

## **(NATIONAL) TRADEMARK LAWS AND THE (NON-NATIONAL) DOMAIN NAME SYSTEM**

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### 1. INTRODUCTION

This Symposium has explored several ways in which cyberspace has challenged existing legal boundaries. Boundaries take many forms. When we talk of boundaries in relation to cyberspace, we may readily assume that the term has merely spatial significance. Spatial or geographic boundaries are inevitably challenged by the Internet, which (as yet)<sup>1</sup> knows no geographic limits. And thus the Internet intensifies the clash of dueling legislative competencies that globalization more generally has brought to the fore. These clashes occur not only among different countries (horizontal clashes), but also among national, international, and supranational bodies (vertical clashes). To what extent, and according to what principles, can national rules work in a non-national setting?<sup>2</sup> Must the rules governing cyberspace

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<sup>1</sup> Technologies being developed may permit Internet users to confine their online relations to other persons from particular jurisdictions. See Denise Caruso, *Digital Commerce: Control over Content*, N.Y. TIMES, Mar. 13, 2000, at C4 (reporting that the response of iCraveTV.com to complaints concerning its activities, permissible in Canada but prohibited in the United States, was to pursue technological measures that would bar U.S. users from accessing the Canadian website, thus creating "country-area networks").

<sup>2</sup> Consider, for example, the recent experience of Yahoo! in the French courts. The sale of Nazi memorabilia is illegal in many parts of Europe, including France, but not in the United States. A French organization filed suit in France against Yahoo! for permitting auctions of Nazi memorabilia on its U.S. site (no such auctions took place on Yahoo!'s French site, <http://www.yahoo.fr>), and the French court ordered Yahoo! to block French consumers from access to the auctions on the U.S. site. Yahoo! has posted warnings in French on its U.S. site in order to alert

be decoupled from national legislatures and courts to be effective or legitimate? This is a hugely complex question to which scholars and policymakers are devoting substantial attention across all fields of inquiry, including many areas of law.<sup>3</sup>

But legal boundaries of other sorts may also be challenged by developments in cyberspace. For example, as I will explain in more detail below, for over a century the United States has steadfastly resisted adoption of a registration-based system of trademark priority and has adhered instead to a use-based philosophy. This philosophy establishes a variety of boundaries for trademark law, many of which are challenged by the Internet. Indeed, one could regard the use/registration boundary itself, which separates U.S. trademark law from the trademark law of almost all other countries, as a boundary that is threatened by cyberspace developments. This boundary has, of course, developed out of and been sustained by geographic boundaries, but it is important to recognize that any inquiry into "what law controls in cyberspace" must probe not only the quasi-adjectival question of which legal system or body

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French users of the restrictions under French law but has argued that it is technologically impossible to ensure that French users cannot access the U.S. site. *See* Association Union des Étudiants Juifs de France, la Ligue Contre le Racisme et l'Antisémitisme v. Yahoo! Inc. et Yahoo France, T.G.I. Paris, Ordonnance de référé du 22 mai 2000, [http://www.legalis.net/jnet/decisions/responsabilite/ord\\_tgi-paris\\_220500.htm](http://www.legalis.net/jnet/decisions/responsabilite/ord_tgi-paris_220500.htm); *see also* *Internet: Yahoo! Appeals French Court Decision Banning Sites Selling Nazi Memorabilia*, BNA INT'L BUS. & FIN. DAILY, June 12, 2000, LEXIS, News Library, Individual Publication File.

<sup>3</sup> *See, e.g.*, WILLIAM GREIDER, ONE WORLD, READY OR NOT: THE MANIC LOGIC OF GLOBAL CAPITALISM (1997) (criticizing globalization for failing to consider a full range of social values and questioning the legitimacy of efforts to develop global governance structures without consideration of all those values). Within the legal profession, the American Bar Association established a Global Cyberspace Jurisdiction Project in 1998 to consider the appropriate jurisdictional rules to govern electronic commerce. *See* A.B.A. GLOBAL CYBERSPACE JURISDICTION PROJECT, ACHIEVING LEGAL AND BUSINESS ORDER IN CYBERSPACE 19-20 (LONDON MEETING DRAFT) (July 2000) (recommending the establishment of a global commission to investigate the issues upon which there is a "global consensus"), *at* <http://www.abanet.org/buslaw/cyber/initiatives/jurisdiction.html>. In 1998, the World Intellectual Property Organization convened a conference on the private international aspects of copyright law and the Internet, and a similar conference on all aspects of intellectual property and electronic commerce is scheduled for January 2001 in Geneva.

has legislative competence over a particular legal issue, but also the effect that cyberspace will have on the content of the substantive law that will control activities in cyberspace. Philosophical and conceptual boundaries may fall just as fast as geographic boundaries.

In this Essay, I will explore the dual dimension to boundary erosion by considering the effect that one particular aspect of cyberspace activity—the registration and use of domain names—has had and may have on trademark law. We will see that this analysis challenges not only traditional notions of national legislative competence, but also enables us to reconsider basic debates about trademark law. I will try to confine my thoughts to the broader systemic significance of the clash that has occurred between domain names and trademarks; the pace of change in this area is so rapid that a detailed analysis of current law, though fascinating, would soon be of purely historical interest.

## 2. THE CONFLICT BETWEEN TRADEMARK AND DOMAIN NAME REGIMES

What precisely is the conflict between trademarks and domain names? Before examining the conflict in detail and the different ways in which it might be addressed, I should identify the characteristics of the two systems with which we are dealing. Domain names are the unique addresses assigned to particular computers that are connected to the Internet. Without such unique addresses, computers would not be able to send packets of information to the correct location.<sup>4</sup> The naming system, and the history of its development, are well-explained elsewhere.<sup>5</sup> For our current purposes, four aspects of the system are pertinent. First, domain names currently say very little about the nature or location of the domain name registrant. Every domain name has a top-level domain name (the suffix at the end of the

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<sup>4</sup> The actual Internet addresses (Internet Protocol addresses) are unique numbers, each with an assigned corresponding unique name in order to deal with the frailty of human memory. Thus, the Internet address of the University of Pennsylvania is actually 128.91.2.28, but it is easier to remember the name that corresponds to that number, namely, www.upenn.edu.

<sup>5</sup> See generally Joseph P. Liu, *Legitimacy and Authority in Internet Coordination: A Domain Name Case Study*, 74 IND. L.J. 587 (1999) (discussing the history of domain name system and proposals for reform).

domain name) that will consist of either a generic top-level domain name (such as .edu or .com)<sup>6</sup> or a country code (such as .uk, for the United Kingdom, or .it, for Italy).<sup>7</sup> But, as presently constituted, even the top-level domain name is not determinative of the nature or location of the registrant in question. Although the registrars responsible for country code registers may impose residency requirements,<sup>8</sup> domain names are available in the generic top-level domains regardless of physical location<sup>9</sup> and many country code registrars are not insistent on residency requirements.<sup>10</sup> And, while the four principal generic top-level domains were once indicative of the nature of the domain name's owner (.edu signified educational institutions, .gov was found at the end of government agency addresses, .com was used by commercial enterprises, and .mil was restricted to military users),<sup>11</sup> the expansion of users and an open registration

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<sup>6</sup> The present generic top-level domain names include .edu, .com, .gov, .org, .net, .int, and .mil. As discussed below, the Internet Corporation for Assigned Names and Numbers ("ICANN") has proposed the creation of a variety of new top-level domain names. See *infra* text accompanying notes 75-76.

<sup>7</sup> The administration of country code top-level domains is delegated by ICANN (performing the functions formerly performed by the Internet Assigned Numbers Authority ("IANA")) to authorities ("managers") in the relevant country. For resolution of a recent controversy on the question, see IANA, IANA REPORT ON REQUEST FOR DELEGATION OF .PS TOP-LEVEL DOMAIN (Mar. 22, 2000) (concluding that the .ps domain should be delegated to managers in the Palestinian Authority and approving the managers for that purpose), at <http://www.icann.org/general/ps-report-22mar00.htm>.

<sup>8</sup> See ASSOCIATION FRANÇAISE POUR LE NOMMAGE INTERNET EN COOPÉRATION ("AFNIC"), NAME ALLOCATION CHARTER FOR THE .FR AREA, at <http://www.nic.fr/english/register/charter.html> (listing conditions on name registration in the .fr country code domain) (last visited Oct. 19, 2000).

<sup>9</sup> Indeed, registrars of the names in the generic top-level domains have marketed .com domain based on its global characteristics. See *Precision Marketing: Net Dot Com Owner Spins a European Web*, PRECISION MKT. 5 (Apr. 5, 1999), 1999 WL 8938619.

<sup>10</sup> Some country code domains have become attractive for reasons unrelated to geography. For example, doctors in the United States are purchasing names in the Moldova country code domain, namely, .md. See *U.S. Companies Dominate This Country Name Game*, USA TODAY, Aug. 22, 2000, at 3D; see also Jane Black, *Tiny Tuvalu Profits from Web Name*, N.Y. TIMES, Sept. 4, 2000, at C2 (reporting that the Pacific island of Tuvalu had sold the right to control registration of names in its .tv country code domain to a Canadian entrepreneur).

<sup>11</sup> See IANA, REQUEST FOR COMMENTS ("RFC") 1591, at 1 (March 1994) (describing the top-level domain structure), at <http://www.isi.edu/in-notes/rfc1591.txt>.

system have reduced the value of the suffix as an indicium of the nature of the user (except for .edu, .gov, and .mil).<sup>12</sup>

Second, and related to the lack of connection between address and location, because the accreditation of registrars is performed by a single body, ICANN,<sup>13</sup> there is close to (but not complete)<sup>14</sup> uniformity of registration practices among registrars, at least with respect to the generic top-level domains. Third, within each top-level domain, there cannot be two identical names, or computers would not know where to send information. Thus, while there may be separate domain name registrations of apple.com and apple.net, there cannot be two domain name registrations of apple.com. Finally, domain names are registered on a first-come, first-served basis. There can only be one apple.com, and it goes to the first person to register it. The only check, on initial application, is whether an identical name is already registered in that domain.

In some ways, the allocation of domain names may appear to evade the dilemmas presented by cyberspace in other areas of regulation, many of which (such as tax or securities law) have been discussed in this Symposium. In particular, because the domain name system is an element of the architecture of the Internet, domain names would appear inevitably linked to the non-national vehicle of the Internet;

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<sup>12</sup> See ICANN, NEW TLD APPLICATION PROCESS OVERVIEW, at <http://www.icann.org/tlds/application-process-03aug00.htm> (posted Aug. 3, 2000) (noting that while RFC 1591 states that .com, .net, and .org “are intended for various uses . . . [a]s a practical matter, however, anyone may register and use names in these domains for any purpose.” Indeed, many trademark owners will seek to register—or stop others from registering—a domain name incorporating their trademark in several of the generic top-level domains.).

<sup>13</sup> ICANN is a not-for-profit corporation that was created by the U.S. government to operate the domain name system, among other things, in accordance with parameters set by the Commerce Department. See Management of Internet Names and Addresses, 63 Fed. Reg. 31,741 (proposed June 10, 1998).

<sup>14</sup> The flexibility that causes slightly different practices among registrars reflects the notion that the system of registering generic top-level domain names would benefit from competition in the registration process. This was an important part of the shift from administration of the system by Network Solutions, Inc. For a description of Network Solutions, Inc., see *infra* note 51. There is less uniformity among registrars of names in the different country code domains, but again there is some standardization *within* a particular country code domain. See *U.S. Companies Dominate This Country Name Game*, *supra* note 10, at 3D (noting different registration practices within different country code domains).

registration can be made in top-level domains without regard to national status or location. And, names are not allocated by national governments.<sup>15</sup> Finally, unlike other activities (such as the issuance or trading of securities), no differing national regulatory domain name regimes have previously been established. The domain name system thus appears to be a ripe candidate for an approach transcending national regulation.

This impression changes, however, when trademarks are used as domain names. Intellectual property rights traditionally have been national in nature, and there are only a few derogations from this territorialist philosophy.<sup>16</sup> Indeed, the leading international intellectual property treaties affirm this basic proposition. Trademark rights in one country are independent of trademark rights in other countries: for example, a trademark registration in France secures rights in France, but a different person may own the rights to the same mark for the same goods in the United States. International treaties have sought to minimize the problems that territorialism causes by facilitating multinational registration,<sup>17</sup> protecting marks beyond the

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<sup>15</sup> National governments are more likely to be involved in the management of country code domains. But the manager of a country code domain need not be a national governmental organization. The appropriate managers of the country code domains are determined in accordance with principles set out in a document (referred to as ICP-1) entitled "Internet Domain Name System Structure and Delegation," at <http://www.icann.org/icp/icp-1.htm> (last visited Oct. 18, 2000). This was issued in May 1999 to reflect then current policies of the Internet Assigned Numbers Authority in the administration of delegations to manage country code domains. And many managers are wholly unrelated to the national government. *Cf. id.* at 2 (noting that "the desires of the government of a country with regard to delegation of a [country code top-level domain] are taken very seriously... Significantly interested parties in the domain should agree that the proposed [top-level domain] manager is the appropriate party.").

<sup>16</sup> The most notable of these is the Community Trade Mark available from the European Union. *See* Council Regulation 40/94 of 20 December 1993 on The Community Trademark, 1994 O.J. (L 11) 1 [hereinafter the Trademark Regulation]. The Trademark Regulation put in place a system under which an applicant may, by filing a single application, obtain a Community Trade Mark registration ("CTM") according rights throughout the entire territory of the European Union.

<sup>17</sup> *See* Paris Convention for the Protection of Industrial Property, as revised at Stockholm, 1967, art. 4, 21 U.S.T. 1583, 828 U.N.T.S. 305 (establishing rights of priority); *see also* Madrid Agreement Concerning the International Registration of Marks, adopted Apr. 14, 1891, 175 C.T.S. 57; Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, adopted June 28,

borders of the country where use or registration occurs if the mark is well-known elsewhere,<sup>18</sup> ensuring that nationals of foreign countries are equally entitled to register marks as domestic citizens,<sup>19</sup> and mandating certain universal minimum standards to be implemented in the national law of all treaty states. These provisions of international trademark law do little, however, to erode the premise of territoriality; indeed, the premise underlies every one of these provisions. The use of nationally delimited trademarks in the non-nationally delimited domain name system thus compels consideration of which boundaries (if any) are pertinent. So when trademarks are used as (or as part of) domain names, the domain name system can no longer avoid the question of whether national, international, or supranational law should determine rights where two or more parties have competing claims. The domain name system must confront the dilemma facing other areas of regulation, and I will discuss in Section 3 below the different ways in which it is doing that.

As noted above, however, domain names also challenge the conceptual boundaries of trademark law. To see the ways in which this is so, let's briefly explore the conceptual boundaries of trademark law. A trademark identifies the goods of one producer and distinguishes them from the goods of others.<sup>20</sup> For example, the mark APPLE on a personal computer identifies for consumers the source of the computer produced by Apple and distinguishes it from a similar product produced by Toshiba. (Service marks do the same for services, and are protected on essentially the same basis and for the same reasons). Preventing rival competitors from using the term APPLE, or any confusingly similar term, to identify their rival computers serves useful social purposes: it protects the goodwill (or consumer associations) developed by Apple with respect to its product,

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1989 (establishing a centralized international filing system to facilitate acquisition of national trademark rights in several countries).

<sup>18</sup> See Paris Convention, *supra* note 17, art. 6*bis*; see also Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994 ("TRIPS Agreement"), art. 16, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments—Results of the Uruguay Round, 33 I.L.M. 81 (1994).

<sup>19</sup> See Paris Convention, *supra*, note 17, art. 2 (mandating national treatment).

<sup>20</sup> See 15 U.S.C. § 1127 (1994) (defining trademark).

thus encouraging Apple to generate that goodwill by making products of consistent quality; and it enables consumers to receive information about the characteristics of different products in short (and more efficient) form, thus enabling more informed purchases by the public, who will not be deceived into purchasing the wrong computer.

The realization of these two objectives—preservation of goodwill and protection of consumers—was classically achieved under U.S. law by the grant of limited rights. Trademark protection was offered only to terms meeting certain important conditions, and the scope of protection was confined to cases of likely confusion. As to the former, a term would only be protected by trademark law if it were distinctive: that is, if it constituted a feature by which consumers would identify and distinguish a product from others. Absent distinctiveness, the purposes of trademark protection are not implicated because there would be no goodwill attaching to the claimed mark and thus no consumers who would be confused by others using the same mark.<sup>21</sup> Similarly, U.S. law required (and still requires)<sup>22</sup> that the trademark owner use the mark on the goods in respect of which the rights were claimed. Without use, consumers would not develop the associations with a single producer upon which the need for protection is premised. The use-based philosophy of U.S. trademark law, reflected in this second prerequisite for protection, also affects the rule of priority: the first producer to use the mark obtains the rights with respect to the goods upon which and geographical areas in which use occurred. Most other countries have adopted a registration-based system of trademark priority: the first to register the mark obtains the exclusive right to use the mark on the goods in question.<sup>23</sup>

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<sup>21</sup> See *Charles Jacquin Et Cie, Inc. v. Destileria Serralles, Inc.*, 921 F.2d 467, 472 n.5 (3d Cir. 1990) (“A consumer must recognize that a particularly packaged product comes from Source A before she can be confused by a similar package from Source B.”).

<sup>22</sup> The “intent to use” system introduced in the 1988 Trademark Law Revision Act enables applications to be made prior to use, but registrations will not be issued prior to use. See 15 U.S.C. § 1051 (1994) (establishing conditions on issuance of registration based upon intent to use application).

<sup>23</sup> This is not to say that use is irrelevant in registration-based systems. For example, although use is not required to secure a registration in such systems, it may

This attention to use by a mark owner also affects attitudes toward scope of rights, such as a willingness to grant protection against use on different goods, and from that a natural receptivity to dilution protection.<sup>24</sup> Because confusion was an essential element to the philosophy underlying protection, the scope of U.S. trademark rights was limited both by reference to the products on which the mark was used and by reference to the geographic area in which the mark was used. But these limits can also be rationalized as flowing from the use-based philosophy—the first to use the mark obtains the rights *with respect to the goods upon which and geographical areas in which use occurred*. And each of these limits also reflected a desire to restrain the activities of legitimate traders only to the extent necessary to further the two primary purposes of trademark law. If the products upon which the mark was used were wholly different from those of the first mark owner, the public would not purchase the goods of the second producer believing them to be those of the first producer. Thus, although Apple owns the mark APPLE for personal computers, a manufacturer of shoes could use the mark APPLE on shoes without affecting the goodwill established by the Apple company or deceiving consumers in their purchasing decisions. DOMINO'S is used for both pizzas and sugar without harm to either company (despite efforts to suggest otherwise).<sup>25</sup> To use an example on the services side, United Airlines and United Van Lines each own trademark rights in the mark UNITED, for airline services and moving services, respectively.<sup>26</sup>

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be required within a set period to maintain a registration or to bring an infringement proceeding. See GRAEME B. DINWOODIE ET AL., INTERNATIONAL INTELLECTUAL PROPERTY LAW AND POLICY (forthcoming 2000).

<sup>24</sup> See generally Daniel C. Schulte, *The Madrid Trademark Agreement's Basis in Registration-Based Systems: Does the Protocol Overcome Past Biases? (Part I)*, 77 J. PAT. & TRADEMARK OFF. SOC'Y 595, 608-10 (1995) (discussing several well-recognized limitations, both on the ability to acquire rights and the scope of rights acquired, which flow from the use-based philosophy of U.S. trademark law).

<sup>25</sup> See *Amstar Corp. v. Domino's Pizza*, 205 U.S.P.Q. (BNA) 969, 975-80 (5th Cir. 1980) (permitting coexistence of Domino's Sugar and Domino's Pizza because, inter alia, of differences in goods sufficient to avoid consumer confusion).

<sup>26</sup> See U.S. Trademark Registration No. 2017727 (airline); U.S. Trademark Registration No. 1792966 (moving company).

Limits on the geographic scope of rights were similarly motivated: if Apple computer did not use its mark in State A, then consumers in State A would not come to associate the mark APPLE with the products made by the Apple company, and thus the use of the term—even by another computer producer—would not confuse consumers or endanger any consumer perceptions of the quality of the product of the Apple company (because there are no such perceptions). This geographic limit became much less significant with the advent of federal trademark registration under the Lanham Act in 1946 because an application for federal trademark registration is, if successful, treated as nationwide constructive use.<sup>27</sup> (This development recognizes the increasingly national nature of trade, and serves to protect the ability of a producer to expand into other areas of the United States without having to change its trademark to avoid infringing local marks.)<sup>28</sup> But the principle still operates periodically to limit the scope of owners' rights.

The domain name system presents a series of conflicts with these basic principles of U.S. trademark law. There can only be one united.com;<sup>29</sup> should that domain name be granted to the airline or the moving company, or should prior trademark ownership be irrelevant? What is the geographic scope of use where a trademark is used as a domain name: has the user now made use of the mark globally, potentially causing the acquisition of rights in all use-based systems<sup>30</sup> and infringement of rights in all countries where the mark is

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<sup>27</sup> 15 U.S.C. § 1057(c) (1994) (providing that the filing of an application to register a trademark constitutes constructive use of the mark).

<sup>28</sup> The exception to this rule is the good faith remote junior user, who retains rights in the area of its local use notwithstanding federal registration by another producer. *See* *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918) (noting common law rule and exception).

<sup>29</sup> The extent to which this remains a problem may depend on the maintenance of the current architecture of the Internet. For example, where more than one trademark holder (or other person) has a legitimate claim to united.com, that address may take the user to a registrar-administered site listing (and linking to the sites of) all claimants to the UNITED name, relegating those users to concurrent use of united.com and exclusive use only of some other configuration including "united".

<sup>30</sup> This would principally be the United States, but even countries operating registration-based trademark systems may offer some protection to marks used but not registered under common law principles of passing off or unfair competition. *See* DINWOODIE ET AL., *supra* note 23.

owned by another?<sup>31</sup> Both of these questions implicate fundamental issues about the continuing role of “use” in trademark law, a topic upon which the United States increasingly stands alone in international circles. The Internet may increase pressure on the United States to revisit its longstanding insistence on use as the governing principle of trademark protection.

The domain name system, and its operation apart from the trademark system, will also require the courts to develop new responses to old questions. For example, how does one assess confusion in cyberspace? The courts must construct a cyberconsumer, whose purchasing and browsing habits clearly encompass the use of domain names as well as trademarks in the searching process.<sup>32</sup> And, if use retains any importance in the system of trademark protection, then how does one assess whether a trademark is being “used” in cyberspace: is registration of a domain name the “use of a mark in commerce” sufficient either to acquire trademark rights<sup>33</sup> or (if that mark is owned by another) to infringe

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<sup>31</sup> Efforts are underway within the World Intellectual Property Organization to develop an international approach to the question of when Internet use of a mark (whether as a domain name or otherwise) will be treated as use within a particular country. See Standing Comm. on the Law of Trademarks, Industrial Designs and Geographical Indications, Summary by the Chair, Fifth Session, Geneva, Sept. 11-15, 2000, WIPO Doc. SCT/5/5, at 2 (Sept. 15, 2000) (noting Committee discussion of draft provisions on the protection of trademarks on the Internet and reporting that the International Bureau would refine the provisions for discussion at the Sixth Session of the Standing Committee), at [http://www.wipo.int/eng/document/sct/index\\_5.htm](http://www.wipo.int/eng/document/sct/index_5.htm); see also Standing Comm. on the Law of Trademarks, Industrial Designs and Geographical Indications, Memorandum Prepared by the International Bureau on the Protection of Industrial Property Rights in Relation to the Use of Signs on the Internet, Fifth Session, Geneva, Sept. 11-15, 2000, WIPO Doc. SCT/5/2 (June 21, 2000) (discussing draft provisions, which would require that Internet use have a “commercial effect” in a particular country before being treated as “use” there, and developing guidelines on the meaning of “commercial effect”), at [http://eforum.wipo.int/sct/eng/docs/sct5\\_2e.pdf](http://eforum.wipo.int/sct/eng/docs/sct5_2e.pdf). These discussions have also encompassed the question of how to accommodate conflicting national rights. See *id.*

<sup>32</sup> These habits may, however, change as technological options for cybersearching grow. The use of keywords, available with different browsers, for example, altered the reliance of consumers on domain names. See Andy Johnson-Laird, *Looking Forward, Legislating Backward?*, 4 J. SMALL & EMERGING BUS. L. 95 (2000).

<sup>33</sup> See PATENT & TRADEMARK OFFICE, U.S. DEP’T OF COMMERCE, EXAMINATION GUIDE NO. 2-99: MARKS COMPOSED, IN WHOLE OR IN PART, OF

trademark rights? Again, this will require courts to apply classical principles with an eye to new consumer practices. Whether and to what extent domain names will serve as trademarks is not a question of abstract philosophy, but a matter of how consumer practices and comprehension develop in cyberspace. Even in the last few years, consumer attitudes about what a domain name signifies have changed; trademark law must reflect those changes.

Thus, the different aspects of the domain name system challenge trademark scholars, policymakers, and courts to consider fundamental questions about the nature of our trademark system, as well as the application of traditional trademark tests to new contexts. But why is this so big a deal? We have seen that the principles of the trademark system and the domain name system are different. But why should that be of concern? The systems are designed to achieve different results, so their divergence on basic approaches should be neither surprising nor troubling. Correct? Perhaps.

Increasingly, the registration and use of domain names is becoming an integral part of branding (i.e., trademark) strategies pursued by producers and providers of services. This is particularly true of service industries. For example, it is difficult for an airline to compete in the market for web-savvy consumers if it does not own the domain name corresponding to its trademark. United Airlines could register the domain name *flywithunited.com* and spend time (and money) educating consumers that its website with fare information could be found at that address. But many consumers have become acclimated to searching initially by typing in the trademark of the company plus the .com suffix. Although there are numerous other domain names that United can register that would connote an airline, preventing its use of the trademark that it owned would put it at a competitive disadvantage.<sup>34</sup> In short, the differences

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DOMAIN NAMES (Sept. 29, 1999) (discussing “issues that commonly arise in the examination of domain name mark applications”), at <http://www.uspto.gov/web/offices/tac/notices/guide299.htm>.

<sup>34</sup> Cf. Stephen L. Carter, *The Trouble with Trademark*, 99 YALE L.J. 759, 770 (1990) (arguing that because some marks are better than others, competitors without access to those marks encounter higher information costs and thus barriers to market entry).

between the trademark and domain name systems lead to these (and other)<sup>35</sup> social costs ex post; if these are costs that can be reduced by one system having regard to the other ex ante, then some coordination is clearly worthwhile.<sup>36</sup>

### 3. ADDRESSING THE CONFLICT

#### 3.1. Spatial Boundaries

Scholars addressing the effect of the Internet on spatial boundaries have largely concentrated (as one might expect) on several dichotomous questions. Should problems of dueling national claims to regulate activities in cyberspace be solved by national, international, or supranational devices? Does prescriptive power in cyberspace legitimately belong to existing offline political institutions or to evolving online communities?<sup>37</sup> Which connection must a state have to an

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<sup>35</sup> These may arise, most obviously, from the voluminous litigation that we witnessed starting in the mid-1990s, or from transactions that commercial actors operating in the digital environment effect to avoid the uncertainty of the clash of the two systems. Cf. S. REP. NO. 106-140, at 7 (1999) (noting that trademark owners often purchase domain names containing their trademarks from the registrant rather than litigate). Other costs might include a significant chilling effect on political speech as limits on trademark rights taken for granted in the offline world assume uncertain status online.

<sup>36</sup> The examples that I have mentioned raise two separate, but obviously related, issues. First, to what extent does the domain name system take into account existing trademark ownership in order to preserve that competitive equilibrium? Second, prospectively, to what extent should the allocation of domain names and trademarks be aligned to avoid these problems in the future? Underlying both questions is a continuing concern about ensuring within any such system sufficient space for uses by competitors, consumers, and the public that preserve the uses by these constituencies thought important in the offline environment.

<sup>37</sup> Political structures are clearly evolving in cyberspace. See, e.g., ICANN, PRELIMINARY REPORT: MEETING OF THE ICANN BOARD IN YOKOHAMA (July 16, 2000) (approving resolution on bylaws regarding membership), at <http://www.icann.org/minutes/prelim-report-16jul00.htm>; cf. Farhad Manjoo, *Jury Still Out on Elections*, WIRED NEWS (Oct. 11, 2000) (discussing concerns with and successes of online voting for election to ICANN Board), at <http://www.wired.com/news/politics/0,1283,39283,00.html>. The completeness of these structures and their capacity to further liberal democratic values, however, have been well-critiqued. See, e.g., Neil W. Netanel, *Cyberspace Self-Governance: A Skeptical View from Liberal Democratic Theory*, 88 CAL. L. REV. 395, 435 (2000) (critiquing claim that a self-governing cyberspace would more fully realize liberal democratic ideals); see also Mark K. Anderson, *Chicago to Sue Vote Auctioneers*, WIRED NEWS (Oct. 12, 2000), at <http://www.wired.com/news/politics/0,1283,39431,00.html> (reporting lawsuit by election officials in

issue or dispute in order best to support its claim to regulate in cyberspace?

The solutions canvassed by scholars addressing these questions have ranged widely. Some, such as Jack Goldsmith, have argued that the question of competing national prescriptive claims to regulate can be resolved by application of traditional private law techniques such as choice of law and jurisdictional analysis.<sup>38</sup> Others, such as David Johnson and David Post, have moved beyond such techniques and suggested that activities in cyberspace be regulated by cybernorms of a more universal character.<sup>39</sup> Yet others have argued<sup>40</sup> that Congress might consider expanding the jurisdiction of U.S. federal courts to exercise jurisdiction<sup>41</sup> extraterritorially (which the U.S. courts currently do more readily in trademark cases than they do in copyright cases<sup>42</sup>).

In the context of domain name/trademark disputes, principles have developed at the national, international, and

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Chicago against Voteauction.com, a website purporting to auction off 15,000 votes in the presidential election).

<sup>38</sup> Jack L. Goldsmith, *Against Cyberanarchy*, 65 U. CHI. L. REV. 1199, 1201 (1998). On the conceptual rather than spatial side, others have argued that cyberspace is best regulated by application of existing legal principles, including those of intellectual property law. See Frank H. Easterbrook, *Cyberspace and the Law of the Horse*, 1996 U. CHI. LEGAL F. 207, 208 (1996).

<sup>39</sup> See David R. Johnson & David Post, *Law and Borders—The Rise of Law in Cyberspace*, 48 STAN. L. REV. 1367, 1378 (1996).

<sup>40</sup> See Subcommittee Tackles Jurisdiction Issues on Internet, 60 Pat. Trademark & Copyright J. (BNA) 214, 215 (July 14, 2000) (reporting testimony of Dan Burk at an oversight hearing before the House Judiciary Committee's Subcommittee on Courts and Intellectual Property).

<sup>41</sup> Even if Congress expanded the subject-matter jurisdiction of the federal courts, U.S. courts have recognized that the Internet has not entirely removed limits on the constitutional authority of courts to exercise personal jurisdiction over foreign defendants. See, e.g., *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 418 (9th Cir. 1997) (explaining passive website jurisdictional analysis by several courts); *America Online, Inc. v. Huang*, 55 U.S.P.Q.2d (BNA) 1560, 1568-69 (E.D. Va. 2000) (holding that registration of a domain name with a registrar based in Virginia was of itself insufficient contact with Virginia to support personal jurisdiction over foreign defendant/domain name registrant); *BroadBridge Media, L.L.C. v. Hypercd.com*, 55 U.S.P.Q.2d (BNA) 1426 (S.D.N.Y. 2000).

<sup>42</sup> See Curtis A. Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 VA. J. INT'L L. 505, 526 (1997) (“[T]he courts have held that there can be no violation of U.S. copyright law without an act of infringement within the United States. . . . [T]his is not the case with respect to U.S. trademark law.”) (citation omitted).

supranational levels. Many different national courts have addressed the registration of domain names including trademarks by persons other than the mark owner. But while national courts throughout the world have consistently offered relief against blatant cybersquatting,<sup>43</sup> differences in the precise contours of national protection are likely to develop as courts confront more contentious issues in disputes between competing mark owners or mark owners and other legitimate users. The issue has been tackled at the international level by the World Intellectual Property Organization ("WIPO"). In September 1999, WIPO member states agreed to a nonbinding resolution calling for the per se protection of well-known marks against bad faith registration as part of the domain names of someone other than the mark owner.<sup>44</sup> But, even if this form of "soft law" has the long-term effect that WIPO hopes, it will simply ensure that most countries offer basic protection against infringement of famous marks. Implementation of that protection will remain a matter for national law, and (as the number of reservations noted in the resolution suggests) there exists wide disagreement over the appropriate scope of protection for marks beyond very basic notions.

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<sup>43</sup> See, e.g., *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*, 202 F.3d 489, 495 (2d Cir. 2000), *cert. denied*, 120 S. Ct. 2719 (U.S. June 26, 2000) (No. 99-1752); *Panavision Int'l L.P., v. Toeppen*, 141 F.3d 1316, 1322 (9th Cir. 1998); *Landgericht Dusseldorf*, GRUR 34 O 191/96 (Apr. 4, 1997), 158 (Germany), *reported at* 1998 Eur. C.L.Y.B. 963, 963 (May 1998); *Yahoo! Inc. v. Akash Arora*, [1999] Fleet St. Rep. 931, 939 (Delhi H.C. 1999) (India). Most recently, courts in China have offered strong protection against cybersquatting. On June 20, 2000, Beijing No. 2 Intermediate People's Court IP Chamber upheld a complaint by the Swedish furniture retailer IKEA and ruled that the domain name registration *www.ikea.com.cn* was null and void, and ordered the defendant, CINET, to withdraw the registration. Although the court noted no specific law in China governing disputes between trademarks and domain names, it applied the "spirit and principles" of the law and found that the defendant had violated the spirit of the Paris Convention and the basic principles of the unfair competition law. See *China IP Express*, No. 24 (June 22, 2000) (Rouse & Co. Int'l); see also *China IP Express*, No. 26 (July 7, 2000) (Rouse & Co. Int'l) (reporting similar case where the court additionally took into account that the defendant had violated the Interim Rules for the Registration and Administration of Chinese Domain Names).

<sup>44</sup> See Joint Resolution Concerning Provisions on the Protection of Well-Known Marks, art. 6, Gen. Rep. of the Assemblies of the Member States of WIPO, Thirty-Fourth Series of Meetings, Geneva, Sept. 20-29, 1999, ¶¶ 171-183, WIPO Doc. A/34/16 (Sept. 29, 1999), at <http://www.wipo.int>.

If this were all, national law would remain paramount, as it still does in almost all other areas of intellectual property law.<sup>45</sup> This would cause reliance on traditional private law techniques of jurisdiction, choice of law, and recognition of judgments, to localize and adjudicate non-national disputes before national courts according to national laws. As noted above, some scholars see this endeavor as scarcely different from that encountered in any multinational or multistate context.<sup>46</sup> And, to be sure, policy makers and scholars are working on adapting these techniques for the Internet age.<sup>47</sup>

But complete reliance on national standards, guided by traditional choice of law techniques, may be insufficient. Even if (as some argue) determining the law applicable to a domain name/trademark clash does indeed bear similarity to other choice of law dilemmas, at some point differences in degree become differences in kind. The Internet takes us across that line. Traditional approaches to choice of law

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<sup>45</sup> Some supranational rights do exist, such as the CTM. *See* Council Regulation 40/94 of 20 December 1993 on The Community Trademark, 1994 O.J. (L 11) 1 (“The Trademark Regulation”). Moreover, the incorporation of the international intellectual property regime within the international trading system, and in particular within the dispute settlement mechanism of the World Trade Organization (“WTO”), has made the standards contained in international agreements effective for the first time. The WTO Dispute Settlement Body has now issued four reports interpreting the scope of member state obligations under the TRIPS Agreement, including three published since March 2000. *See* WTO Panel Report, United States—Section 110(5) of the U.S. Copyright Act, Doc. No. WT/DS160/R (June 15, 2000), at <http://www.wto.org/wto/ddf/ep/public.html>; WTO Panel Report, Canada—Term of Patent Protection, Doc. No. WT/DS170/R (May 5, 2000), at <http://www.wto.org/wto/ddf/ep/public.html>; WTO Panel Report, Canada—Patent Protection of Pharmaceutical Products, Doc. WT/DS114/R (Mar. 17, 2000), at <http://www.wto.org/wto/ddf/ep/public.html>; WTO Appellate Body Report, India—Patent Protection for Pharmaceutical and Agricultural Chemical Products, Doc. WT/DS50/AB/R (Dec. 19, 1997), at <http://www.wto.org/wto/ddf/ep/public.html>. While these rulings do not directly effect changes in national law, and rights remain enforceable by private parties only as permitted by national laws (whether TRIPS compliant or not), the threat of effective enforcement means that one can with greater confidence now refer to de facto international legal standards of intellectual property protection. (The nonbinding resolution of the WIPO member states is not, however, directly enforceable before a WTO panel. *See* Joint Resolution Concerning Provisions on the Protection of Well-Known Marks, *supra* note 44.)

<sup>46</sup> *See* Goldsmith, *supra* note 38.

<sup>47</sup> *See* Easterbrook, *supra* note 38; Goldsmith, *supra* note 38; Johnson & Post, *supra* note 39; *Subcommittee Tackles Jurisdiction Issues on Internet*, *supra* note 40; A.B.A. GLOBAL CYBERSPACE JURISDICTION PROJECT, *supra* note 3; *see also infra* text accompanying note 55 (discussing the draft Hague Convention).

have significant problems of application and provide little guidance to courts in the digital environment.<sup>48</sup> (Indeed, where the issue has surfaced in domain name cases brought before the U.S. courts, the courts have largely ignored the issue.<sup>49</sup>) And the aggressive exercise of extraterritorial jurisdiction would merely heighten tensions with other countries and highlight the urgency of more reasoned, and less parochial, solutions.

On the other hand, the isolated application of autonomous, universal cybernorms causes other problems. Just as cyberspace creates spillover effects from one country to another, it also causes spillover from online to offline contexts, implicating more than merely cyberinterests. Online activities have offline consequences, legitimating online (national) regulation. National interests have a role to play in the development of international solutions. Passing over them too quickly disserves a truly international solution by ignoring helpful laboratories of laws, failing to take advantage of developed democratic political structures that nation states (on the whole) provide,<sup>50</sup> and ignoring the legitimate claims of nation states to (partial) legislative competence.

The domain name system does, however, include a form of supranational adjudication in addition to the national and international mechanisms discussed above. When the U.S. Government established ICANN, it required that ICANN devise a mandatory uniform dispute resolution policy.<sup>51</sup>

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<sup>48</sup> See Graeme B. Dinwoodie, *A New Copyright Order: Why National Courts Should Create Global Norms*, 149 U. PA. L. REV. (forthcoming 2000).

<sup>49</sup> See *Quokka Sports, Inc. v. Cup Int'l Ltd.*, 99 F. Supp. 2d 1105, 1115 (N.D. Cal. 1999) (granting the licensee of the U.S. trademark for the mark AMERICA'S CUP a temporary restraining order against the New Zealand operator of a website at americascup.com, notwithstanding that the use of the mark AMERICASCUP was lawful under New Zealand law).

<sup>50</sup> It is not clear that the different constituencies comprising the fledgling political structure of ICANN serve as any better proxy than nations for the different interests that are implicated in this context. And the structure of ICANN raises many other concerns regarding the body's legitimacy and representativeness. See COMMON CAUSE & CTR. FOR DEMOCRACY & TECH., ICANN'S GLOBAL ELECTIONS: ON THE INTERNET, FOR THE INTERNET (March 2000), at <http://www.cdt.org/dns/icann/study/icannstudy.pdf>.

<sup>51</sup> Before the U.S. government established ICANN, responsibility for registering .com domain names—the most valuable names—lay with Network Solutions, Inc. (to whom the government had outsourced the job). Network

Thus, when ICANN accredited additional registrars to administer the generic top-level domains, it required each registrar to adopt the Uniform Dispute Resolution Policy ("UDRP"). The UDRP establishes an arbitration process by requiring domain name registrants to submit to arbitration before one of the ICANN-approved dispute resolution providers as a condition of registration. And it contains a set of principles (both substantive and procedural) according to which disputes between registrants and mark owners are to be resolved.

The UDRP holds the promise of supranational laws and supranational adjudication.<sup>52</sup> Indeed, the UDRP has been seen by some as a model for cross-border enforcement of rights on the Internet more generally.<sup>53</sup> The UDRP, however, was intended only to put in place quick and cheap administrative procedures for the easy cases—those concerning obviously abusive registrations of trademarks as domain names (loosely, cybersquatting). Some more difficult problems have been presented (although not always recognized) by fact patterns already brought before panels. But as soon as the facts go beyond the easy cases and begin to embrace contentious issues of trademark law, the UDRP may be severely tested. For example, trademark protection, especially for words, collides with free speech concerns. Although there exists a broad-based international commitment to the core principles of free speech, different countries deal with the collision in different ways, reflecting the wide range of free speech notions that exist around the

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Solutions implemented its own dispute resolution policy, which it revised to the satisfaction of almost no one. For a description of the operation of these different policies, see Liu, *supra* note 5, at 606-08.

<sup>52</sup> Supranational laws can exist without supranational adjudication (for example, if national courts seek to uphold supranational principles), and supranational adjudication can exist without supranational law (if the UDRP panels applied the national law with the greatest interest, rather than an autonomous set of principles). See generally Brian F. Havel, *The Constitution in an Era of Supranational Adjudication*, 78 N.C. L. REV. 257 (2000) (discussing how supranational adjudication can be viewed as a constitutional exercise of judicial power).

<sup>53</sup> See *Subcommittee Tackles Jurisdiction Issues on Internet*, *supra* note 40, at 215 (reporting testimony at an oversight hearing before the House Judiciary Committee's Subcommittee on Courts and Intellectual Property). As a consequence, the operation of the UDRP and its broader significance warrants immediate scholarly attention.

world once we move beyond those core principles. And the UDRP system does not presently require us to venture into the murky waters of enforcement because the remedies (transfer of domain name) are limited to those that can be effectuated by the registrars without the aid of national courts. Finally, expansion of the system would also make any procedural inequities of the current system more significant; complaints about these inequities have been largely ignored given the system's preoccupation with easy cases.

It is not surprising, therefore, that the WIPO has recently recognized that the UDRP would be more difficult to replicate in areas other than abusive domain name registration because of the more contested nature of the issues that would have to be addressed.<sup>54</sup> It is in part because of this that the UDRP system was consciously more limited in reach. Once vested with adjudicative authority, however, panelists may move beyond that limited jurisdiction. Indeed, it may be difficult for panelists to avoid doing so when certain arguments are made to them. The institutional momentum may thus take UDRP into cyberwaters that were not envisaged (or that were even expressly disavowed) as proper subjects of its attention.

In the short term (and, perhaps, in the longer term), these uncertainties suggest a need for an amalgam of national and supranational influences and input. This can occur at the legislative stage, but to be responsive to the demands of the fast-changing nature of this area of the law, it must also occur elsewhere. This includes the use of forms of supranational adjudication (such as the UDRP), regard for proper choice of law analysis in all fora, and the development of more standard rules for the recognition of judgments.<sup>55</sup>

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<sup>54</sup> WIPO has begun a new process to consider expansion of the UDRP to new issues raised by domain name registration. *See* Press Release, WIPO, WIPO to Probe New Issues Relating to Domain Name Abuse (July 10, 2000) (announcing a study, to be conducted at the request of various member states, of whether the scope of the UDRP should be broadened to address cases such as those involving personal names of celebrities or geographical indications of origin), *available at* <http://www.wipo.org/eng/pressrel/2000/p235.htm>.

<sup>55</sup> Since 1996, the Hague Conference on Private International Law has been considering a draft Convention on Jurisdiction and the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters. *See* Preliminary Draft Convention on Jurisdiction and Foreign Judgments in Civil and

The current system of domain name/trademark litigation, in large part, reflects this variety of forces. For example, national courts have continued to offer relief notwithstanding the UDRP.<sup>56</sup> Arbitration under the UDRP is nominally nonbinding. Filing a claim under the UDRP does not prevent filing of a complaint before a national court.<sup>57</sup> And national courts can address broader issues than can panelists under the UDRP. In the United States, the weapons available to trademark owners (discussed below) were expanded (almost simultaneously with the commencement of UDRP panels) by the enactment of the Anticybersquatting Consumer Protection Act 1999, codified as Section 43(d) of the Lanham Act.<sup>58</sup> Section 43(d) is not coterminous with the UDRP, nor does

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Commercial Matters (adopted by Special Commission on Oct. 30, 1999), *available at* <http://www.hech.net/e/conventions/draft36e.html>. A diplomatic conference to adopt the convention had been scheduled for late 2000, but the United States indicated its unease with the current draft (which is closely modeled on the Brussels Convention that operates within Europe), and adoption will not occur until 2001 at the earliest. *See* Negotiations at the Hague Conf. for a Convention on Jurisdiction and the Recognition and Enforcement of Foreign Civil Rights Before the House Subcomm. on Courts and Intellectual Property of the Comm. on the Judiciary of the H.R., 106th Cong. (2000) (statement of Jeffrey D. Kovar, Assistant Legal Adviser for Private International Law, U.S. Department of State), *available at* <http://www.house.gov/judiciary/kova0629.htm> (last visited Oct. 1, 2000). Although the Convention would address both jurisdiction and recognition of judgments, the interest of the United States lies primarily in the development of recognition rules. At present, U.S. courts are far more generous in recognizing foreign judgments than are foreign courts in recognizing and enforcing U.S. judgments. The quid pro quo for this improvement would be changes (i.e., restrictions) to the bases upon which U.S. courts could assume jurisdiction over civil disputes. For an analysis of the convention debate, see Kevin M. Clermont, *Jurisdictional Salvation and the Hague Treaty*, 85 CORNELL L. REV. 89, 97-123 (1999).

<sup>56</sup> *See supra* text accompanying note 43 (noting different national decisions).

<sup>57</sup> *See* *BroadBridge Media, L.L.C. v. Hypercd.com*, 55 U.S.P.Q.2d (BNA) 1426, 1428-29 (S.D.N.Y. 2000) (holding that the pendency of an arbitration under the UDRP does not foreclose a concurrent court action under the Anticybersquatting Consumer Protection Act); *Weber-Stephen Prods. v. Armitage Hardware & Bldg. Supply*, 54 U.S.P.Q.2d (BNA) 1766, 1768 (N.D. Ill. 2000) (holding that administrative decisions under the UDRP are not intended to be binding on federal courts); UDRP Rule 4(k) (establishing that a proceeding under the UDRP does not preclude either party from pursuing an action in a court of competent jurisdiction). Despite this, since its introduction, the UDRP has often been the primary avenue for recovery of a domain name. The contractual basis of the proceedings, *see supra* text accompanying notes 51-52, and the crucial (if limited) nature of the relief available (i.e., the transfer of the domain name) undoubtedly have contributed to that popularity with mark owners. Troublesome questions of enforcing court judgments against registrars in other countries are sidestepped.

<sup>58</sup> *See infra* text accompanying note 72.

either of those provisions parallel precisely Section 43 as it stood before 1999. These differences minimize the chance that any one regime could become supreme in regulating the domain name/trademarks clash.<sup>59</sup> And this may be appropriate both in terms of democratic legitimacy and in working toward an appropriate and effective non-national solution to a problem that is largely (but not wholly) non-national in nature.

### 3.2. Conceptual Boundaries

Trademark law, especially in use-based systems such as the United States, is generally cautious about the dispensation of rights. Trademark rights are granted only when the term in question assumes certain affirmative characteristics (if they act as source-identifiers); absent such characteristics, the mark is insufficiently important to protect, because protecting it would restrain the use by others for no gain in terms of informational shortcuts. Similarly, some marks or devices are too important to protect by trademark, either because their allocation to a single market participant would be anticompetitive or would collide with other important values such as the First Amendment or the integrity of the patent system. The domain name, as we saw above, is not nearly as cautious. It dispenses rights with abandon.

The clash between these two systems could be dealt with simply by assimilating one system to the other. Assimilation to the trademark system (or, at least, to the trademark system of the United States) would involve the erection of barriers or hurdles to the registration of domain names. It might take the form, for example, of requiring domain name registrars to conduct searches akin to trademark clearance searches before registering a domain name. But this would duplicate the role of the trademark authorities and would impose costs on an activity (domain name registration) whose ease and inexpensiveness has contributed to the rapid

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<sup>59</sup> The extent to which national alternatives are used will depend in large part on whether they are more favorable to mark owners than the non-national UDRP system. Cf. Dinwoodie, *supra* note 48 (discussing similar dynamic with respect to arbitration of copyright disputes).

pace of Internet development.<sup>60</sup> Large costs would slow down that development (although there may be a time when some slowdown is appropriate). A somewhat less costly alternative would be to require a search for the precise string of alphanumeric symbols and to deny domain name registration to any application that consists of such a term. Trademark owners have sought this form of protection at different stages of the construction of the domain name system. Although this would keep costs lower by reducing the discretionary part of any search function, it would provide stronger rights than even the current form of dilution protection because it would grant plenary rights in words; even dilution analysis involves consideration of the goods in question, and, in any event, is available only to famous marks.<sup>61</sup> (This latter alternative might also alter parasitic activity only marginally, by encouraging "typosquatting" rather than "pure" cybersquatting.<sup>62</sup>)

Moreover, in any proposal to assimilate the domain name system to the trademark system, the national nature of trademarks becomes problematic. Against which register

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<sup>60</sup> One smaller aspect of such an assimilation might be to prevent the registration of generic terms, but this too would add costs. This differs from the famous name proposal in that it would prevent the registration of generic names by any domain name registrant; the famous mark proposal would reserve the domain name for the mark owner.

<sup>61</sup> Restricting this domain name filter to famous marks would introduce a discretionary feature to registration analysis and would increase registration costs. Also, it also might not be much of a filter if early cases under the federal dilution law are any guide. Many of these cases paid scant attention to the famousness requirement. See Lori Krafte-Jacobs, Comment, *Judicial Interpretation of the Federal Trademark Dilution Act of 1995*, 66 U. CIN. L. REV. 659, 690 (1998) (discussing approach to the requirement of fame in the first federal dilution cases). One alternative might be to construct an international register of famous or well-known marks, administered by WIPO, to which registrars could turn. The device of such a register was considered, well before the domain name issue became a focus of attention, by the WIPO Committee of Experts on Well-Known Marks (meeting in Geneva in 1995 and 1996). It was not pursued in the resolution that represented the culmination (thus far) of that Committee of Experts process, but it has been revived in the domain name debate. See Joint Resolution Concerning Provisions on the Protection of Well-Known Marks, *supra* note 44, ¶¶ 171-183.

<sup>62</sup> The term was coined by Andy Johnson-Laird. See Johnson-Laird, *supra* note 32, at 101 (defining "typosquatting" as the act, by companies, of registering mistyped variations of popular domain names to "catch the electronic crumbs dropped by careless web surfers"). Whether typosquatting should be regarded as actionable under the Lanham Act may depend in large part on how courts develop the notion of cyberconsumer confusion.

should the domain name be compared? One option would be to create international registers, which might work where the exclusion is of a small number of terms, such as those that are either generic or well-known. Another would be to mimic the structure of the (supranational) European Union Community Trademark ("CTM") and permit registration only when no conflicting right appears in any country; if a conflicting right appears, the registrant would be restricted to national country code domains. But the cost of clearing marks remains a problem with the CTM,<sup>63</sup> so this may be a particularly unhelpful model. And the need to clear a domain name from conflicting rights everywhere is simply too arduous to contemplate. Does this suggest, therefore, that the assimilation must be of trademark law to the system of domain name allocation?

Assimilating trademark law to the domain name system would require a significant change in our trademark law. It would require a change (in U.S. law) to a first-to-file system, and it would require consideration of assigning rights on something other than a national basis. With respect to domain names including existing marks, there would be too many potential owners based on their national rights. Who would get to own the UNITED mark? The first to file the domain name registration in the .com domain? In the .net domain? Would national mark owners with legitimate claims to the UNITED mark have to forfeit their marks? And, even prospectively, do we wish trademark rights in words, the legitimacy of which depends in large part on the porous nature of such rights, to be strengthened in line with the truly exclusive character of domain names? Trademarks are an increasingly important part of both political and commercial speech, and the absolutism of the domain name system does not accommodate these countervailing concerns. If trademark law dispensed rights as liberally as does the domain name system—giving rights in the generic term "loan" to money lenders, for example—the competitive climate would be significantly affected. Trademark law, which affects more than just the right to select one's Internet

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<sup>63</sup> Cf. Coralie Smets-Gary & Katharina Von Woellwarth, *Pros and Cons of a Community Trademark*, 20 FRANCHISE L.J. 17, 20 (2000) (discussing cost and other disadvantages of the CTM).

address, properly recognizes that some words are just too important for sole ownership, either because such words appropriate an entire product market to a single producer or because such words cannot serve a trademark function for consumers.<sup>64</sup>

Alternatively, therefore, one may recognize that the domain name system and the trademark system can operate in tandem: first, by assigning domain names on a basis designed to facilitate Internet development; and second, by applying trademark principles to acts of domain name registration that impact trademark rights.<sup>65</sup> The initial response of courts in the United States to the clash between domain name owners and mark owners has mirrored this approach. Courts have used not only classical principles of trademark law but also trademark dilution protection. With respect to the latter, the courts have interpreted the federal dilution statute in ways that have had the effect of protecting trademark rights broadly in the digital environment. It was only later that Congress, through specific federal legislation, enacted separate rights specifically designed to protect mark owners against cybersquatting.<sup>66</sup>

A claim for trademark infringement or dilution requires that the defendant has used the mark within the meaning of the Lanham Act. Although registration of a domain name does not of itself constitute use in commerce, early U.S. courts addressing domain name/trademark conflicts stretched the notion of use in commerce to cover egregious cybersquatting activities.<sup>67</sup> The lack of any real use made it difficult to fashion a claim of consumer confusion (although clearly such a claim is possible where the domain name

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<sup>64</sup> See Graeme B. Dinwoodie, *Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress*, 75 N.C. L. REV. 471, 597-602 (1997) (discussing these two rationales for the doctrine of generic marks and comparing to the doctrine of functionality).

<sup>65</sup> Some commentators have doubted whether this approach is likely to develop in light of statutory and international developments. See Jessica Litman, *The DNS Wars: Trademarks and the Internet Domain Name System*, 4 J. SMALL & EMERGING BUS. L. 149, 164 (2000).

<sup>66</sup> See Anticybersquatting Consumer Protection Act, 15 U.S.C.A. § 1125(d) (West Supp. 2000).

<sup>67</sup> See, e.g., *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1325 (9th Cir. 1998) (holding that the offer to sell domain names to trademark owners whose marks were incorporated in the domain names was use in commerce).

registrant uses the name). And, early on, courts seized on a single line of the legislative history of the federal dilution statute<sup>68</sup> to support the notion that the dilution law enacted in 1995 was aimed in part at abusive domain name registration—without any real consideration of whether the particular mark in question was famous, or whether the use in question diluted the distinctiveness of the mark,<sup>69</sup> both of which (along with use in commerce) are prerequisites for a dilution claim. Indeed, this trend was so pervasive that some commentators started to reconceptualize dilution case law as covering three cases: tarnishment, blurring, and cybersquatting.<sup>70</sup> Despite these largely pro-mark owner developments—and perhaps to avoid this level of creativity in adjudication—the new legislation (the Anticybersquatting Consumer Protection Act) creates a cause of action based on bad faith registration of a domain name that is identical or confusingly similar to the plaintiff's trademark (without any requirement of famousness, consumer confusion, dilution, or use in commerce).<sup>71</sup> It also introduced an action in rem against the domain name, which is intended to address (and is limited to) the situation where the defendant is not subject to the personal jurisdiction of the U.S. courts.<sup>72</sup>

If we adopt the notion of revising the systems separately, however, it would not prevent decisions made in one sphere from affecting the development of principles in the other.<sup>73</sup>

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<sup>68</sup> See 141 CONG. REC. S19312 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy) (“[I]t is my hope that this antidilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others.”).

<sup>69</sup> Cf. *Krafte-Jacobs*, *supra* note 61.

<sup>70</sup> See 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24.67 (4th ed. 1997).

<sup>71</sup> In the case of famous marks, protection extends against acts of bad faith registration of a domain name that is dilutive of the famous mark. See 15 U.S.C.A. § 1125(d) (West Supp. 2000).

<sup>72</sup> See 15 U.S.C.A. § 1125(d)(2) (West Supp. 2000). The provision has been useful for trademark owners, even where narrowly interpreted by the courts. See *BroadBridge Media, L.L.C. v. Hypercd.com*, 55 U.S.P.Q.2d (BNA) 1426, 1441 (S.D.N.Y. 2000) (citing 15 U.S.C. § 1125(d)(1)-(2)) (ordering registrar to transfer the domain name to the plaintiff despite requiring in rem plaintiff to show that defendant domain name registrant, over whom the court had no personal jurisdiction, had a bad faith intent to profit from the registered mark).

<sup>73</sup> Cf. *Litman*, *supra* note 65, at 165 (arguing that the domain name system should be designed in ways that make sense “from technical and Internet policy

In particular, decisions by ICANN on the structure of the domain name system will affect the ways in which consumers perceive domain names and thus how trademark rights are affected by the use of trademarks as domain names. Most notable among these decisions is the development of additional generic top-level domains.<sup>74</sup> This is not a wholly new suggestion. It can be found in proposals put forward by the International Ad-Hoc Committee in 1998,<sup>75</sup> and was recently accepted by ICANN.<sup>76</sup> Trademark owners have in recent years vigorously opposed these attempts, arguing that this was a recipe for more confusion. If Apple Computer had failed to register apple.com, and .com was the only generic top-level domain in which registrations were freely available, then Apple Computer would only have to deal with one unscrupulous defendant. However, offer the name in four domains and Apple would have to pursue four claims; offer the name in twelve and the costs increase proportionately. So the argument goes. Indeed, if one assumed that Apple Computer, even after obtaining the rights in the APPLE mark in each top-level domain, would have to monitor all similar domain names (e.g., applepc.com), then the costs may become quite significant.

But this argument rests on the premise that permitting use of the mark in *any* other domain name for any other type of good will impinge upon the rights of the trademark owner.

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vantage points rather than one that elevates today's marketing plans into the rationale for the architecture of the Internet").

<sup>74</sup> This may provide a vehicle for the courts to get out from under the different layers of early decision-making and reassess the proper scope of protection for trademarks vis-à-vis third party domain name registrants. Such a development would parallel software copyright jurisprudence; courts sought initially to provide a broad, secure environment for intellectual property owners operating in new technologies, only to scale back protection as the technology matured. Compare *Whelan Assocs. v. Jaslow Dental Labs.*, 797 F.2d 1222, 1237 (3d Cir. 1986), with *Computer Assocs. Int'l v. Altai, Inc.* 982 F.2d 693 (2d Cir. 1992) (discussing overprotection by the *Whelan* court).

<sup>75</sup> The International Ad-Hoc Committee was comprised of both trademark owners and a variety of Internet organizations. Another important aspect of its proposal was that the group would assume responsibility for generic top-level domain name registration from Network Solutions, Inc. For a discussion of the Committee's proposals, see Liu, *supra* note 5, at 600-04.

<sup>76</sup> See ICANN, PRELIMINARY REPORT: MEETING OF THE ICANN BOARD IN YOKOHAMA, *supra* note 37 (approving resolution authorizing new top-level domains).

This need not be the case. It will depend in large part on how the new generic top-level domains are allocated, what generic domains are chosen, how consumer use and understanding of the different domains evolves, what limits exist on registration, and whether technological developments change the use of domain names in social habits. Indeed, the Court of Appeals for the Ninth Circuit has already recognized (in the context of existing generic top-level domains) that use of the mark as a domain name in one generic domain may be different from use in another.<sup>77</sup> Similarly, if, for example, ICANN supported the establishment of a domain with negative connotations (such as .sucks, or .hurl),<sup>78</sup> it is arguable<sup>79</sup> that consumers would not be confused about any association between Apple computers and apple.sucks and would develop an understanding that .sucks addresses were affirmatively unconnected to the owners of the mark.<sup>80</sup> Such a development might give

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<sup>77</sup> See *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 880 (9th Cir. 1999) (declining to automatically extend case law regarding the dilution caused by use of domain name registrations in the .com domain to registrations in the .net domain, and concluding that “although evidence on the record . . . demonstrates that the .com and .net distinction is illusory, a factfinder could infer that dilution does not occur with a trademark.net registration” thus precluding summary judgment for the plaintiff).

<sup>78</sup> The Consumer Project on Technology indicated its intention to apply to manage a new top-level domain name called .sucks. See Jon Swarz, *Dot-Com, Meet Dot-Biz: More Domains in Sight*, USA TODAY, Aug. 3, 2000, at B3. For an overview of the process of applying for new top-level domains, see ICANN, NEW TLD APPLICATION PROCESS OVERVIEW, *supra* note 12; see also ICANN, TLD APPLICATIONS LODGED (Oct. 2, 2000) (listing applications to sponsor new top-level domains, and the domains for which sponsorship was sought), at <http://www.icann.org/tlds/tld-applications-logged-02oct00.htm>. The selection of new domains, and of the operators of each new domain, will be made in accordance with criteria consistent with the ICANN Board’s resolution in Yokohama. See ICANN, PRELIMINARY REPORT: MEETING OF THE ICANN BOARD IN YOKOHAMA, *supra* note 37.

<sup>79</sup> Although experience in the context of parody cases suggests that this might require some revision of attitudes (or the development of a sense of humor) in some courts. See *Anheuser-Busch, Inc. v. Balducci Publ’ns*, 28 F.3d 769, 777-79 (8th Cir. 1994) (finding parody infringed plaintiff’s trademark).

<sup>80</sup> Whether, and to what extent, these perceptions would develop might depend upon whether trademark owners could or would register in the .sucks domain. (Permitting the Microsoft Corporation ownership of microsoft.sucks might be as socially inadvisable as permitting the Apple Corporation to own microsoft.com.) Rules that incentivize (or enable) mark owners to do so should be avoided because they would merely result in trademark owners incurring yet more wasted costs and would stifle an avenue of criticism. Indeed, restrictions on who could own names in

recognition to the free speech and other countervailing concerns found in existing trademark law without imperiling trademark owners' legitimate defenses against unfair competition.<sup>81</sup> Thus, although developing independently, the domain name system could be crafted with an eye to ensuring that trademark values (whether the affirmative values of protection or the correspondingly important limits on protection) are not threatened.

If we decide that the two systems should develop in parallel, guided by the independent policy objectives underlying each system, then the debate will focus on what those objectives are. The trademark debate is essentially one of applying, rather than constructing, those objectives. To be sure, the recent expansions of trademark protection can be framed in terms of a drift from a tort-based to a property-based notion of trademarks. In practical terms, however, the real debate is a question of degree: what level and kinds of confusion will we tolerate among consumers, and how remote must a threat to a trademark's goodwill be before we permit it? The former can be developed by courts taking proper account of purchasing practices in cyberspace. The latter is a more troubling question. Indeed, I have argued elsewhere that it is an inquiry without any helpful internal compass, and that any certainty of content will only come from coupling the inquiry with analysis of consumer confusion.<sup>82</sup> These are classical trademark debates, not new debates inspired by cyberspace. But if consumers are

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the new domains, reflecting initial practices in the existing top-level domains, might be useful in this regard. The published criteria for new domains envisage both unrestricted top-level domain names (with no enforced restrictions on who may apply for registration within the domain or on what uses may be made of those registrations) and restricted top-level domains (with restrictions of either or both kind). See ICANN, NEW TLD APPLICATION PROCESS OVERVIEW, *supra* note 12.

<sup>81</sup> For an interesting discussion of the circumstances that might warrant ordering the transfer of ownership of domain names that use components clearly connoting criticism (such as *harvardsucks.com*), see *Standard Chartered PLC v. Purge I.T.*, No. D2000-0681 (WIPO Arb. and Med. Ctr. Panel Aug. 13, 2000), at <http://arbiter.wipo.int/domains/decisions/html/d2000-0681.html>.

While permitting registration of such domain names by persons seeking to sell the domain name back to the mark holder for profit (i.e., cybersquatters) might serve no useful purpose, it also is not clear that a transfer back to the mark owner would be the ideal response.

<sup>82</sup> See Graeme B. Dinwoodie, *The Rational Limits of Trademark Protection*, in U.S. INTELLECTUAL PROPERTY LAW AND POLICY (Hansen ed., forthcoming 2000).

cyberactors (and they are), then the practices of the domain name system will and must inform that debate. The domain name system here does not revamp the principles of trademark law; it simply shapes their application consistent with long-defined public policy objectives.

In the domain name context, there needs to be candid debate about the value of permitting speculation in property that has significant commercial, social, and political significance. This independent inquiry into domain name system values will inevitably be more in the nature of an articulation of first principles than of trademark law; this is too new a regime to have settled on the values in as fixed a manner as trademark law. Just as the domain name system affected the independent assessment of trademark law, so too the lessons of trademark law might helpfully inform the construction of the domain name regime, including a recognition that certain terms are too important to be the property of a single individual.

#### 4. CONCLUSION

Analysis of the problems facing the domain name system illustrates well the challenges posed in asking, "What law controls in cyberspace?" The question is unlikely to produce a single "law." The rules that will control the allocation and use of domain names, a prototypically cyberspace activity, will inevitably (and perhaps appropriately) reflect laws that are national, international, and supranational in nature. They will be developed in quasi-legislative and quasi-judicial fora that are national, international, and supranational in nature. The rules will also challenge conceptual boundaries of trademark law that have placed the United States apart from the rest of the world. Such prognostication might appear prosaic. And in some sense it is. But its prosaic nature masks an exciting future, because it can scarcely be doubted that many previously impregnable boundaries—geographic and conceptual—will be shattered in that process.