

Trademarks and the Internet

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I. SCOPE OF DISCUSSION

Cybercommerce - doing business over the Internet - means that trademark use and misuse has a new forum: cyberspace. One phenomena is pirates: enterprising individuals have registered as domain names the famous marks of many companies - HERTZ, COKE and VIACOM among them. Another is pranksters, individuals who have, to prove a point perhaps, registered the famous marks of others, McDONALDS and WINDOWS95, included. These two types of activities fit within traditional concepts of trademark infringement and can be dealt with accordingly.

A more difficult area is the use by more than one party of a given mark and determining a fair way that only one of those parties can use the mark as a domain name. The mark CENTURY, for example, is the subject of 85 active, identical registered marks for various products and services, including electric motors, cameras, food coloring and hats. Similarly, the mark EAGLE is the subject of over 300 registered marks for such varied products as condensed milk, pencils and golf balls. Each of these trademark owners may wish to have a presence as "century.com" or "eagle.com" on the Internet. The problem is, there can only be one "century.com." The first two parts of this paper will discuss two separate, but related topics: (1) infringing use of a third party mark as part of a domain name, and (2) the controversy surrounding getting and keeping a particular domain name. From that discussion come recommendations with respect to protecting marks as domain names.

Cybercommerce has also spawned a new breed of on-line services. The third part of this paper will discuss Trademark Office policy with respect to federal registration of marks for such services, in other words, protecting domain names as marks.

Finally, the cyberlibrary of the Internet provides new resources for investigating trademark usage and clearing new marks. The fourth and last part of this paper will discuss some of the new sources and strategies the Internet provides trademark practitioners. 1

A. Introduction

First, a few words on the technology.

The Internet is the world's largest computer network (a network consisting of two or more computer linked together to share electronic mail and files). The Internet is actually a network of thousands of independent networks, containing several million "host" computers that provide information services. . . . The Internet is a cooperative venture, owned by no one, but regulated by several volunteer agencies. . . . Each host computer providing Internet services ("site") has a unique Internet address. Users seeking to exchange digital information (electronic mail ("email"), computer programs, images, music) with a particular Internet host require the host's address in order to establish a connection.

Hosts actually possess two fungible addresses: a numeric "IP" address such as 123.456.123.12 and an alphanumeric "domain name" such as microsoft.com, with greater mnemonic potential. Internet domain names are similar to 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.

The uniqueness of Internet addresses is ensured by the registration services of the Internet Network Information Center ("InterNIC"), a collaborative project established by the National Science Foundation. . . . InterNIC 'hand[s] out the names for free under a very simple rule: First come, first served. Trademark violations are the requestor's responsibility." MTV Networks v. Curry, 867 F. Supp. 202 (S.D.N.Y. 1994), footnotes 1 and 2.

The instances of trademark infringement to date have surrounded the "domain name" portion of an e-mail address or URL (Uniform Resource Locator), because this is the name by which a company, or its competitors, are known on the Net. Note that the disputed portion of a domain name is not the entire e-mail address or URL. In the U.S., InterNIC has established a system of "Top Level Domains" such as ".com" for commercial organizations or ".edu" for educational institutions. Top Level Domains outside the United States currently have the country code, for example, ".ca" for Canada, or ".no" for Norway. Currently, there is no country designation for U.S. addresses, although there may be in the future. To the left of the Top Level Domain, which for businesses is the ".com" designation, is the "second level domain name". For example, Microsoft has the domain name "microsoft.com" consisting of the Top and second level portions of the domain name. It is only the second level of the domain name which is assigned by InterNIC in this country, and the only portion of the domain name which is involved in the domain name registration controversy.

The problem of infringement, however, can extend beyond the second level domain name. A pirate, or prankster, could use the address "microsoft@computers.com" or some similar usage that could trigger trademark infringement concerns without involving domain name registration issues.

II. INFRINGEMENT ON THE INTERNET – DOMAIN NAME ISSUES

Because the Internet lacks a classification system like a telephone book, a typical way to find a company on the Net is to search under a company or product name. By using any of the search engines, one can type in the name of a business, say "mci" to find, presumably, the nationwide telecommunications company "MCI Communications", or type in "paramount" to find the motion picture company Paramount Pictures. In fact, this is what you do find when you enter the above letters. All companies are not so lucky and have not been so lucky.

Before looking at the cases, a threshold question is whether a domain name functions as a trademark or not and whether using another's mark in the domain name is a trademark infringement. The obvious answer to both is: "yes". A good analogy can be drawn between the "addressing" functions of a domain name and the "addressing" functions of a phone number. In both cases, the functional aspects of both have nothing to do with the actual numbers involved that digitally connect the caller or e-mailer to a particular party. As a practical matter, however, when the phone number or the domain address are converted into easy-to-remember words or abbreviations, the technical function is subsumed in the communicative function, and the domain name becomes a commercial impression that signifies source. 2

It has been well-established in cases involving telephone numbers that spell out a mark that such use can lead to a likelihood of confusion and constitute trademark infringement.

For example, in Murrin v. Midco Communications, Inc., 726 F.Supp 1195 (D.C. Minn. 1989), a Minnesota attorney acquired in 1978 a local phone number which spelled out "Dial LAWYERS", used DIAL LAWYERS as a service mark, and federally registered the phrase "Dial LAWYERS". In New York, in 1976 or 1977, a New York attorney acquired a local phone number which spelled out 212- LAWYERS, and used in advertising the phrase: "Dial LAWYERS." Both attorneys later wanted an 800 number that spelled 1-800-LAWYERS. The Court noted the parties' dispute about whether a telephone number in and of itself is protectable as a trademark and whether a slogan mark such as "Dial LAWYERS" can be used independently of an actual phone number that spells "LAWYERS." The Court based its decision on the fact that an 800 number (800) LAWYERS would encroach on the mark "Dial LAWYERS" and lead to confusion if used in the same trading area. Accordingly, the Court awarded the 800 number to one party with the proviso that it could only be used in that party's actual trading area, the New York City metropolitan area, and not that of the other. Similarly, that party's other advertising was limited to its trading area. See also, Holiday Inns v. 800 Reservations, 838 F. Supp. 1247 (E.D. Tenn. 1993) (defendant reservations service enjoined from using the number 1-800-H(Zero)LIDAY even with disclaimer that caller had not reached Holiday Inn, where Holiday Inn had 800 number 1-800-HOLIDAY (with a letter "o", not a numeral "zero"; Dial-A Mattress Franchise Corp. v. Page, 880 F.2d 675 (2d Cir. 1989); American Airlines, Inc. v. A 1-800-A-M-E-R-I-C-A-N Corp. 622 Ful Supp. 673 (N.D. Ill. 1985).

The same reasoning as has been applied in the telephone number cases has been, and should continue to be, applied in determining whether use of a domain name leads to confusion with another's mark.

In the first case on point, in April 1996, the Federal Court for the Central District in Los Angeles issued a preliminary injunction, enjoining the use of the domain name "juris.com". Comp Examiner Agency v. Juris, Inc., No. 96-0213-WMB (ctx) (C.D.Cal. 1996). In that case, Juris, Inc. made law office automation software and had federally registered the JURIS mark in 1988. In 1988 an executive recruiting and Internet publishing agency that specialized in the legal field registered as its domain name "juris.com". Juris asked Network Solutions, the entity that administers domain name registrations for InterNIC (discussed more fully in part III below) to suspend the domain name. It did not, and allowed the recruitment firm to continue to use the "juris.com" domain while Juris used "juriscom.com" The recruitment firm reacted aggressively to Juris' demand that the domain name be relinquished and sued to cancel Juris' registration on the grounds that the term "juris" is widely used and unprotectable in connection with law related products and services. Juris counterclaimed for trademark infringement and dilution. The Court used a traditional likelihood of confusion analysis in determining that confusion was likely. The preliminary injunction barred use by the recruitment firm not only of "juris.com", but also confusingly similar variants such as "juris" and "juriscom.com."

A. Applying the Likelihood of Confusion Test

In cases such as Juris, where two parties claim rights to use the same mark used as a domain name or part of a URL (whether the registered portion of the domain name or not), the traditional five to eight factor test of likelihood of confusion should be used to determine if one use leads to confusion with another. See, e.g. Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492,495 (2d Cir. 1961) cert. denied, 368 U.S. 820 (1961); AMF Inc. v. Sleekcraft Boats, 599 F.2d 341 (9th Cir. 1979). In these cases, the "marketing channels" probably will be considered to be the same, as will the manner and mode in which the mark is used. The confusion will occur at the moment the mark is entered into a search engine and the engine retrieves another's web site.

The elements of likelihood of confusion, applied in the context of on-line use, will be analyzed similarly as in the "real" world, but with important differences. Looking at some of the factors briefly, this becomes clear. There are eight factors:

- i. Similarity of the Marks.
- ii. Proximity of the goods or services

- iii. Marketing channels used.
- iv. Strength of the mark
- v. Evidence of actual confusion
- vi. Type of goods and the degree of care exercised.
- vii. Defendant's intent in adopting the domain name or URL
- viii. Likelihood of expansion.

Brookfield Communications

Three factors: Virtual identity

Relatedness

Simultaneous use of web as a marketing channel

“initial interest” confusion

can't use a mark – MovieBuff, can use movie buff

B. Pirates

In some instances to date, apparent corporate blackmailers have deliberately registered third party marks domain names with the intent of later selling rights to those name to the rightful trademark owner. For example, an individual registered the domain names "bbb.com" and "bbb.org" intending that the Better Business Bureau later buy the names from him. Better Business Bureau filed suit for unfair competition and trademark infringement, Council of Better Business Bureaus, Inc. v. Mark Sloo, No. 95-0473-CV-W-2 (filed May 8, 1995), but until settlement had to use the less memorable "cbbc.org". 3

Avon had to sue to recover the domain name "avon.com". That suit, Avon v. Carnetta Wong Associates, CV 96-0451 (filed February 1996) in the District Court for the Eastern District of New York, claimed dilution under the new federal dilution statute, as well as under unfair competition and trademark infringement theories.

And at least one individual registered multiple domain names. A "Jim Cashel", reputedly an employee of the Eurasia Foundation, registered several domain names and could be reached by e-mail as "cashel@esquire.com" and 17 others, including "hertz.com" and "trump.com", although he never worked for the magazine, the car rental company or the real estate developer. ⁴ Whether pirate or prankster is unclear, but the harm done by Mr. Cashel is obvious.

C. Pranksters

Less sinister, but as damaging, several pranksters have registered competitors' names or marks as domain names, or have registered another's mark as a domain name simply to prove a point. The two most notorious examples involve the well-known fast-food mark McDONALDS and the educational services mark KAPLAN.

In the McDonald's case, journalist Joshua Quittner, a writer for Wired magazine, noted that McDonald's had not registered its name as a domain name. To prove a point, and seek McDonald's contribution to support Internet access at an inner-city school, Quittner registered "mcdonalds.com" and used the moniker "ronald@mcdonalds.com". Quite jovially, Quittner chronicled his position. ⁵ Eventually, for a reputed charitable contribution of some sort, McDonald's settled with Quittner and got the domain name for itself. Having a company become hostage in such a situation is the kind of corporate relations nightmare counsel should help try to prevent by early and repeated counseling.

In the Kaplan case, the Educational Testing Service of Princeton, New Jersey registered the domain name "kaplan.com", admittedly targeting its primary competitor, Kaplan Educational Centers. The Princetown Review Management Corp. v. Stanley H. Kaplan Educational Center, Ltd., 94 Civ. 1604 (MGC) (S.D.N.Y. filed March 9, 1994). The head of Princeton is reported as stating that "[w]e registered the name, in part, to irritate Kaplan. . . . clearly we've done that." ⁶ The site was used to solicit students to buy EDS test-preparation materials and to compare the services of the two companies. After suit was filed, the case ended in arbitration because the parties had previous disagreements over advertising practices and had an arbitration agreement in place. The arbitrator awarded the domain name to Kaplan Educational Centers.

Other instances of pranks include the domain name registration by a Sacramento, California television station of the call letters of three of its competitors: "kvie.com", "kpwb.com" and "ktxl.com". The station's general

manager reportedly got the registrations "for fun." The Internet provider who had registered the names for the station later requested Network Solutions to withdraw the domain names. 7 The domain name "dianetics.com" was also not registered initially by the Church of Scientology, but in 1995 by a Dave Milligan. 8

D. Genuine Disagreements

Although not many instances of genuine disagreement over domain name use have been chronicled, presumably because settlement has been reached, it can be expected that many controversies will arise where two or more companies wish to use the same term for a domain name. Recall the 85 registered CENTURY marks and over 300 registered EAGLE marks. In fact, a search of eagle.com leads to an aerospace engineering firm and century.com has no direct references, although there are other "century" URLs. This does not necessarily mean that each of the other users of these marks may not also wish to use these terms as their domain, or have not registered slight variants.

As noted above in the Juris case, there have been and will continue to be instances where parties have genuine differences of opinion over whether use of mark as a domain name is an infringement or not. In the Juris case, which is set for trial in July 1996, the issues are likely to be the strength of the JURIS mark and whether the services offered by the respective companies under the marks are so similar that confusion is likely. We know that EAGLE for pencils and EAGLE for condensed milk can co-exist without a likelihood of confusion. Can JURIS for law office automation software and JURIS for recruitment services in the law field also co-exist?

A high-profile case last year involved the domain name candyland.com. Hasbro, Inc. v. Internet Entertainment Group Ltd., C96-0130 (filed February 9, 1995, W. D. Wash.). In that case, a Seattle company was developing a Web site featuring sexually explicit materials. It wished to use the name "candyland" and set about acquiring rights to the name, including paying \$20,000 to a prior registrant to acquire the domain "candyland.com". Hasbro, the makers of the "Candyland" game for young children, sued under both trademark infringement and dilution, and obtained a preliminary injunction enjoining use of the domain name "candyland.com" and the term CANDYLAND in any form in connection with its services. The Web site operators cited the existence of over twenty trademark applications and registrations using the mark CANDYLAND, as well as nearly 60 unregistered "common law" uses. The Court, however, was swayed by evidence of long-standing popularity of the Candyland game and Hasbro's intent to offer an interactive version of it over the Net. 9

Hasbro has repeated its strategy in another case involving the game CLUE. In that case, a company named Clue Computing, Inc. had registered as its domain name "clue.com". After two years' use, Hasbro protested the use of the name with Network Solutions, which subsequently suspended the domain because Clue Computing, Inc. did not have a registration for the CLUE mark, while Hasbro did. This case did not involve any traditional trademark

infringement or dilution issues, because it was handled solely within the domain name registration protest procedures developed by Network Solution, and is discussed more fully below. Query whether any court would enjoin such use where there is no evidence of intent to trade on another's mark or any of the tarnishment issues raised by the CANDYLAND_case.

Similar instances where unrelated companies have sought domain name registration for the same mark (or mnemonic) include the dispute between Fry's Electronics, Inc., the Silicon Valley electronics chain, and Frenchy Frys, a Seattle seller of french fry vending machines. Frenchy Frys registered the domain name "frys.com". In that case Fry's Electronics did not have a prior federal registration, so that Network Solutions would not suspend Frenchy Fry's domain name. The dispute landed in litigation with Fry's electronics claiming that Frenchy Frys wrongly appropriated the Fry's trade name. See Fry's Electronics v. Octave Systems, No. C95-2525 CAL (N.D.Cal. 1995). 10

Other cases have involved disagreement over which entity (or individual) has established a reputation under a given domain name.

In MTV Networks v. Curry, 867 F.Supp 202 (S.D.N.Y. 1994), Adam Curry was a video disc jockey under contract with MTV who also hosted radio programs and live shows. He approached MTV with his idea of developing a Web site as "mtv.com" and proceeded to develop it at his own cost. The site was plugged on MTV broadcasts, and proceeded to enjoy great success. Curry maintained that he used the "mtv.com" domain name with MTV's knowledge and permission and was a victim of a change in MTV's strategy when it later decided to develop its own Web site. The controversy ended with MTV acquiring the name after settlement discussions. One can't help but feel that the controversy was created because of MTV's own unclarity about its Internet policies and relationships with independents.

Such disputes are not of course, solely within the United States. For example, a Northern Ireland internet service provider, The Genesis Project Ltd., registered the domain name "thegap.com", short for "the genesis access point". The Gap, Inc., the U.S.-based clothier, objected to Network Solutions based on their federal registration of THE GAP. As in the CLUE case, no separate suit was filed. The parties are now negotiating a settlement. 11

This case did not involve a foreign domain name consisting of a U.S. company's mark, but it could have. There is currently no procedure in place to prevent a domain name registration in Canada for "thegap.ca" if there is registered in the U.S. "thegap.com." As in trademark registrations, domain name registrations are on a jurisdiction by jurisdiction basis. Trademark owners must secure separate domain name registration just as they have to secure separate trademark registrations.

E. Recommendations for Domain Name Protection.

At this point, all companies should be conducting audits of whether and by whom both their main corporate trade names and their primary brands have been registered as domain names. Any tradenames or marks that have not been registered should be. Ultimately clients will wish to devise integrated Internet marketing strategies with inter-connected sites so that, for example, anyone searching "honda.com" could learn about the car company and, through hypertext links, each of its models. Similarly, anyone searching "accord.com" or "prelude.com" should reach information about these car models with hypertext links to "honda.com" and other models made by Honda.

Moreover, because existing domain name registration policy greatly favors registered trademark owners, clients should be encouraged to obtain trademark registrations at the earliest opportunity for marks that will be used as domain names. Because U.S. registrations rarely issue in less than a year, it may be advisable to obtain a relatively quick registration in the Benelux or other jurisdiction and to use that as leverage in any domain name disputes.

Advise clients of the issues and recommend an audit and implementation strategy. Ensure that the registrations are coordinated centrally.

II DILUTION – 1995 Enactment Federal Trademark Dilution Act

15 U.S.C. Section 43(c) – provides injunctive relief if

- 1. mark is famous**
- 2. defendant making commercial use of mark in commerce**
- 3. defendant's use began after the plaintiff's mark became famous**
- 4. defendant's use presents a likelihood of dilution of the distinctive value of the mark**

Panavision Int's L.P. v. Toepfen, 141 F.3d 1316, 1324 (9th Cir., 1998); Avery Dennison Corp. v. Sumpton, 189 F.3d 868 (9th Cir. 1999).

III ANTI -CYBERSQUATTING

. DOMAIN NAME REGISTRATION DISPUTES

As noted in the above discussion, there have been and will be even more disputes over domain names that do not implicate unfair competition, trademark infringement or dilution concerns. Because of the domain name bottleneck, however, companies have protested the use of domain names that they believe should be theirs, whether there is confusion or not.

The InterNIC registration procedures, administered by Network Solutions in the U.S. have therefore themselves come under attack in litigation.

A. Background on NSI Policy.

Until November 1995, Network Solutions, Inc. ("NSI") registered domain names simply on a first-come, first-serve basis, at no cost. At that time, NSI initiated its current policy. Under it, domain name applicants warrant, among other things, that they have the rights to use the Domain Name as requested and that the use or registration of it, "to the best of Applicant's knowledge, does not interfere with or infringe the right of any third party in any jurisdiction with respect to trademark, service mark, tradename, company name or any other intellectual property right." (Please note the Domain Name Dispute Policy, attached to these materials.)

If a dispute is raised about domain name ownership and the disputing party has a registered mark (U.S. federal or from another jurisdiction), after notification of ownership of trademark rights, NSI will notify the registered domain name user of the other party's registered rights and ask the party to relinquish the domain name within thirty days. If the party does not, or does not otherwise respond, NSI will simply suspend use of that domain name. Neither the holder of the registered domain name nor of the federal certificate of registration (if different) may then use the name as a domain name "until the dispute is resolved." If the domain name holder sues the trademark registrant in order to maintain its rights, NSI will only agree not to suspend the domain name if NSI is indemnified and a large bond is posted.

A typical scenario of such a dispute goes like this: Trademark Owner discovers it cannot register an important brand as a domain name because Jane Jones has already done so. Trademark Owner writes a cease and desist letter to domain name holder and at the same time obtains a certified copy of the federal registration from the Trademark Office. Depending on type of business Jane Jones appears to be in, cease and desist letter is based on infringement and dilution, or simply on need to have the domain name. Jane Jones ignores Trademark Owner. Certified copy of registration finally arrives and is send to NSI. NSI notifies Jane Jones of Trademark Owner's registration and asks that domain name be surrendered within 30 days, adding that if this is not done voluntarily, NSI will suspend the use of the domain name by all parties. Jane Jones continues to ignore the whole issue. End result: neither party may use the domain name, no one wins and the only solution for the trademark owner is to

institute litigation, a step that neither party may wish to take. Please refer to cease and desist letters and NSI letters attached to this paper.

The NSI policy has many critics and is reportedly under review. Three points of criticism most often raised are that: (1) the policy favors trademark registrants and therefore those with the resources to obtain such registrations; (2) NSI makes no determination of likelihood of confusion or other basis to deny a potentially rightful user of a domain name use of that name, but does so simply based on a registration; and (3) parties are forced into litigation even if all agree that there may be no likelihood of confusion.

B. Suits Protesting NSI Policy

Several cases have been filed to date that attack the policies of NSI.

The first was Roadrunner Computer Systems Inc. v. Network Solutions, Inc., No. 96-413-A, (E.D.Va. 1996). In that case, Warner Brothers, which owns rights to the ROADRUNNER cartoon and holds a federal registration for the mark, and Roadrunner, a computer company, are not fighting between them. Instead, Roadrunner elected to sue NSI because its policy unfairly favors trademark owners. The computer company is named after the roadrunner, the state bird of New Mexico, and was not intended in any way to reference the cartoon which also features that State Bird. Because Roadrunner Computer had obtained its domain name before the new policy that favored trademark owners, NSI did not suspend this domain name.

To date, NSI has taken a hard litigation posture, raising in a counter-claim the defense that it cannot be sued by companies over its dispute resolution procedures because it takes its direction from the National Science Foundation, a government entity. It also seeks a declaratory judgment that will allow assignment of the domain name to Warner Bros. ¹² The evolution of the authority of NSI and InterNIC, however, is convoluted and cloudy.

At the end of June 1996, the case was dismissed as moot on NSI's own motion. Roadrunner Computer Systems retained its domain name.

In the second case, Digital Consulting Inc. v. Network Solutions Inc., No.96-CV-429 (filed May 8, 1996), Data Concepts, a computer software company, registered "dci.com" as its domain name. Its products are used for data management and process control for business and industry. Digital Consulting offers software for business management and educational and training services but owns a federal registration for the mark DCI. Digital therefore complained to NSI, which resulted in NSI's placing the domain name on hold. Data Concepts sued NSI as well as Digital Consulting, claiming that Digital Consulting violated Data Concepts' common law rights in the DCI mark.

After Data Concepts initiated suit, NSI purportedly agreed not to suspend its use of the domain name pending the outcome of the litigation, if Data Concepts agreed to indemnify them. Data Concepts therefore sought an injunction against NSI for what it viewed as an unreasonable demand. It showed a likelihood of success on the merits of the trademark infringement claim and thus a likelihood that the dispute would be resolved in its favor, with the result that NSI - which claims not to wish to decide such matters - would allow Data Concepts to continue use of its domain name. 13

May 1996 was a busy month. In that month also, Philip Giacalone sued NSI. Giacalone v. Network Solutions Inc. and TY Inc., C96-204434, (filed May 30, 1996 in the Northern District of California). The grounds of suit were similar to those in the dci.com case. Plaintiff, a computer consultant and Web page designer, had registered the domain name "ty.com" because his son's name is "Ty". TY, a manufacturer of stuffed toys, who had registered the TY mark, protested to NSI, who were prepared to suspend the "ty.com" domain name. Giacalone was fortunate enough to retain Gervaise Davis, who has donated his services to date, to sue NSI over both its policy of "defaulting" in favor of registered owners, heedless of likelihood of confusion issues, and of requiring an indemnification and bond. Giacalone also sued TY for punitive damages for unfairly abusing its trademark registration by demanding that Giacalone give up the "ty.com" name.

In a rather bizarre twist, after sending Giacalone a cease and desist letter, TY later claimed, in a motion opposing entry of a preliminary injunction, that it should not be named in the lawsuit, claiming that the issue was merely a "contract dispute between Giacalone and NSI", further elaborating that "[m]y client hasn't done anything but comply with NSI policy. NSI's policy doesn't have anything to do with trademark law." 14 This rather stunning position appears to be based on an admission that there is no basis under either trademark, unfair competition or dilution law for the maker of stuffed toys whose name is not exactly a household word to require an entity in an unrelated field to give up its domain name. The Court, however, did enter a preliminary injunction barring NSI from suspending Giacalone's domain name pending the outcome of the dispute. TY then filed a motion to dismiss, which is set for hearing in August 1996.

The facts of the clue.com case have taken a similar course. In that case, Clue Computing, Inc., a computer consultant and software developer, registered the domain name clue.com, but not the trademark. Hasbro (the same as in the CANDYLAND case) had federally registered the CLUE mark in the 1950s. When Hasbro learned of the existence of the domain name after it had been in use for two years, it turned to NSI and, under NSI's policy, requested suspension of the domain name. Hasbro reportedly declined to negotiate with Clue or buy the domain name, through which Clue claims to conduct most of its business. Shortly before NSI was to suspend the domain name, Clue sued NSI. A preliminary injunction was also entered in that case in late June, as in the ty.com case, barring suspension of the domain name while the litigation proceeded. 15

Thus, the NSI policy which was revised in November 1995 with the intent of keeping NSI out of trademark disputes has landed them in at least four lawsuits within as many months. Given the discontent over it, and the cost to NSI to uphold a policy that appears to have been flawed from its inception, a change in the policy probably can be expected. It would also not be surprising if federal legislation were introduced that would assist NSI or others like them when such disputes arise. The Lanham Act currently exempts "innocent infringers" such as printers, publishers and broadcasters from any awards of damages against them for their infringing publication of another's mark. Only injunctive relief may be ordered. 15 U.S.C. Section 1114(2).

C. Legislative Solutions

In at least one state legislation has been introduced which would also define parties' rights to use trademarks as domain names and otherwise. In February 1996, legislation entitled "Unauthorized Electronic Use of Trademark" SB 1533 was introduced in the State of California . It would have provided for injunctive relief and damages to any registered trademark owner for **any** unauthorized use of such mark as a domain name, user identification or electronic mail address. It would have allowed the system provider to remove any such use simply based on information from the trademark owner that its registered mark is being used without permission. Statutory damages of \$1,000 against such users were provided as well.

Because of its overbreadth, several legal groups protested the legislation, which, if enacted, would have had disastrous effects. No one with the name "Ford", for example, could receive e-mail under "ford@ mci.com", because FORD is a registered mark. This state legislation also shared all of the problems of the NSI domain name registration and suspension policies: it greatly favored registered owners, it did not provide a mechanism for proving any "likelihood of confusion" or other measure of harm, and worse than the NSI domain name situation, it extended to any unauthorized use of another's mark, in e-mail, as a domain name or otherwise, and provided for statutory damages.

Fortunately, after comments critical of the legislation were received, it was withdrawn in June 1996. However, more legislation on this issue is expected to be introduced in California in the next legislative session.

It can be expected that more states, as well as the federal government, will be drawn into the trademark controversies on the Web regarding domain name and other uses of marks in cyber-commerce, with more legislative solutions on the horizon.

IV. TRADEMARK OFFICE POLICY REGARDING REGISTRATION OF DOMAIN NAMES.

A companion issue to the use of already-recognized marks as domain names, is the use of domain names (and other parts of a URL) as a trademark or service mark. Companies are starting to do business primarily over the Net and to use their trademarks and service marks most prominently in cybercommerce. Beyond this issue, domain name holders increasingly will wish to register their entire URLs as trademarks or service marks. The reason is twofold: one, to protect themselves against third party registration under NSI's current policies and two, to protect their URLs as they would their other marks against confusingly similar use and registration. Much as trademark owners register their marks in various formats, as a word mark, as a combined mark with a logo and so on, owners will wish to register the variants of their marks as they appear over the Net.

The initial question is: how should a service offered over the Net be characterized for registration purposes? Is it a telecommunications service in Class 38, an information service in the financial field, for example, in Class 36, or a multiple-user access service to a global computer information network in Class 42, among others? The next question is, what evidence of use is sufficient to support an application to register in one or more classes?

To address these issues, the Trademark Office has developed the so-called "link provider/content provider" policy.¹⁶ Under this policy, if a company is merely using a telephone link to provide its services, but is not itself a telecommunications service provider, the registration should not be in Class 38. If a service provides "content" that is merely offered over a communications link, then the service should be registered in the class according to the content. Thus, offering financial information services on-line could be described as: "financial information services provided by telephone" in Class 36. If the applicant offers a wide variety of information, the registration should be in Class 42.

On-line information service providers themselves, such as Prodigy or CompuServe, are treated differently. They are not viewed as offering "prints or publications" in Class 16 because of the medium in which the information is transmitted. Rather, such services should be registered in Class 42 with an identification of services. For example, the services offered under the mark GQ.COM for Gentlemen's Quarterly (GQ) Magazine could be identified as: "computer services, namely, providing on-line magazines in the field of fashion, entertainment, health, lifestyle and other topics of general interest" .

Finally, access providers are also properly described slightly differently. The Trademark Office does not view them as providing telecommunications services in Class 38, rather that the services they do offer are provided via telephone. The proper identification of services for access providers is therefore: "providing multiple-user access to a global computer information network" in Class 42.

Web sites that provide information on one or more topics are treated as described above: if information services are offered via a Web site, the services would be identified as "financial information services rendered by means of a global computer information network."

Note, however, that sites which merely advertise the goods of the trademark owner will not generally be considered separate service mark usage, anymore than an advertisement for a product is separately registrable. Fortunately, the Trademark Office will accept a very low threshold of value-added activity on such sites to qualify them as information services. For example, if a food products company offers recipes and other information about use of its products on its Web site, the services offered at the URL for the site could be described as "information service in the field of food and food preparation rendered by means of a global computer information network" in Class 42.

As noted, a tricky issue is proper service mark usage of a domain name or URL. If a domain name is used by the trademark owner merely as an address, or a telephone number on business cards or in advertising, it may not be deemed "service mark usage". To ensure that a domain name or URL is registrable, counsel the client to prominently feature the name in advertising, so that it can properly be viewed in itself as a source identifier for the service offered under it. Note the example of what would be considered proper "service mark" use of a URL in the materials provided by the Trademark Office which are included with this paper.

To stay abreast of current Trademark Office policy on the subject, please check frequently the Trademark Office Web site, which contains the basic policy of the Office relating to registration of information services offered on-line, Web site names and related information (<http://uspto.gov/>).

V. USE OF THE NET IN TRADEMARK CLEARANCE AND INVESTIGATION.

A final topic of this paper is the effect that information access over the Net has on trademark practice. The Net has enormous potential, as yet untapped, in trademark searching as well as trademark policing and investigating the activities of infringers or other third party uses. The Web has a wealth of information -- perhaps too much information to find -- and usually for no cost.

A. Trademark Clearance Searching

All the major U.S. search firms now incorporate an "internet domain name search" in their standard "full searches." Such searches are performed in the InterNIC home page, using the "whois" directory. The desired name can simply be entered, and relevant domain name registrations, the address of the registrant and telephone number of the contact for the company can be printed out. While now offered as part of the standard "full" searches, such a search can be performed in a law office or corporate law department as part of a "knock-out" or "screening" search.

"Office searches", once consisting primarily of paging through a paper copy of the Trademark Register, now have unlimited resources available to the computer literate law office. The question becomes, of course, whether, and how far, to search initially. The writer's practice at this point is to advise clients themselves to search the Net to perform their own screening searches, and to contact my law office for further searching only if their searches reveal no relevant hits. Whatever practice your firm or law department may adopt, it is clear that searches of the Web must be included in any proper trademark search today.

In addition, of course, to the records of registered domain names, many other evidences of use may be found on the Net. There are at least eight major search engines at the time of this writing, and more developed every week. Such "engines" "crawl" the Net and reveal hits of the words that are searched. The results vary considerably from engine to engine, as the type of search performed and the method of information retrieval vary. All, however, share ease of use: simply type in the relevant words to be searched (with or without limiting or connecting words or phrases) and watch the results come up on the screen. The problem is not finding information, it's finding too much information, which can be time-consuming to sift through.

Current search engines are:

ALTA VISTA (<http://altavista.digital.com>)

EXCITE (<http://www.excite.com>)

LYCOS (<http://www.lycos.com>)

INFOSEEK (<http://guide.infoseek.com>)

OPENTEXT (<http://www.opentext.com:8080>)

INKTOMI (<http://inktomi.berkeley.edu/query.html>)

WWW WORM (<http://www.cs.colorado.edu/wwww/>)

WEBCRAWLER (<http://www.webcrawler.com>)

B. Trademark Watch Searching

An obvious corollary to clearance searching over the Net is trademark watch searching. No traditional search firms currently offer watch services over the Web, although they probably will be forced to do so in the relatively near future. Because no standards exist, it may be risky for a law firm or corporate law department to undertake such searching, although some such searching is probably better than none. One firm has begun offering a Net-based watch service. For \$895.00 per mark per year, Markwatch will search a mark over the Net. They can be found at www.markwatch.com or by phone at (312) 540-1140.

C. Trademark Investigation

Finally, the Net offers an excellent means to quickly and cheaply investigate the services and products of a company suspected of infringing on a mark, in order to determine many different types of facts that are useful before sending a cease and desist letter and proceeding with litigation. Many types of financial and structural information about companies are available for free, or for a slight charge, over the Net. Many major newspapers are currently offering on-line versions of their stories at no or reduced cost. In addition, of course, are the Web sites operated by the infringers themselves, which can offer important, and instant, insight on an infringer's operations.

VI. CONCLUSION

Cybercommerce is a reality, as are cyber-marks and cyberinfringements. The problems which domain name registration now raises in the U.S. are likely to be resolved because they have raised so much controversy. The infringements that arise and the dilutions of marks will be handled by the courts over time as any other type of infringement. The Net is simply another place where infringements can occur, which must be policed accordingly.

What trademark practitioners will be left with, after the domain name and infringement controversies are settled, is a wonderful tool to use to assist clients in the operations of their businesses and to provide ever more efficient and current information about trademark use and registration policies than has ever been available.

FOOTNOTES

- 1 This paper was written in July 1996, several months before the oral presentation in October 1996. At the time of the writing, there were no reported decisions on the trademark infringement issues or the controversy surrounding the current policies of domain name selection and retention. In keeping with the topic, therefore, all of the research for this paper was performed over the Net. I want to thank Gervaise Davis, Esq. of Monterey, California, counsel in the TY.COM case, Sally Abel, Esq. of Palo Alto, California, and James Evans, a reporter for the San Francisco Daily Journal, for sharing their knowledge; the New York law firm of Oppedahl & Larson for its very helpful home page: <http://www.patents.com>; and the students and law faculty at Georgetown University for their comprehensive home page on these issues at <http://www.law.georgetown.edu>. Finally, I wish to thank Eric Schlachter, Esq. of Palo Alto, California, who has allowed me to reprint his bibliography of articles on trademarks and the internet.
- 2 Please see the excellent discussion of this and related issues in "Trademarks Along the Infobahn: A First Look at the Emerging Law of Cybermarks" by Dan L. Burk, 1 Richmond Journal of Law and Technology 1 (1995), University of Richmond.
- 3 See www.law.georgetown.edu and related information cited under "Domain Name Grabbing", hereafter cited as "What's In A Name".
- 4 See "Address for Success: Internet Name Game; Individuals Snap Up Potentially Valuable Corporate E-Mail IDs" in the August 11, 1994 edition of The Washington Post.
- 5 See "Life in Cyberspace" in the October 7, 1994 issue of Newsday magazine, to which Quittner regularly contributes, and "Billions Registered: Right Now, There Are No Rules to Keep You From Owning a Bitchin' Corporate Name as Your Own Internet Address," October 1994 issue of Wired magazine.
- 6 "Firm Must Alter Name on Internet", by Chris Gulker, October 6, 1994, The San Francisco Examiner.
- 7 See "What's In a Name, Domain Name Grabbing"
- 8 See "What's In a Name, Domain Name Grabbing".
- 9 See the excellent article on the subject by Jonathan Rosenoer "Famous Trademarks" published in Cyberlaw at www.cyberlaw.com.
- 10 For a comprehensive listing of such disputes and further information on them, see "What's In a Name, Domain Name Grabbing".
- 11 See "What's In a Name, Domain Name Grabbing".
- 12 See May 17, 1996 articles on-line at "inforalert.com", authored by Mark Voorhees.
- 13 See May 1996 articles on line at "infolawalert.com" authored by Mark Voorhees.
- 14 "Net Name Holder Claims Loss of Rights" by James Evans, San Francisco Daily Journal, June 12, 1996.
- 15 "NSI Hasn't Got a Clue" from Clue Computing site updated June 26, 1996, accessed from infolawalert.com.
- 16 See the materials attached to this paper. The person who drafted the policy is Jesse Marshall, who is very helpful in answering any questions on registration that you may have.
- 17 See the excellent review of the current search engines in "Internet World, May 1996 at page 41.

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