52.

The dual requirements of bad faith and lack of rights to the mark on the part of the registrant should prevent wealthy trademark owners from misusing the policy to stifle legitimate use by others of their trademarks. It would be difficult for a mark owner to indulge in reverse domain name hijacking (where a senior mark owner forces a junior user of the mark to hand over a domain name that the junior user registered first, consisting of the trademark in which both have rights) because of the requirement that the registrant has no rights in the mark. Nor could it be used to shut down a parody site in the absence of bad faith. The policy specifically states that “legitimate non-commercial or fair use of the domain name without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue”⁶⁵ is demonstrative of a legitimate interest in the domain name. This is one reason why George W. Bush could not invoke the policy to shut down the web site <gw bush.com>, which attacks his political campaign.

Further Legislative Protection for Trademark Owners

Deciding that the trademark protection provided by the dispute resolution policy is insufficient, Congress last year gave additional rights to trademark owners in cyberspace in the form of the Anti-Cyber-Squatters Consumer Protection bill which became law in December 1999 as part of the Intellectual Property and Communications Omnibus Reform Act (hereinafter the “IP Reform Act”).⁶⁶ The main purpose of the EP Reform Act is to add a provision to Section 43 of the Lanham Act⁶⁷ making a person liable in a civil action to the owner of a mark if that person has a bad faith intent to profit from that mark and registers, traffics in, or uses a domain name that is identical or confusingly similar or dilutive (if a famous mark) of that mark.⁶⁸ Some guidance is given as to the sort of factors that will determine bad faith intent.⁶⁹ These include obvious factors such as the extent to which the domain name consists of the registrant’s own name, his prior use of the domain name in connection with the bona fide offering of goods, non-commercial or fair use, intent to divert consumers from the mark owner’s online location, offers to sell the domain name, the registration of multiple domains and whether the mark is famous. Under the provisions of the IP Reform Act if a court action is commenced against an allegedly abusive domain name, the registrar of the domain must, when the action is filed, expeditiously deposit control of the domain name with the court. The Act also provides for the possibility of claiming statutory damages up to \$100,000 per domain name.⁷²

⁶⁵ See Policy Article 4 (cX3) *supra* note 58.

⁶⁶ Intellectual Property and Communications Omnibus Reform Act of 1999, Pub. L. No. 106- 113, § 3001-3012 106 Stat 10, 545-550 (1999)

⁶⁷ 15 U.S.C § 1125.

⁶⁸ See 15 U.S.C § 1125 (dXIXA).

⁶⁹ See 15 U.S.C. § 1114 (D) (II) (aa).

⁷⁰ See 15 U.S.C. § 1125 (B) (i) (I) (V- IX).

⁷¹ See 15 U.S.C. §1125 (D)(ii)(I).

⁷² See 15 U.S.C. § 1117(d).

The wording of the IP Reform Act is broad and vague and there is potential for abuse by wealthy trademark owners. Trademarks are often a very valuable asset for a business. In the author's experience as a trademark attorney, it is a common tactic of some trademark owners to threaten or even initiate litigation against each and every unauthorized use of their marks, even where such action is not merited, to send a message to all potential infringers that they protect their marks very carefully. Under the IP Reform Act there is little to prevent this type of mark owner from suing a domain name holder even if the domain name holder has a legitimate right to use the mark. It is particularly helpful to the mark owner that immediately upon the filing of the lawsuit the domain name must be deposited with the court. This prevents the web site from being used, which is usually the main aim of the trademark owner. In certain circumstances, where the registrant cannot be found by diligent means, the act permits domain name rights to be disposed of in the absence of the registrant (i.e. they are treated as rights "in rem" to avoid the possible issue of lack of personal jurisdiction over the domain name owner).⁷³ This appears to raise U.S. Constitutional arguments of due process, and it means that a registrant affected by the disposition of his web site in his absence would have to file his own civil action on notice to the mark owner to establish that his registration or use of the domain name was not unlawful.⁷⁴ Mere registration of another's mark and the broadly drafted, "bad faith intent to profit from that mark," gives rise to a potential claim for large statutory damages and the confiscation of the offending domain name.⁷⁵ It is reasonable to ask whether the Act is providing trademark owners with protections that they need to combat the activities of domain name-hijackers. Existing trademark law and the Uniform Domain Name Dispute Resolution Policy seem to be able to provide adequate protection for trademark owners against hijackers. Strengthening the statutory rights of trademark owners in cyberspace and, in particular, providing a claim for statutory damages up to \$100,000 seems to add unnecessary additional rights to the trademark owners' already well-stocked arsenal and may well encourage strong arm tactics like reverse domain name hijacking.

2. CASES INVOLVING LEGITIMATE USE OF THE SAME NAME

A more difficult type of trademark/domain name case involves coexisting rights in the same domain name. For example, trademark law allows more than one owner of the same trademark in different lines of commerce or in different geographical areas.⁷⁶ The important issue is whether confusion of the consumer is likely or not.

In three recent decisions of the Ninth Circuit Court of Appeals, in line with the view that trademark owners rights are already adequately protected by existing

⁷³ See 15 U.S.C. § 1125 (2) (A) (ii)

⁷⁴ See 15 U.S.C. § 1114(v).

⁷⁵ See 15 U.S.C. § 1125 (b)(2).

⁷⁶ See 4 McCARTHY *supra* note 10 at § 26.4 (1998).

law, the court declined to treat trademark disputes between legitimate businesses in cyberspace any differently from more traditional trademark disputes.⁷⁷ In *Avery Dennison*TM the court followed a traditional trademark analysis to uphold nontrademark rights over trademark rights. “AVERY” and “DENNISON” were both marks of the plaintiff, who was in the office supply business. The defendant Sumpton, had registered the plaintiff’s marks in the “net” top-level domain along with many common surnames and other business names. He intended to sell all names as web site addresses for individuals with these surnames. There was evidence that “AVERY” and “DENNISON” were both common surnames. As there was no commercial use of the marks as trademarks, the plaintiff contended that these domain name reservations diluted its marks. The court had to decide whether the plaintiff’s marks satisfied the criteria for famous marks. It decided that they did not, declaring that it was mindful of not upsetting “the balance in favor of overprotecting trademarks, at the expense of potential non-infringing uses”⁷⁹ because “dilution causes of action, much more than infringement and unfair competition laws, tread very close to granting ‘rights in gross’ in a trademark,”⁸⁰ that is, rights separate from the use of the trademark to identify particular goods or services. The court held that the class of marks eligible for dilution protection was limited to famous marks and although the marks “AVERY” and “DENNISON” had acquired distinctiveness to be used as trademarks, they were not famous marks because the evidence showed that the marks were relatively common and in widespread use by third parties on other goods and the company had not demonstrated that they were well-known to the general public. The court declined to extend protection from dilution to non-famous marks. It also held that the defendant, Sumpton, was not using the marks as trademarks so as to establish use in commerce. He was using the words for their nontrademark value.

The decision was apparently cited with approval in the latest unreported decision on the long running legal dispute between toy maker, Hasbro Inc., and Clue Computing over the domain <clue.com>.⁸¹ Hasbro has tried for some time to prove that the mark “CLUE” for its board game is a famous mark and therefore diluted by the web site <clue.com> owned by the computer company of that name. Hasbro has ended up in a worse position than before it started this litigation as it now has a judgment that “CLUE” is not a famous mark. The Massachusetts District Court refused to find dilution of the Hasbro trademark “CLUE” by the domain name <clue.com> owned by the computing company on the basis that as “CLUE” was not

⁷⁷ See *Avery Dennison Corp. v. Sumpton*, No. 97-00407-JSL (9th Cir. 1999); *Interstellar Starship Services, Ltd. v. Epix, Inc.*, 184 F.3d 1107 (9th Cir. 1999); *Brookfield Communications, Inc., v. West Coast Ent. Corp.*, 174 F.3d 1036 (9th Cir. 1999).

⁷⁸ *Avery Dennison Corp. v. Sumpton*, No. 97-00407-JSL (9th Cir. 1999).

⁷⁹ *Id.* at *6.

⁸⁰ *Id.* at *6.

⁸¹ See *Hasbro Inc. v. Clue Computing*, 1999 U.S. Dist LEXIS 13848 (D. Mass. Sept. 2, 1999). The decision is referred to in Brian McWilliams, “Hasbro Loses Latest Round over Clue.Com Domain,” *InternetNews.com*, Sept. 8, 1999.

a famous mark, use of the mark in entirely different lines of commerce by the two companies was not likely to confuse anyone. These decisions are consistent with traditional trademark principles. These courts have not been seduced by the argument that all the problems of policing a mark on the Internet mean that dilution protection should be extended to non-famous marks.

In *Interstellar*⁸² the Ninth Circuit Court of Appeals had the chance to decide a case concerning the use of a trademark as a domain name for an ostensibly noncommercial purpose. The facts were that the plaintiff, *Interstellar*, had registered the domain name <epix.com>, and used the site to promote a Portland, Oregon drama group. *Interstellar* was in the consulting business in “design for test” circuit analysis but did not use <epix.com> to promote this business. It was an undisputed fact that the domain name simply accessed pictures of the drama group. *Epix, Inc.*, the owners of the trademark “EPIX,” manufactured and sold video imaging hardware and software. Although the <epix.com> web site did not sell anything, it was uncontested that there was substantial circumstantial evidence of initial customer confusion in that customers seeking the defendant’s web site often first went to <epix.com>. It was also not in dispute that *Interstellar* had known of the trademark status of “EPIX” when it registered <epix.com> as a web site. The Court of Appeals decided that these facts went to the issue of likelihood of confusion and the case should more properly be resolved by a jury on the facts rather than by the district court on summary judgement. The Court of Appeals therefore reversed the original summary judgment decision for *Interstellar*, which held that there had been no trademark infringement by the registration and use of <epix.com> as a domain name because no likelihood of confusion existed. The Court of Appeals held that, on the facts, there was a question as to whether there was likely to be confusion between the domain name and the trademark and a likelihood of confusion analysis was something to be undertaken by a jury. They remanded the case so as to give the defendant the opportunity to go to trial because the evidence would permit a rational fact finder to find a likelihood of confusion. The court is right that the issue to be decided is whether, on the particular facts of this case, there was a likelihood of confusion of the public by the domain name. This is always a question of fact which should not be decided on summary judgment. Again, this is a straightforward case where the court did not deal with a case involving Internet use of a mark any differently from a traditional trademark infringement claim in the real world.

In *Brookfield* the question at issue was who was the first user and therefore the owner of rights to the mark “MOVIEBUFF.” The defendant, *West Coast*, had registered the domain name <moviebuff.com> in 1996 but done nothing with the web site after registration apart from using it in limited e-mail correspondence. *Brookfield* had used the mark “MOVIEBUFF” for its software since 1994 and had first used the mark on Internet-based products in August 1997. *West Coast* argued that by its reservation of the domain name in 1996, it had

⁸² See *Interstellar*, 184 F.3d 1107.

⁸³ See *Brookfield*, 174 F.3d 1036.

acquired trademark rights on the Internet in the name "MOVIEBUFF" in advance of Brookfield who had not used the mark on the Internet until a year later. The court held that registration of a term as a domain name does not constitute use for the purpose of acquiring trademark priority. The court said the purpose of a trademark "is to help consumers identify the source, but a name cannot serve a source-identifying function if the public has never seen the mark and thus is not meritorious of trademark protection until it is used in public in a manner that creates an association among consumers between the mark and the mark's owner."⁸⁴ Use of the domain name in e-mail correspondence was not considered use in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark. The court therefore held that Brookfield was the senior user of the mark "MOVIEBUFF" because it had started using the mark as a trademark earlier than West Coast, notwithstanding the latter's prior registration of the domain name.⁸⁵ As Brookfield's services and West Coast's web site both related to movies, there was a likelihood of success on the trademark infringement claim brought by Brookfield against West Coast's use of the domain name. U.S. trademark law, in common with that of many other nations, is based on the principle that it is use rather than registration of a trademark that creates rights. The first to use a trademark as a trademark is generally the first to obtain rights in that mark. Mere reservation of a domain name without use of the name as a trademark has been held not to give the owner of the domain name any trademark rights. Again, *Brookfield* does not present any issues that the court could not decide according to traditional trademark law principles.

It is instructive to consider whether the results of any of these cases would have been different had the plaintiffs been able to bring them under the cyber-piracy prevention provisions of the IP Reform Act.⁸⁶ In *Avery Dennison*, the holding might have been different because any rights that the defendant, Sumpton, had in the domain names <avery.net> and <dennison.net> were not trademark rights. If Avery Dennison had been able to persuade the court that there was evidence of bad faith by Sumpton in registering the marks, for example, if he knew they were the trademarks of another, it might have been able to gain control of the domains. In *Interstellar*, the plaintiff reportedly knew that the domain name he registered was another's trademark, which could be construed as evidence of bad faith. Although he was not using the domain name to confuse the public could this bad faith have been used to base a claim for statutory damages under the new law? Generally trademark owners, which are usually commercial businesses, have good legal representation and are better equipped to use the legal system to protect their rights than non-commercial Internet users. The threat under this legislation of substantial statutory damages might well be enough to get a domain name holder to relinquish even valid non-trademark rights to a stronger and wealthier trademark holder.

⁸⁴ *Id.* at 1041.

⁸⁵ *See id.* at 1052.

⁸⁶ *See* IP Reform Act, *supra* note 66.

3. NON-COMMERCIAL USE OF A TRADEMARK ON THE INTERNET

The most difficult types of domain name disputes for the courts are those where the use made of the trademark is not commercial use, or not use by a commercial entity. These cases test the objectives of trademark law and its relationship with constitutional freedoms of speech. Courts have had the opportunity to consider the question of trademark rights and free speech in many non-Internet cases.⁸⁷ In *Planned Parenthood v. Bucci*⁸⁸ a New York district court considered the issue of trademark rights used in a non-commercial way on the Internet. The defendant, Bucci, registered the disputed domain name <plannedparenthood.com> for his web site. He was an anti-abortion activist who opposed the work of the plaintiff organization. His confessed aim in setting up the web site was to divert potential customers of the plaintiff but clearly not with the intention of gaining their business. The court decided, in holding that use of the domain name infringed Planned Parenthood's trademark rights in their mark, that Bucci's actions affected Planned Parenthood's ability to offer its health and informational services. The result was right because retention of a distinct identity by a not-for-profit that sells goods is as important as it is to a commercial company.⁸⁹ The protection of the trademark or service mark of such an entity requires that use of the mark by competing organizations be prohibited. However, the court had difficulty in pinpointing evidence of use in commerce in this case and decided that offering free information about the moral evils of abortion constituted commercial use of the mark by Bucci.⁹⁰ This analysis would bring many fairly innocent uses of a trademark as a domain name within the definition of commercial use. On this basis, an essentially non-commercial web site with the same name as a trademark, listing recipes or containing reprints of news stories, for example,⁹¹ could be considered to be use in commerce of the trademark if commercial use need only be the provision of information without charge.

The *Planned Parenthood* decision was followed in *Jews For Jesus v. Brodsky*⁹¹ Brodsky registered the domain name <jewsfoijesus.com> and used it to disparage the plaintiff organization, Jews For Jesus. The court found that the web site infringed the "JEWS FOR JESUS" trademark and said that the fact that the registrant's express purpose in registering the name was to attack and discredit the plaintiff's organization mitigated strongly in favor of the plaintiffs.⁹³ Again non

⁸⁷ See, e.g., *Lucasfilm Ltd. v. High Frontier*, 622 F. Supp. 931 (D.D.C. 1985). This case concerns George Lucas's unsuccessful attempt to prevent use of his registered mark, "STAR WARS," for the Government's strategic defense initiative.

⁸⁸ *Planned Parenthood v. Bucci*, 42 U.S.P.Q. 2d 1430 (S.D.N.Y. 1997).

⁸⁹ See 1 McCarthy, *supra* note 10, at § 9.5 at 9-11 (2000).

⁹⁰ See *Planned Parenthood*, 42 U.S.P.Q. 2d at 1435.

⁹¹ See 4 MCCARTHY, *supra* note 10 § 25.76, at 25-183 for these examples.

⁹² *Jews For Jesus v. Brodsky*, 993 F. Supp. 282 (D.N.J. 1998) *affd.* without opp. 159 F.3d 1351 (3d Cir. 1998).

⁹³ See *id.* at 285.

commercial use was hard to find but came from the attempt to hurt the plaintiff organization and the dissemination of free information at the web site. The result is right because of the motive of the registrant which was clearly to harm the trademark owner. However, again the finding of commercial use of the trademark by the dissemination of free information at the site is very broad and, in the absence of bad faith, the author would not like to see these definitions of commercial use followed in other cases.

The story of Christopher Van Allen and his web site <pokey.org> illustrates what could happen if trademark users are given overly broad rights on the Internet. Twelve-year-old Christopher registered the web site <pokey.org>, as his nickname was "Pokey." The site contained such information as Christopher's favorite jokes and a picture of his pet. Unfortunately "POKEY" is the name of a claymation horse and a registered trademark of Prema Toys Company, which objected to the registration of Christopher's web site and threatened legal action for trademark infringement against Christopher. After uproar in the Internet community and the intervention of Art Clokey, the creator of the Pokey character, Prema Toys eventually withdrew its complaint.⁹⁴ There have been similar cases involving strong-arm tactics by trademark owners against, for example, a 22-month old girl's web site and a not-for-profit site.⁹⁵ Courts seem mostly to heed the concerns of noncommercial users of the Internet that trademark owners do not need expanded protections of their rights in this medium. Legislatures should also be wary of enhancing the rights of the very strong lobby groups that make up trademark owners to the possible detriment of the less vociferous non-commercial users of the Internet.

IV. CONCLUSION

Trademark protections are very important to businesses seeking to differentiate their products from the competition but must always be balanced with the fact that they grant certain exclusive rights over words and phrases otherwise available to all users of the language and so, like other intellectual property rights, take a chunk out of the public domain.⁹⁶ So far, the cases indicate that trademark owners have successfully protected their marks from the attentions of the exploiters of the domain name system using the well-established tenets of trademark law. In particular, domain name-hijackers have not been able to use the system of allocation of domain names on the Internet to ransom valuable domain names to trademark owners because the courts have held that such ransoming constitutes commercial use and, therefore, trademark infringement. Where legitimate businesses have registered the trademarks of others as domain names the courts have been able to deal with the

⁹⁴ See Courtney Macavinta, *Short Take: Pokey Causes Net Trademark Uproar*, CNETNews.com, Mar. 23, 1999.

⁹⁵ See Reuters, *Archie Drops Veronica Name Dispute*, Jan. 20, 1998 and Paul Festa, *Ajax.org*

Wins Trademark Fight, CNETNews.com, Oct. 20, 1998.

⁹⁶ See Robert Boyle, *Sold Out* <http://www.wcl.american.edu/pub/faculty/boyle/sold_out.htm> (visited Jan. 4, 2000).

type of disputes arising over the rights to the domain name on traditional trademark principles. The fact that a trademark is used on the Internet does not add anything to the legal question of who has the right to use it. The major issue for the courts has always been and should remain whether consumers will be confused by an unauthorized use of the trademark in question. Courts have been wary in cases concerning the use of a trademark on the Internet of expanding the rights of trademark owners in this new medium to be greater than the rights of trademark owners in the real world. In the cases involving cyberpiracy there appear to have been no calls from the courts for new legislation defining the rights of trademark owners against cyberpirates presumably because the existing law is seen as adequate to the task by those who apply it. Indeed, courts in several cases have expressed the concern that trademark owners rights should not be extended on the Internet to be greater than they are in the real world.⁹⁷ This is consistent with the policy objectives of trademark law to protect the consumer from being misled as to the source of a product or service and to a certain extent to safeguard the mark owners' investment. The objective of the law is not to give trademark owners the right to prevent all unauthorized use of their marks. Trademark rights are only violated when commercial use and likelihood of customer confusion can be convincingly demonstrated. The trademark lobby is strong and well-organized and time will tell whether its victory in the passing of the Anti-Cyber-Squatters Consumer Protection Bill is merited by the threat to business on the Internet of bad faith registrants of domain names or whether this legislation gives trademark owners the ability to indulge in reverse domain name hijacking. There is a danger that giving trademark owners the ability to threaten statutory damages for the use of their names as domain names and treat domain names as rights "in rem" could be used by wealthy mark owners to obtain, by legal action, coveted and valuable domain names that they failed to reserve first themselves.

⁹⁷ See e.g., *Avery Dennison*, No. 97-00407-JSL (9th Cir. 1999).