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DOES WHAT WORKS FOR “.COM” ALSO WORK FOR “.CN”? : COMPARATIVE STUDY OF ANTI-CYBERSQUATTING LEGAL SYSTEMS IN THE UNITED STATES AND CHINA

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I. INTRODUCTION

Since the Beijing First Intermediate People’s Court received the first cybersquatting case in China, *Fulande v. Mitian Jiaye*, in April 1999, Chinese courts had received more than 40 cybersquatting cases by July 2001. Internationally well-known trademarks, such as “Tide,” “Ikea,” and “Safeguard,” have been involved in cybersquatting claims.¹ Although Chinese courts promptly reacted to this newly emerging question, absence of pertinent legal rules resulted in uncertainty and inconsistency in decisions from different courts. The *Trademark Law* and *Anti-Unfair Competition Law* of China, were quoted by most courts as legal basis, however they failed to provide sufficient remedies against cybersquatting.

In order to mend the flow in current statutes and to accommodate the need for regulating cybersquatting, on July 24, 2001, the Supreme People’s Court issued a judicial interpretation titled *Interpretation of Several Issues on Application of Laws to Civil Cases Involving Computer Network Domain Names* (“The Interpretations”),² as a guideline for all Chinese courts in deciding cybersquatting cases. *The Interpretations* is the consolidation of all prior judicial experience and is deemed as the latest achievement of China’s fight against cybersquatting.

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1. Jiang Zhipei, Speech, China Internet Conference Meeting (July 10, 2001) <<http://cnnic.net.cn/policy/33.shtml>>. Jiang Zhipei is the chief judge of the Third Civil Tribunal of the Supreme Court of China.

2. In August 15, 2000, Beijing Higher People’s Court issued “*Several Guiding Opinions on the Trial of Civil Cases Involving Intellectual Property Disputes Arising from the Registration and Use of Domain Names*” [hereinafter *Guiding Opinions*] (governing courts within the territory of Beijing Municipality only).

As the cradle of Global Information Infrastructure, the United States was the first country faced with the challenge of cybersquatting and has accumulated the most sophisticated experience in dealing with this problem. Therefore, China courts have frequently made reference to their U.S. counterparts while handling cybersquatting cases. This also explains the fact that *The Interpretations* largely follow the U.S. model, *Anti-Cybersquatting Consumer Protection Act* (“ACPA”).

By a closer observation, we may however, discover that significant differences still exist between these two countries in their legislative and judicial practices as pertaining to cybersquatting. Some such differences may result from China’s civil law tradition as opposed to America’s common law tradition. The other differences result from China’s limited experience and insufficient understanding in the legal and technological complexity of the cybersquatting problems.

This article, by the means of comparative study of the anti-cybersquatting legal systems in the United States and China, aims to find out whether, and to what extent, China can transplant the United State’s experience to construct her own effective legal mechanisms against cybersquatters.

Here, it is necessary to clarify the coverage of this article. The Chinese part of this article focuses specifically on cybersquatting of “.cn” domain names which are reserved the with China Internet Network Information Center (“CNNIC”).³ So far Chinese courts have not coped with any disputes with respect to genetic domain names such as “.com.” Besides, this article does not discuss any non-governmental domain name dispute resolution policies but focuses primarily on legislation and judicial practice of these two countries.

Part II of this article discusses how trademark law is used against cybersquatting in United States and in China. Part III discusses how dilution is used as a cause of action against cybersquatting in the United States and how Chinese courts apply “special protection of well-known trademark,” an inquiry similar to dilution, in cybersquatting cases. Part IV discusses how Chinese courts use anti-unfair competition law to fight against cybersquatting. Part V addresses the United States anti-cybersquatting legislation and tries to sketch a blueprint of future anti-cybersquatting legislation in China, based on the United State’s experience and China’s existing judicial practice.

3. China Internet Network Information Center, *A Brief Introduction of CNNIC* <<http://cnnic.net.cn/e-about.shtml>> (accessed Jan. 25, 2002) (stating that CNNIC is a nonprofit organization founded on June 3, 1997 under the leadership of the Ministry of Information Industry). Domain name reservation service is one of CNNIC’s most important functions and CNNIC. *Id.* CNNIC is in charge of “.cn” domain names reservation, IP address distribution, and autonomous system codes distribution in China. *Id.* Generally speaking, CNNIC’s function is similar to that of the Internet Corporation of Name and Numbers. *Id.*

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II. TRADEMARK INFRINGEMENT AS A CAUSE OF ACTION AGAINST CYBERSQUATTING

Both the United States and China have witnessed some disadvantages in using the trademark infringement claim, which requires the likelihood of confusion test as a cause of action against cybersquatting. In the *Lanham Act*, one of the requirements for trademark infringement is that the accused use of a registered trademark shall be “in connection with the sale, offering for sale, distribution, or advertising of any goods or services,”⁴ and the accused use of an unregistered trademark shall be “in connection with any goods or services, or any container for goods.”⁵ However, cybersquatters do not often use the domain name in the above-mentioned manners, thus their acts do not literally constitute trademark infringement. Plaintiffs have also had some difficulty in proving the accused use was likely to cause confusion.⁶ In China, the requirement for the manner of the accused use is even higher, the accused use shall be “in respect of the same or similar goods” as the trademark owner’s.⁷ Therefore, in both countries, trademark infringement is not always able to catch cybersquatters. What is more, in both countries, remedies for trademark infringement cannot satisfy trademark owners even when trademark infringement is established.

A. TRADEMARK INFRINGEMENT BY LIKELIHOOD OF CONFUSION IN *LANHAM ACT*

1. *Liability*

The *Lanham Act* creates civil liability for the infringement of a registered trademark, it requires the plaintiff to plead and prove the following elements:

1. the defendant use [of] any reproduction, counterfeit, copy, or colorable imitation of a registered mark;
2. without the consent of the registrant;
3. in interstate commerce;
4. in connection with the sale, offering for sale, distribution, or advertising of any goods or services; [and]

4. 15 U.S.C. § 1114(1) (2000).

5. *Id.* § 1125(a)(1) (2000).

6. See Danielle Weinberg Swartz, *The Limitations of Trademark Law in Addressing Domain Name Disputes*, 45 UCLA L. Rev. 1487, 1491-1500 (1998) (discussing the disadvantages of using trademark cause of actions to fight against cybersquatting).

7. *Trademark Law of the People’s Republic of China*, Art. 38 (China) [hereinafter *Trademark Law*]; *Detailed Implementing Rules of the Trademark Law of the People’s Republic of China*, Art. 41 (China) [hereinafter *Detailed Rules*].

5. such use is likely to cause confusion, or to cause mistake, or to deceive.⁸

The *Lanham Act* also creates civil liability for the infringement of unregistered trademarks. It requires the plaintiff to plead and prove:

1. the defendants use [of] any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact;

2. in commerce;

3. in connection with any goods or services, or any container for goods; [and]

4. such use is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of the defendant with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.⁹

Use of a domain name by a cybersquatter in certain manners may fit within the above requirements and may be subject to civil liability. For example, if a domain name similar to the trademark is used without permission of the trademark owner in a commercial sense, such as “in connection with the sale, offering for sale, distribution or advertising of any goods or services in a context that is likely to cause confusion, mistake or deception with a previously used mark,” trademark infringement can occur.¹⁰ Each element is presented below separately.

a. In Commerce

To trigger the language of the *Lanham Act*, the defendant’s use of plaintiff’s mark must be “in commerce” within the meaning of the *Lanham Act*. Courts have not had much trouble in finding use of a domain name on the Internet to meet the requirement of “in commerce.” In *Planned Parenthood Federation of America, Inc. v. Bucci*,¹¹ the court found the defendant’s use of “www.plannedparenthood.com,” which is identical to the plaintiff’s registered trademark “Planned Parenthood,” as their domain name met the “in commerce” requirement for two reasons. First, defendant’s actions affected plaintiff’s ability to offer plaintiff’s services online. Since plaintiff’s services, which was being offered in forty-eight states and over the Internet, is surly “in commerce,” thus, even assuming that defendant’s activities are not “in commerce” within the *Lanham Act’s* purpose, the effect of those activities on plaintiff’s commerce activities would place defendant within the reach of the *Lanham Act*. “Second, Internet

8. 15 U.S.C. § 1114(1)(a) (2000).

9. *Id.* § 1125(a)(1)(A).

10. J. Thomas McCarthy, *McCarthy On Trademarks And Unfair Competition* § 25:71 (4th ed., West 2001).

11. *Planned Parenthood Federation of America, Inc. v. Bucci*, 1997 WL 133313 (S.D.N.Y. 1997).

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users constitute a national, even international, audience, who must use interstate phone lines to access defendant's Web site on the Internet. The nature of the Internet indicates that establishing a typical homepage for access to all users, would satisfy the *Lanham Act's* "in commerce" requirement.¹² Therefore, essentially any use of a domain name on the Internet satisfies the "in commerce" requirement.¹³

b. Commercial Use

For infringement of federally registered trademarks, the *Lanham Act* requires that the accused use be "in connection with the sale, offering for sale, distributing, or advertising of any goods or services."¹⁴ For infringement of unregistered trademarks, the *Lanham Act* requires that the accused use be "on or in connection with any goods or services, or any container for goods."^{15 16} In cybersquatting cases, this is not a factor in favor of trademark owners.

In some cases, for example, in *Planned Parenthood Federation of America, Inc. v. Bucci*, the court found that the defendant's use triggered §32(1) and §43(a)(1) of the *Lanham Act* because the defendant used the accused domain name in connection with the distribution or advertising of goods or services.¹⁷ In this case, the court also found that the defendant's use was an infringement of the plaintiff's unregistered trademark rights because the defendant used the domain name "on or in connection with any goods or services" and it was a designation which was likely to cause confusion, mistake or deception as to the affiliation, connection or association to the origin of the "goods, services or commercial activities" of the accused entity.¹⁸

However, unlike the situation in the above case, most cybersquatters do not use the domain name on a Web site that promotes goods or provides service. This

12. *Id.* at *3.

13. Mark A. Lemley et al., *Software and Internet Law* 823-24 (Aspen 2001).

14. 15 U.S.C. § 1114(1)(a) (2000).

15. *Id.* § 1125(a)(1)(A).

16. McCarthy, *supra* n. 10, at § 25:76. McCarthy read these requirements in this way: for trademark infringement (as well as dilution) to be actionable under the *Lanham Act*, the accused user must use the challenged designation "in some commercial sense." *Id.* Therefore, mere reservation of a domain name, without use in connection with any commercial enterprise, does not trigger infringement by confusion (or dilution) under the *Lanham Act. Id.*

17. *Planned Parenthood*, 1997 WL 133313, at *4. The rationale for the court decision are as follows: First, the defendant used the Web page to help the sale of a book. *Id.* The materials on the Web site, which were similar to a publisher's home page, is related to the advertising and distributing of the book. *Id.* Second, defendant offered its own set of information services in the Web site and defendant's use of plaintiff's mark is in connection with the distribution of those services over the Internet. *Id.* at *5. Third, defendant's domain name was used "in connection with" the plaintiff's goods and services because it is likely to prevent some Internet users from reaching plaintiff's own Web site. *Id.*

18. *Id.* at *4

fact causes trouble to the plaintiff. For example, Mr. Dennis Toepfen reserved the domain name “www.panavision.com,” which is identical to Panavision Int’l L.P.’s registered trademark “Panavision.” He did not use the trademark in connection with the sale, offering for sale, distributing or advertising of any goods or services, but simply put the picture of a city named “Pana” on the Web site.¹⁹ In many cases, cybersquatters may not even activate their domain names. They may merely warehouse the domain names without using them at all. In those circumstances, the requirement of the *Lanham Act* may never be met.

There is an opinion that “neither merely reserving a domain name nor use of a domain name solely to indicate a site on the Internet, in and of itself, constitutes ‘goods or services’ within the *Lanham Act* sense. Rather, one must consider the content of the Web site identified by the domain name.”²⁰ If this opinion, which is in accord with traditional trademark law theory, is accepted, the cybersquatters are left with more room to play within the *Lanham Act*.

c. Likelihood of Confusion

The test for likelihood of confusion is the touchstone of trademark infringement.²¹ Infringements of federally registered marks are governed by a determination of whether the defendant’s use is “likely to cause confusion, or to cause mistake, or to deceive.”²² A federal claim for infringement of an unregistered mark is also triggered by a use which “is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association” of the user with the senior user.²³ The same test is applied when the use of a domain name is claimed to constitute trademark infringement. This test is no more favorable to trademark owner than the commercial use requirement.

Based on the traditional fundamental factors to be considered in determining the presence or absence of a likelihood of confusion,²⁴ federal circuits have created

19. *Panavision Int’l L.P. v Toepfen*, 141 F.3d 1316, 1325 (9th Cir. 1998). In this case, the court “stretched” the definition of “commercial use” and held the defendant’s reservation of the domain name and attempt to sell the domain name back to the plaintiff constituted “commercial use.” *Id.* The reasoning of this case will be discussed later in this article. However, the court did find the use of “www.panavision.com” on a Web site showing a picture of a city constitute “commercial use” in its traditional sense. *Id.*

20. *See* McCarthy, *supra* n. 10, at §25:76.

21. *Id.* at §23:1.

22. 15 U.S.C. § 1114(1)(a) (2000).

23. *Id.* § 1125(a)(1)(A).

24. *Restatement of Torts* § 731 (1938). The classic test set out nine foundational factors to be considered in determining likelihood of confusion for non-competitive goods: 1) the likelihood that the actor’s goods, services or business will be mistaken for those of the other; 2) the likelihood that the other may expand his business so as to compete with the actor; 3) the extent to which the goods or services of the actor and those of the other have common purchasers or users; 4) the extent to which the goods or services of the actor and those of the other are marketed through the same channels; 5) the relation between the functions of the goods or services of the actor and those of the other; 6) the degree

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various lists of factors, which are slightly different from each other.²⁵ *The Restatement of Torts* spelled out the following eight factors relevant to the determinations of likelihood of confusion:

1. The degree of resemblance between the conflicting designations;
2. the similarity of the marketing methods and channels of distribution;
3. the characteristics of the prospective purchasers and the degree of care they exercise;
4. the degree of distinctiveness of the senior user's mark;
5. where the goods or services are not competitive, the likelihood that prospective buyers would expect the senior user to expand into the field of the junior user;
6. where the goods or services are sold in different territories, the extent to which the senior user's designation is known in the junior user's territory;
7. the intent of the junior user; [and]
8. evidence of actual confusion.²⁶

These factors are also considered when the use of a domain name is claimed to constitute trademark infringement. By considering the "degree of resemblance between the conflicting designations," if the accused domain name is not sufficiently similar to the plaintiff's mark, infringement may not be found. By considering the competition between and the similarity of the goods or services provided by the defendant and the plaintiff, even if the accused domain name is identical to the senior user's mark, if the goods or services advertised at the Web site are sufficiently distinct from those identified by the mark, there will be no likelihood of confusion.²⁷ Weighing the factors of similarity of the marketing

of distinctiveness of the trademark or trade name; 7) the degree of attention usually given to trade symbols in the purchase of goods or services of the actor and those of the other; 8) the length of time during which the actor has used he designation; and 9) the intent of the actor in adopting and using the designation. *Id.*; see also McCarthy, *supra* n. 10, at § 23:19.

25. *Id.* The Second Circuit developed the eight-factor "Polaroid" test, which was originally used only in determination of likelihood of confusion of non-competing goods or service, but now applies to that of competing goods or services as well. *Id.* The Ninth Circuit has developed the eight-factor "Sleekcraft" test. *Id.* at § 23:21.

26. *Id.* at § 23:19.

27. See e.g. *Hasbro Inc. v. Clue Computing Inc.*, 66 F. Supp. 2d 117 (D. Mass. 1999). Hasbro was the owner of rights in the mark CLUE for a popular board game. *Id.* Clue Computing Inc. reserved the domain name "www.clue.com." *Id.* at 119. Clue Computing Inc.'s Web site identified by this domain name is used to advertise the company's computer consulting business. *Id.* The court found that Hasbro failed to prove that there was a likelihood that consumers would confuse Clue Computing's

methods and channels of distribution, characteristics of the prospective purchasers and the degree of care they exercise, intent of the junior user and evidence of actual confusion often times lead to result in favor of the cybersquatter.²⁸

2. Remedy

The *Lanham Act* provides several kinds of remedy to the plaintiff when infringement is established. However, in cybersquatting cases, those remedies do not always suffice. One of the remedies that the *Lanham Act* provides is injunction. In actions arising out of use of counterfeit marks in connection with the sale, offering for sale, or distribution of goods or services, the court may, grant an order providing for the seizure of goods and counterfeit marks involved in such violation and the means of making such marks, and records documenting the manufacture, sale, or receipt of those things involved in such violation.²⁹ In cybersquatting cases, this remedy does not make any sense.

The *Lanham Act* also provides damages as a remedy. When infringement of registered trademark or infringement of unregistered trademark under §43 of the *Lanham Act* is established, the plaintiff shall be entitled to recover actual damages and profit, which include defendant's profits, any damages sustained by the plaintiff, and the costs of the action.³⁰ In a case involving the use of a counterfeit mark in connection with the sale, offering for sale, or distribution of goods or services, the plaintiff may also elect to get statutory damages instead of actual damages and profit.³¹

Here comes the problem: cancellation of the reservation scheme or transfer of the disputed domain name is not available under this remedy, while such remedy makes the most sense to plaintiff in cybersquatting case, because their true intent is to be able to use the trademark domain names themselves or, at least, to stop the defendant from using them. Lack of such remedy makes trademark infringement litigation less helpful to the trademark owner.

3. Comments

To constitute trademark infringement based on likelihood of confusion, the defendant must reserve the domain name, and the cybersquatter must also activate the domain name and use it in connection with sale, offering for sale, and the distribution of goods or services. However, as mentioned above, many

"www.clue.com" Web site on computer consulting business with Hasbro's game. *Id.* at 137.

28. See generally *Intermatic, Inc. v. Toebben*, 947 F. Supp. 1227 (N.D. Ill. 1996) (denying Intermatic's motion for summary judgment on the trademark infringement because the court found that question of fact existed regarding the "area and manner of use," "degree of care likely to be exercised by consumers," and "actual confusion").

29. 15 U.S.C. § 1116(d) (2000).

30. *Id.* § 1117(a).

31. *Id.* § 1117(c).

cybersquatters reserve domain names without using them in the commercial sense, or without activating them at all. In such circumstances, trademark infringement cannot be established.

Even when infringement is established, traditional trademark infringement remedies may not be able to satisfy trademark owners since the traditional remedies do not include cancellation or transfer of domain name, which enable the plaintiffs to use their trademark as a domain name. Therefore, it is fair to say that the experience within the United States has made it clear that trademark infringement claims based on likelihood of confusion are not an adequate tool to help the trademark owners fight against cybersquatters.

B. TRADEMARK INFRINGEMENT IN CHINA

In China, like the United States, trademark infringement is based on the likelihood that confusion maybe established when a trademark is reserved and/or used, as a domain name by someone other than the trademark owner. The *Trademark Law of China*, and *Detailed Implementing Rules of Trademark Law of China* and international conventions,³² which constitute a part of the Chinese trademark law regime, are the basic laws that are applied in cybersquatting cases, if the plaintiff raise the suit based on trademark infringement.³³

Generally, in trademark infringement cases, when deciding whether the defendant's acts constitute infringement, Chinese judges go through a three step analysis. First, they examine whether the plaintiff owns the exclusive right to use the disputed trademark. If the plaintiff does, the next step is to examine whether any of the defendant's acts fall into the category of infringing acts, a list these infringing acts are provided in Article 38³⁴ of the *Trademark Law* and are

32. The convention that will be talked about most is the Paris Convention for the Protection of Industrial Property, July 14, 1967, 11851 U.N.T.S. 305-388 [hereinafter *Paris Convention*].

33. In addition to these statutes, the interpretations issued by the Supreme People's Court, which are binding upon the lower court, could be also be called a part of trademark law system. However, the interpretations will not be discussed in this Comment because, first, judicial interpretation was promulgated on July 24, 2001 and had no influence on the trademark law system before then, so will have nothing to do with the discussion here. Second, it makes more sense to discuss these interpretations as a part of the blueprint for future anti-cybersquatting legislation, and compare it with U.S.'s special legislation in Part V of the accompanying text.

34. *Trademark Law*, *supra* n. 7, at Art. 38. This article says:

Any of the following acts shall be an infringement of the exclusive right to use a registered trademark: 1. to use a trademark that is identical with or similar to a registered trademark in respect of the same or similar goods without the authorization of the proprietor of the registered trademark; 2. to sell goods that he knows bear a counterfeited registered trademark; 3. to counterfeit, or to make, without authorization, representations of a registered trademark of another person, or to sell such representations of a registered trademark as were counterfeited, or made without authorization; 4. to cause, in other respects, prejudice to the exclusive right of another person to use a registered trademark.

Id.

completed by Article 41 of the *Detailed Rules*.³⁵ The analysis of likelihood of confusion is built into these articles. When both of the above conditions are met, the last step is to examine whether the defendant's infringing acts causes damage to the plaintiff.³⁶ By going through these three steps, the built-in analysis of likelihood of confusion is applied. The following part, while showing how the *Trademark Law* is applied to cybersquatting cases, will discuss the limitation of the trademark infringement claim as a cause of action against cybersquatting.

1. Plaintiff's Rights

According to the *Trademark Law*, a registered trademark owner enjoys an exclusive ownership right in the trademark. On one hand, a registered trademark owner has the exclusive right to use the registered trademark on goods or services in respect of which the use of the trademark has been approved.³⁷ On the other hand, the owner has the right to exclude others from "using on the same or similar goods, words or graphs which are identical with or similar to that of others' registered trade marks as the designation or adornment of the goods, and which is sufficient to cause mis-recognition."³⁸ As far as cybersquatting is concerned, this stipulation has two limitations. First, no stipulation is made to the registered trademark owners' exclusive right to use its trademark in situations other than on its goods or services, which includes its use as a domain name. Second, unregistered trademarks are basically not protected by the *Trademark Law*, therefore the reservation and/or use of an unregistered trademark as a domain name

35. *Detailed Rules*, *supra* n. 7, at Art. 41. This article says:

Any of the following acts shall constitute an infringement of the exclusive right to use a registered trademark as referred to in Article 38 (4) of the Trademarks Law: 1. to deal in the goods that he knows or he should know have been involved in an infringement of the exclusive right of another person to use a registered trademark; 2. to use any word or device that is identical with or similar to the registered trademark of another person, in respect of the same or similar goods, as the designation or decoration of the goods, which is so sufficient as to mislead the public; and 3. to provide any person intentionally with such facilities as of storage, transportation, post service and concealment in his infringing the exclusive right of another person to use a registered trademark.

Id.

36. Jiang Zhipei, *Zhishichangquan Qinquan Zeren Goucheng* [The Elements of Civil Responsibility of Intellectual Property Infringement] <<http://www.chinaiprlaw.com/fgtr/fgtr34.htm#1>> (accessed Mar. 5, 2001).

37. *Trademark Law*, *supra* n. 7, at Art. 3. "The trademark registrant shall enjoy an exclusive right to use the trademark, which shall be protected by law." *Id.* "The exclusive right to use a registered trademark is limited to the trademark which has been approved for registration and to the goods in respect of which the use of the trademark has been approved." *Id.* at Art. 37.

38. *Detailed Rules*, *supra* n. 7, at Art. 41. "[T]o use any word or device that is identical with or similar to the registered trademark of another person, in respect of the same or similar goods, as the designation or decoration of the goods, which is so sufficient as to mislead the public" constitutes trademark infringement. *Id.*

is not prohibited by the *Trademark Law*.³⁹

During a trial, to prove the exclusive ownership right to a trademark, the plaintiff needs merely to provide the trademark registration record from the Trademark Bureau. A defendant, however, may go to the Trademark Bureau to challenge the legitimacy of this exclusive right.⁴⁰ However, even if the defendant raised a challenge as to the legitimacy of the registration of plaintiff's trademark, the court will still assume the legitimacy until the Trademark Bureau cancels the registration. For example, during the trial of *Fulande v. Mitian Jiaye*,⁴¹ Mitian Jiaye challenged Fulande's registration of "PDA" on the basis that "PDA" was relating to generic name of plaintiff's goods. The Trademark Bureau canceled the registration after the court decision was made. The court did not consider the materials that the plaintiff brought before the court, which were enough to convince the Trademark Bureau that the registration was illegal, and assumed the legitimacy of the plaintiff's right to "PDA" when making its decision.⁴²

Although it is easy for a plaintiff to prove his exclusive right on their registered trademark, the exclusive right is not of huge value in a cybersquatting related case, since the right does not include the exclusive right to reserve and to use the trademark as a domain name. Owners of unregistered trademarks have a hard time just proving the existence of their right. As was mentioned above, unregistered trademarks are basically not protected under the *Trademark Law*. To make things worse, the exception that a "well-known" trademark in other member countries of the *Paris Convention* is protected under the *Trademark Law* with or without being registered in China, which may save a trademark owner plaintiff in many traditional trademark disputes, does not work as well in cybersquatting

39. *Trademark Law*, *supra* n. 7, at Art. 3. "The trademark registrant shall enjoy an exclusive right to use the trademark, which shall be protected by law." *Id.* Also, the title of Chapter VII of the Chinese Trademark Law is "Protection of the Exclusive Rights to Use Registered Trademarks," which means it deals only with the protection of registered trademark. *Trademark Law*, *supra* n. 7, at ch. 8. There is no article dealing with the protection of the right owner's right on unregistered trademark in other parts of the statute. *See generally id.*

40. *Trademark Law*, *supra* n. 7, at Art. 2. There are two kinds of basis for challenging a trademark registration: one is that the registration of the trademark was wrong from the very beginning either because the trademark includes words or devices which shall not be included in a registered trademark or because the registration of a trademark was acquired by fraud or any other unfair means. *Id.* at Art. 8, 27. The other kind of challenge is that the registrant have invalidated its exclusive right to use the registered trademark after registration by changing the registration items or transferring the trademark without notifying the Trademark Bureau, by not using the trademark for three consecutive years, or by cheating the consumers. *Id.* at Art. 30-31.

41. *Fulande v. Mitian Jiaye*, [1999] Yi Zhong Zhi Chu Zi 48 [Beijing First Intermediate Court IP First Trial No. 48] (China). In this case, Fulande registered "PDA" in Product Category 9 (computer and its outside equipment, Chinese/English Palm Notebook). Mitian Jiaye reserved the domain name "www.pda.com.cn" and use the website under this domain name to sell Palm books from different manufacturers. *Id.* Palm book falls in Category 9, Fulande then sue Miatian Jiaye for trademark infringement. *Id.*

42. *Id.*

cases.⁴³ The reason is that, in such cases, the court will inevitably face the explanation of “being . . . used for identical or similar goods” in Article 6 bis of *Paris Convention*. Reading it literally, *Paris Convention* required a prohibition of the use of the mark “which constitutes a reproduction, an imitation, or a translation” of a well-known mark in another country only when the mark and the well-known mark are used for identical or similar goods. Then there comes the question whether the reservation and/or use of a well-known mark in a foreign country as a “.cn” domain name constitutes “use for identical or similar goods”. Chinese court has so far not met with a case that an unregistered trademark, which is well-known in a foreign country, is cybersquatted in China. However, there is a sign that the court was not enthusiastic in giving the *Paris Convention* a broad explanation that plaintiff needs. In *Ikea Co. Ltd. v. Beijing Guo Wang Co. Ltd.*⁴⁴, the plaintiff invoked *Paris Convention* as one of the legal basis for its trademark infringement claim and the defendant rebuked that “Paris Convention’s protection on well-known trademark is limited to preventing persons other than the trademark owner from using a mark identical with or similar to the well-known mark for identical or similar goods.”⁴⁵ The court failed to address this question in its

43. See *Paris Convention*, *supra* n. 32, at Art. 6bis.

The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well-known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith. (2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested. (3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.

Id. According to this article, China, as a member country, is responsible for protecting a trademark not being registered in China to the degree of its own trademark law, when the trademark is considered “well-known” in the country where it is registered or used. *Id.* It is China’s conventional duty to prohibit the use of a trademark which “constitutes a reproduction, an imitation, or a translation, liable to create confusion of a mark considered by the competent authority of the country of registration or use to be well-known mark of a person entitled to the benefits of the Convention and used for identical or similar goods.” *Id.*

44. *Ikea Co. Ltd. v. Beijing Guo Wang Co. Ltd.* (1999) Er Zhong Zhi Chu Zi 86 [Beijing Second Intermediate Court IP First Trial No. 86] (China). In this case, Ikea Co. Ltd obtained registration for its trademark “Ikea” in China in 1983. *Id.* Beijing Guo Wang Co. Ltd reserved domain name “www.ikea.com.cn” in 1997. *Id.* Ikea sued Guo Wang for trademark infringement and unfair competition. *Id.* Although this is not a typical case that *Paris Convention* needs to apply since the plaintiff had registered its well-known trademark “Ikea” in China, the court was given an opportunity to shed light on the abovementioned question because the parties argued on the applicability of *Paris Convention*. *Id.*

45. *Id.*

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analysis.⁴⁶ The court's unwillingness to address this question is by no means a good sign for unregistered well-known trademark owners.

All in all, in cybersquatting cases, registered trademark owners can easily prove their exclusive right over their trademark, but cannot prove they have the exclusive right to reserve and to use the trademark as domain name. Situations are even worse for unregistered trademark owners, when someone else reserved their trademark as domain name, the trademark owner plaintiffs are generally out of luck, because they are not even able to prove their right over the mark.

2. *Infringement Acts Stipulated by Law and Damage to the Plaintiff*

After determination of the legitimacy of the plaintiff's right, next steps are to examine whether any of the defendant's acts falls into category of infringement act in *Trademark Law* and whether these acts bring damage to the plaintiff. Sadly enough, in most cybersquatting cases, reservation and/or use of other's trademark as domain name, falls outside the list of infringing acts in *Trademark Law*, which courts usually consider to be exhaustive.

Article 38 of the *Trademark Law* specifies four kinds of infringing acts:

1. To use a trademark that is identical with or similar to a registered trademark in respect of **the same or similar goods** without the authorization of the proprietor of the registered trademark;
2. to sell goods that he knows bear a counterfeited registered trademark; [and]
3. to counterfeit, or to make, without authorization, representations of a registered trademark of another person, or to sell such representations of a registered trademark as were counterfeited, or made without authorization.⁴⁷

In addition to these, Article 38 has an ambiguous "other" stipulation which says that acts "to cause, in other respects, prejudice to the exclusive right of another person to use a registered trademark" constitute trademark infringement. Article 41 of the *Detailed Rules* explained the meaning of "other" respects. It says one of the following acts shall be an act of infringement on the exclusive right to the use of a registered trademark as mentioned in Article 38(4) of the *Trademark Law*:

1. selling, where the seller knows or should have known, goods which have infringed the exclusive right to the use of others' registered trade marks.
2. using, on the same or similar goods, words or graphs which are identical with

46. *Id.*

47. Arguably, reservation (and use) of another's trademark as a domain name, especially when accompanied by an attempt to sell the domain name to others may fall into this category. However, as far as recorded by the court decisions, no plaintiff has quoted this Article 38 of the *Trademark Law* in any decided case, nor has any court addressed this issue.

or similar to that of others' registered trade marks as the designation or adornment of the goods, and which is sufficient to cause mis-recognition; [and]

3. providing intentionally such convenient facilities as warehouse, transportation, postal mailing, or concealment for the act of infringement on the exclusive right to the use of others' registered trade marks.⁴⁸

There is no authoritative explanation as to whether this list in Article 41 of the *Detailed Rules* is exhaustive. If a court takes it as exhaustive, any acts which differs from that which is specified in Article 38(1), (2), (3) and Article 41(1), (2), (3) is not an infringing act. If one studies these specified infringement acts carefully, it is not hard to find that the necessary conditions of infringement are: first, the defendant uses a trademark which is identical or similar to the plaintiff's registered trademark; and second, the defendant uses the mark on goods or services which are identical or similar to those of plaintiff's (or the defendant contributes to an infringing act meeting both requirements). As discussed earlier, given the character of cybersquatting, if a court follows these rules strictly, it is almost impossible for it to find trademark infringement in any cybersquatting case. Unfortunately, in almost all the trademark infringement cases, these rules are strictly followed. The following acts as an example.

In *Fulande v. Mitian Jiaye*,⁴⁹ the court made it very clear that "according to Article 38 of the *Trademark Law*, an act to use other's registered trademark on identical or similar goods constitutes trademark infringement. The defendant's act to reserve 'PDA' as a domain name differs from using plaintiff's registered trademark on identical or similar goods."⁵⁰ The court went further to say, "although according to Article 38, acts 'to cause, in other respects, prejudice to the exclusive right of another person to use a registered trademark' constitute trademark infringement, Article 41 of the *Detailed Rules* lists the acts mentioned in this clause, which do not include the defendant's acts and this list is exhaustive. Therefore, the defendant's acts do not fulfill the condition stipulated in the *Trademark Law*, thus do not infringe the plaintiff's trademark right."⁵¹

Therefore, trademark infringement will never be established if the defendant merely reserves another's trademark as their domain name. Nor can infringement be established even when the defendant uses the domain name to advertise goods or services, as long as the goods or services of the defendant are different from those of the plaintiff. It is fair to say that this list of infringement acts and the narrow reading of the list is favorable to cybersquatters.

48. *Detailed Rules*, *supra* n. 7, at Art. 41.

49. *Fulande v. Mitian Jiaye*, [1999] Yi Zhong Zhi Chu Zi 48 [Beijing First Intermediate Court IP First Trial No. 48] (China). For the basic facts of this case, *see supra* n. 41.

50. *Id.*

51. *Id.*

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3. *Remedy*

The remedy of a court after the establishment of an infringement is stipulated not in the *Trademark Law* or its *Detailed Rules*, but in *General Principle of Civil Law*: “If . . . rights to exclusive use of trademarks. . . of citizens or legal persons are infringed upon by such means as plagiarism, alteration or imitation, they shall have the right to demand that the infringement be stopped, its ill effects be eliminated and the damages be compensated for.”⁵² According to this article, when courts find the defendant’s reservation and use of a domain name infringe the plaintiff’s trademark right (which is very hard), they are able to grant an injunction to stop the defendant’s future use of the domain name, they can also grant damages if there is any actual damage proven.

4. *Comments*

Like in the United States, using traditional trademark infringement as a cause of action against cybersquatting in China also has a number of limitations. First, only registered trademarks are qualified to enjoy the protection of the *Trademark Law*, and even registered trademark owners do not enjoy exclusive right other than to use the trademark on its goods or services. Second, emphasis on “use on identical or similar goods” as a standard of infringement acts give plaintiffs a very hard time in establishing trademark infringement. Due to these limitations, the traditional trademark infringement claim is not very helpful to trademark owners in China as related to domain name use.

5. *A New Approach: Special Protection For Well-Known Trademark*

Judging only from the above case, it seems that trademark infringement is of little use to plaintiffs in cybersquatting cases. However, Chinese courts have made some courageous attempts to break the limitation of “use on identical or similar goods.” A test aiming to give well-known trademark special protection has been used in addition to the aforementioned traditional analysis.

The basis for “special protection” is that the well-known trademark is more vulnerable to infringement and thus shall enjoy higher levels of protection. Therefore, the coverage of the trademark right of well-known trademark shall expand to include the exclusive right to reserve and to use the trademark on goods or service of different category and to enjoin others from doing so. It will even include the exclusive right to reserve and use the trademark as a domain name and to enjoin others from doing so. What is more, the act of reserving and/or using an other’s well-known trademark as a domain name should be added to the list of trademark infringement acts.⁵³

52. *General Principle of Civil Law*, Art. 118 (China) [hereinafter *Civil Law*].

53. *Ikea Co. Ltd. v. Beijing Guo Wang Co. Ltd.*, [1999] Er Zhong Zhi Chu Zi 86 [Beijing Second

Since special protection for a well-known trademark does not exist in current the *Trademark Law*, as judges in a civil law country, Chinese judges have worked very hard to find justifications for this courageous progress from existing legislations. First, Courts attempt to make use of the leeway left in Article 38 of the *Trademark Law* by announcing that the list of infringing act in Article 41 of the *Detailed Rules* is not exhaustive.⁵⁴ This explanation enables courts to find trademark infringement “stipulated by law” when the defendant did use another’s trademark on identical or similar goods or service. Second, courts justify this radical progress, which is not supported by current legislation, by saying this is in accord with the spirit of the *Paris Convention*, which is part of China’s legal system.⁵⁵ Based on this explanation, in these cases well-known trademark protection is evolving, courts found infringement even if the trademark is not used by defendant in identical or similar goods or service, but just reserved as a domain name.

Since this protection for well-known trademarks bares more similarities to dilution analysis that U.S. courts use than traditional trademark infringement analysis used in Chinese courts, it will be discussed in the next section, to compare with dilution from the United States. However, this arrangement, which makes the comparison more convenient, does not imply that China has adopted “trademark dilution” as a new cause of action.

III. TRADEMARK DILUTION IN THE UNITED STATES AND THE SPECIAL PROTECTION FOR WELL-KNOWN TRADEMARKS IN CHINA

A. DILUTION IN THE UNITED STATES

Prior to the passage of the *Anti-Cybersquatting Consumer Protection Act*, dilution had been the trademark owners’ primary cause of action against cybersquatters.⁵⁶ Unlike trademark infringement by the likelihood of confusion

Intermediate Court IP First Trial No. 86] (China).

54. *The Procter & Gamble Company v. Beijing Tiandi Electronic Group Co.*, [2000] Yi Zhong Zhi Chu Zi 49 [Beijing Second Intermediate Court IP First Trial No. 49] (China). In this case, P&G registered its trademark “Tides” on “Soap and detergent” in 1976. *Id.* Tiandi reserved the domain name “www.tide.com.cn” on April 9, 1995. *Id.* The Web site under this domain name introduce the organization, business, contact information of Tiandi Electronic Group Co. *Id.* When P&G asked Tiandi to transfer the domain name to P&G, Tiandi asked for the price of around RMB 700,000.00 yuan, while the reservation fee for the domain name was RMB 300.00 yuna. *Id.* P&G sue Tiandi for trademark infringement and unfair competition. *Id.*

55. In *Proctor & Gamble v. Tiandi*, the court opinioned that “Paris Convention established protection system for well know trademark and required its members to provide to well-known trademark special protection which is in a higher level than that provided to common registered trademarks. . . . This higher level of protection can be explained as a protection expanding to enjoining the use of the trademark on non-identical and non-similar goods or service.”

56. Jason M. Osborn, *Effective and Complementary Solutions to Domain Name Disputes:*

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test, dilution does not require plaintiffs to prove the likelihood of confusion. This change is helpful to trademark owners. However, although courts have interpreted the *Federal Trademark Dilution Act* (“Dilution Act”) and its “famous,” “commercial use,” “in commerce” and “dilution” requirements broadly enough to enjoin many instances of cybersquatting,⁵⁷ there are still some instances beyond the reach of the *Dilution Act*. Stretching the meaning of the *Dilution Act* and these requirements itself has negative effects. Therefore, dilution is also not a perfect tool against cybersquatting.

According to *Dilution Act*, to obtain an injunction under this section, plaintiff must plead and prove that:

1. The plaintiff is the owner of a mark which qualifies as a “well-known” mark as measured by the totality of the eight factors listed in § 43(c)(1),
2. the defendant is making commercial use,
3. in interstate commerce of a mark or trade name,
4. and defendant’s use began after the plaintiff’s mark became well-known, [and]
5. and defendant’s use causes dilution by lessening the capacity of the plaintiff’s mark to identify and distinguish goods or services.⁵⁸

The following analysis on right and liability is organized basically according to the elements of a prima facie case for an injunction against dilution under the *Dilution Act*.

1. Right

Only the owner of a “famous mark” is under the protection of the *Dilution Act*.⁵⁹ The *Dilution Act* provides eight factors to be surveyed and weighed in determining whether a mark is “distinctive and well-known.”⁶⁰ Although the

ICANN’s Uniform Domain Name Dispute Resolution Policy and the Federal Anti-cybersquatting Consumer Protection Act of 1999, 76 Notre Dame L. Rev. 209, 225 (discussing using *Federal Dilution Act of 1995* against cybersquatting).

57. *Id.* at 226-27.

58. McCarthy, *supra* n. 10, at § 23:89.

59. 15 U.S.C. § 1125(c)(1) (2000).

60. *Id.*

In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to—A. the degree of inherent or acquired distinctiveness of the mark; B. the duration and extent of use of the mark in connection with the goods or services with which the mark is used; C. the duration and extent of advertising and publicity of the mark; D. the geographical extent of the trading area in which the mark is used; E. the channels of trade for the goods or services with which the mark is used; F. the degree of recognition of the mark in the trading areas and channels of trade used by the marks’ owner and the person against whom the injunction is sought; G. the nature and extent of use of the same or similar marks by third parties; and H. whether the mark was registered under the Act of March 3, 1881, or

wording of “distinctive and well-known” in the introduction to § 43(c)(1) causes different understanding of the standard of a mark protected by the *Dilution Act*,⁶¹ it is agreed that merely distinctive is not enough to trigger dilution.⁶² Legislative history intended that the courts should be discerning and selective in dubbing a mark “well-known” so as to qualify for protection against dilution. Thus, to be protected, a mark must be truly prominent and renowned. To be capable of being diluted, a mark must have a degree of distinctiveness and “strength” beyond that needed to serve as a trademark.⁶³

Therefore, although “distinctive” is used here, the qualification for protection under the *Dilution Act* is different from the “distinctiveness” as the basic trademark requirement that a designation has to be “distinctive” either inherently or through acquisition for secondary meaning. Inherent distinctiveness or the acquisition of secondary meaning only establishes the minimum threshold necessary for trademark status. Neither of the above is near sufficient to achieve the status of “well-known mark” under the *Dilution Act*. According to the *1987 Trademark Review Commission Report* (“The Report”), which is the origin of the languages contained in the *Dilution Act*, “distinctive and well-known” is to emphasize the policy goal of the Act that for a mark to be protected, it has to be truly prominent and renowned. *The Report* says that protection should be given to marks “which are both distinctive, as established by federal registration at a minimum, and well-

the Act of February 20, 1905, or on the principal register.

Id.

61. *Id.* at § 1125(c)(1). The owner of a “famous mark” is entitled to remedy against violation of the Act when certain other conditions are met. *Id.* Therefore, as far as fame is concerned, the statutory qualification for remedy for violation of the Act is the mark’s being “famous.” *Id.* However, the wording that “in determining whether a mark is distinctive and famous, a court may consider factors such as . . .” causes some confusion: legislative history shows that the genesis of the language contained in the 1996 federal Act, said that the dual mention of both “distinctive and famous” in the introduction to the list of factors was inserted to emphasize the policy goal that to be protected, a mark had to be truly prominent and renowned. *Id.* The language “distinctive and famous” reflected the goal that protection should be confined to marks “which are both distinctive, as established by federal registration at a minimum, and well-known, as established by separate evidence.” (Report of the T.R.C., 77 Trademark Rep. 375, 459-60 (1987)). McCarthy’s view is that “distinctiveness” in § 1125(c) is used not as a separate requirement, but merely as a synonym for “fame.” McCarthy, *supra* n. 10, at § 24:91. The Second Circuit developed its own rule as to the interpretation of “distinctive and well-known” in *Nabisco, Inc. v. PRF Brands, Inc.*, 191 F.3d 208. According to the court, “distinctive” in § 43(1) of *Lanham Act* constitute a separate and essential requirement for a trademark to receive protection under § 43(1). *Id.* at 216-17. The court opined that some marks maybe “well-known” but not “distinctive,” the federal anti-dilution law does not protect “well-known” but common marks. However, the court omitted to define the word “common” as used. *Id.* According to McCarthy, “the Second Circuit has turned down a dead end street on this issue and must reverse course sooner or later.” As to the different understanding of “distinctive and well-known.” See generally McCarthy, *supra* n. 10, at § 24:91.2; see also *Nabisco, Inc. v. PRF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999).

62. McCarthy, *supra* n. 10, at § 24:91.

63. *Id.* at § 24:109.

known, as established by separate evidence.”⁶⁴

Although the minimum requirement for federal registration was dropped from the Bill for the *Dilution Act*, it is still clear that the Commission wants trademarks protected by the Act to be more than just distinctive. “In applying the anti-dilution statutes, most courts require that the mark possesses a degree of distinctiveness beyond that needed for the designation to qualify as a valid trademark.”⁶⁵ This standard is also applied in cybersquatting cases.⁶⁶

For example, in *Avery Dennison Corp. v. Sumpton*,⁶⁷ the Ninth Circuit found that Avery Dennison failed to create a genuine issue of fact on the famousness element of the *Dilution Act*. The court found that four of the eight statutory factors of the well-knownness inquiry were satisfied by their evidence of substantial investments in advertising made each year, their high annual volume of sales, and their international operation. However, the court also found that although “Avery” and “Denison” are surnames that have acquired secondary meaning, they are not well-known because showing beyond mere distinctiveness is required for well-knownness. “Because famousness requires a showing greater than mere distinctiveness, the presumptive secondary meaning associated with ‘Avery’ and ‘Dennison’ fails to persuade us that the famousness prong is met in this case. . .”⁶⁸

It is noteworthy that the statutory standard for well-knownness is not always strictly followed. In practice, some courts assumed the mark was famous and did not make an explicit finding of well-knownness. Some court made the determination of well-knownness by confusing fame with distinctiveness.⁶⁹ Specifically, where the court analyzed the well-knownness inquiry according to the statutory factors, many courts interpreted the requirement in the *Dilution Act* very broadly and found that the plaintiff’s marks satisfied the requirements.⁷⁰ Although

64. The Trademark Review Commission Report, 99 Trademark Rep. 375, 459-60 (1987).

65. *Restatement (Third) of Unfair Competition* §25 cmt. e (1995).

66. See *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*, 1996 U.S. Dist. LEXIS 11626, at *2 (W.D. Wash. 1996) (holding that “Candyland” was found to be well-known and therefore, the court found that the mark was diluted by tarnishment by using “candyland.com” as domain name for an Internet Web site showing sexually explicit pictures); see also *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 287 (D.N.J. 1998) (finding that the mark “Jews for Jesus” to be famous therefore, defendant’s act to use “jewsforjesus.org” as a domain name for his Web site was intended to deceive and intercept persons looking for plaintiff’s web site constitute a diluting use); see also *Panavision Int’l L.P. v. Toeppen*, 945 F. Supp. 1296, 1302 (C.D. Cal. 1996) (finding “Panavision” to be a well-known mark and held that it was diluted by the defendant’s use of the mark as a domain name); see also *Toys “R” Us Inc. v. Akkaoui*, 1996 U.S. Dist. LEXIS 17090, at **5-7 (N.D. Cal. 1996) (holding “toys r us” to be famous and found dilution by tarnishment by use of “adultsrus.com” as domain name for sale of adult sexual products).

67. *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 874 (9th Cir. 1999).

68. *Id.* at 877.

69. Diane K. Wong, *Berkeley Technology Law Journal Annual Review of Law and Technology I. Intellectual Property*; *C. Trademark Avery Dennison Corp. v. Sumpton*, 15 Berkeley Tech. L.J. 245 (2000).

70. *Hotmail Corp. v. Van Money Pie Inc.*, 1998 U.S. Dist. LEXIS 10729, at **13-15 (N.D. Cal.

the purpose of broad explanation is to protect trademark owner, which is good, to give dilution protection to not well-known trademark is inconsistent with the legislative intent of the *Dilution Act*. If courts do not observe the statutory standard for well-knownness, the application of the *Dilution Act* will lack necessary restriction. As a result, there will be danger of “moving toward a world in which ‘famous’ marks protected even in the absence of confusion are the rule rather than the exception.”⁷¹

All in all, if the trademark is not famous, it is not under the protection of the *Dilution Act*. Although the requirement for famousness may be an unfavorable factor to trademark owner plaintiff, we can not abandon the requirement just to satisfy the need of trademark owners on the price of a larger danger. Therefore, it is required that the courts, by expanding and devaluing the category of “famous” marks, apply a legal tool specifically aimed at the actions of the typical cybersquatter.⁷²

2. *Infringement*

a. *Commercial Use Requirement*

To constitute dilution of a famous trademark, the *Dilution Act* requires that the accused user make a “commercial use . . . of a mark or trade name.”⁷³ This means that the accused person must use the designation as a “mark or trade name” and as part of a “commercial use.” Commercial use usually implies a setting where some goods or services are bought, sold, distributed, or advertised for sale.⁷⁴ Therefore, mere reservation of a domain name, without use in commercial sense, does not trigger infringement by dilution under the *Dilution Act*.⁷⁵ As the district court in *Lockheed Martin Corp. v. Network Solutions, Inc.* observed:

1998); *Levi Strauss & Co. v. San Francisco*, 1996 WL 724786, at *1 (N.D. Cal. Dec. 6, 1996); *Panavision*, 945 F. Supp. at 1302-03; *Augusta Nat'l Inc. v. Sir Christopher Hatton, Inc.*, 1996 U.S. Dist. LEXIS 21707, at **9-10 (N.D. Ga. 1996); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204, 209 (S.D.N.Y. 1996); *WAWA Inc. v. Haaf*, 1996 U.S. Dist. LEXIS 11494, at *5 (E.D. Pa. 1996).

71. Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 Yale L.J. 1687, 1699 (1999).

72. J. Golinveaux, *What's in a Domain Name: Is "Cybersquatting" Trademark Dilution?*, 33 U.S.F.L. Rev. 641 (1999).

73. 15 U.S.C. § 1125(c)(1) (2000).

74. McCarthy, *supra* n. 10, at § 25:76.

75. See *Panavision*, 945 F. Supp. at 1303 (holding that “registration of a trademark as a domain name, without more, is not a commercial use of the trademark and is therefore not within the prohibitions of the Act”); see *Lockheed Martin Corp. v. Network Solutions Inc.*, 985 F. Supp. 949, 957 (C.D. Cal. 1997) (holding that “something more than the registration of the name is required before the use of a domain name is infringing. . . . registration of a domain name, without more, does not constitute use of the name as a trademark”).

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When a domain name is used only to indicate an address on the Internet, the domain name is not functioning as a trademark. . . . NSI's acceptance of domain name registrations is connected only with the names' technical function on the Internet to designate a set of computers. . . . something more than the registration of the name is required before the use of a domain name is infringing.⁷⁶

However, in practice, courts have "stretched" the meaning of "commercial use" to catch cybersquatters.⁷⁷ In some cases, courts have held that reservation of a domain name plus the attempt for sale or offering to sale of the domain name back to the owner of a trademark constitute a "commercial use" sufficient to trigger the *Dilution Act*.⁷⁸

For example, in *Intermatic, Inc. v. Toeppen*, the court granted summary judgment against Toeppen, even though he did not use the "intermatic.com" Web site in connection with the sale of any goods or services. Rather, the court found that Toeppen's intent to ransom the domain name back to plaintiff constituted a "commercial use" sufficient to trigger the *Dilution Act*: "Toeppen's intent to arbitrage the 'intermatic.com' domain name constitutes a commercial use."⁷⁹

This practice to stretch the meaning of "commercial use" does help to catch more cybersquatters. However, it also implies a danger to abuse *Dilution Act*. McCarthy thinks that neither merely reserving a domain name nor use of a domain name solely to indicate a site on the Internet, in and of itself, constitutes "goods or services" in the *Lanham Act* sense. Rather, one must consider the content of the site identified by the domain name.⁸⁰ Stretching the meaning too much, the result may be inconsistent with the original legislative intent of the *Dilution Act*.

b. Timing of the Acquisition of Well-Knownness

For injunction against the use of plaintiff's trademark by the defendant to be granted, the accused use must have begun after the time that the plaintiff's mark has become famous.⁸¹

c. Dilution

Dilution means the lessening "of the capacity of a famous mark to identify and distinguish goods or service, regardless of the presence or absence of competition between the owner of the famous mark and other parties, or likelihood

76. *Id.*

77. Lemley, *supra* n. 71, at 1699.

78. *Intermatic, Inc. v. Toeppen*, 947 F. Supp. at 1227; *Panavision*, 945 F. Supp. at 1303 (finding that Toeppen's "business" is "to register trademarks as domain names and then to sell the domain names to the trademarks' owners". . . . thus finding Toeppen's acts meeting the "commercial use" requirement).

79. *Intermatic*, 947 F. Supp. at 1227.

80. McCarthy, *supra* n. 10, at § 25:76.

81. 15 U.S.C. § 1125(c)(1) (2000).

of confusion, mistake, or deception.”⁸² One may violate the *Dilution Act* by dilution of a famous mark by either blurring or tarnishment. In cybersquatting cases, courts have found dilution by tarnishment, dilution by blurring and, when failed to find them, some new type of dilution.

“Tarnishment can arise where the effect of the defendant’s unauthorized use is to dilute by tarnishing or degrading positive associations of the mark and thereby to dilute the distinctive quality of the mark.”⁸³ For example, in *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*, the court held that the famous mark “Candyland,” which was used on a children’s board game, was diluted by tarnishment by the defendant’s use of “candyland.com” as domain name of an Web site showing sexually explicit pictures.⁸⁴ And in *Toys “R” Us, Inc. v. Akkaoui*, the court found that “Toys ‘R’ Us,” a famous mark for children’s toys, was diluted by being tarnished by use of “adultsrus.com” as a domain name for a Web site advertising the sale of adult sexual products. The court held that, “ ‘Adults R Us’ tarnishes the ‘R Us’ family of marks by associating them with a line of sexual products that are inconsistent with the image Toys ‘R’ Us has striven to maintain for itself.”⁸⁵

To find dilution by blurring, the plaintiff must prove that the capacity of the mark to continue to be strong and famous will be endangered by the defendant’s use. If a domain name is used for a commercial Web site and the domain name causes “blurring,” a junior user can be enjoined from using the infringing domain name.

In some cases, courts did not rely on the traditional concepts of “blurring” and “tarnishment.” For example, in *Intermatic Inc v. Toeppen* court found that defendant’s reservation of the domain name “lessens the capacity of Intermatic to identify and distinguish its goods and services by means of the Internet.” In *Panavision International, L.P. v. Toeppen*, the court found that Toeppen’s conduct diminished “the capacity of the Panavision marks to identify and distinguish Panavision’s goods and services on the Internet.”⁸⁶ In the latter case, the defendant argued that he was not diluting the capacity of the plaintiff’s marks to identify “panavision.com” as domain name, it could still distribute or advertise its goods and services on internet by using some other domain names and then creating its Web site using its trademark. Upon this argument, the court opinioned that a domain name is something more than just an address, and a significant purpose of a domain name is to identify the entity that owns the Web site. Using a company’s name or trademark as a domain name is also the easiest way to locate that company’s Web site. Moreover, Internet users have the valid expectation that a

82. *Id.* § 1127.

83. McCarthy, *supra* n. 10, at § 24:95.

84. *Hasbro*, 1996 U.S. Dist. LEXIS 11626, at *3.

85. *Toys “R” Us*, 1996 U.S. Dist. LEXIS 17090, at *6.

86. *Panavision*, 945 F. Supp. at 1304.

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company's domain name is also the company's name or trademark. Potential customers of Panavision will be discouraged if they cannot find its Web site by typing in "panavision.com," but instead are forced to wade through hundreds of Web sites. This dilutes the value of "Panavision."⁸⁷ Here, the "discouragement" becomes a new form of dilution.

3. Defense

The important defense that a defendant can use here is "non-commercial" defense in § 43(1)(B). According to the *Dilution Act*, non-trademark use—"fair use of a well-known mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the well-known mark" and "all forms of news reporting and news commentary" cannot constitute dilution.⁸⁸ Legislative history indicates that the legislative purpose of "non-commercial" defense is to prevent courts from enjoining constitutionally-protected speech and to forbid the use of the *Dilution Act* to enjoin use of well-known marks in "non-commercial" settings.⁸⁹

Therefore, the *Dilution Act* should not be used to restrain uses of a trademark in negative product reviews in the media or to restrain negative opinions expressed about company policies. For example, it is not appropriate to use the *Dilution Act* as a weapon against criticism of a company on the Internet, as with the use of the "xyzcompanysucks" type of domain name for consumer Web sites devoted to criticizing the acts and policies of "xyz Company."⁹⁰

4. Remedy

First, the typical remedy against dilution is injunction.⁹¹ Second, actual damages can be granted upon establishing damage and willful dilution.⁹² However, since it is hard for the trademark owner to establish damage and willful dilution, most courts ended up ordering an injunction without levying a monetary "punishment" against the cybersquatters.⁹³ It costs a cybersquatters only \$35 a year to reserve a ".com" domain name,⁹⁴ if it lose an trademark suit, it lose nothing

87. Lemley, *supra* n. 13, at 805.

88. 15 U.S.C. § 1125 (c)(4)(A)-(B) (2000).

89. H.R. Rpt. 104-374 § (4)(B) (Nov. 30, 1995).

90. See generally *Bally Total Fitness Holding Corp. v. Faber*, 29 F.Supp. 2d 1161 (holding that use of the domain name "ballysucks" for a Web site criticizing the policies of the BALLY health clubs is not a violation of the *Dilution Act*).

91. 15 U.S.C. § 1125(c)(1) (2000).

92. *Id.* § 1117(a).

93. P. Wayne Hale, *The Anti-cybersquatting Consumer Protection Act & Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*, 16 Berk Tech. L.J. 205, 222 (2001) (discussing the lack of deterrence of the *Dilution Act*).

94. Network Solutions Inc., *Web Address Registration: What Does It Cost?*

but the domain name, but if it successfully sells the domain name to someone, he may obtain a large amount of money. Therefore, even if the *Dilution Act* made cybersquatting unlawful, if the liability the cybersquatter faced was not greater than the expected profit multiplied by the chance of making a sale, cybersquatting would not be deterred.⁹⁵

5. Comments

When trademark owners sue cybersquatters based on trademark dilution, courts are sometime faced with a dilemma: they could either let a cybersquatter go, or abuse the *Dilution Act* to catch him. As we have seen, courts have interpreted the “famous,” “commercial use,” “in commerce” and “dilution” requirements in the *Dilution Act* broadly in order to catch more cybersquatters. Since a typical cybersquatter does not use the reserved domain name as its mark, there is no traditional dilution by blurring or tarnishment, thus, the courts even have created a wholly new category of “dilution” in order to find a legal weapon to combat this new and different form of reprehensible commercial activity. However, stretching the law to reach justice for trademark owner may harm bigger justice. It is fair to say that court dropped into the dilemma just because it tried to use dilution, an inappropriate tool to solve this problem. To come out of the dilemma, another appropriate tool need to be found.

B. SPECIAL PROTECTION FOR WELL-KNOWN TRADEMARK IN CHINA

As mentioned in Part II, Section 2, subsection e of the text, the basis of the special protection for well-known trademark is that it is more vulnerable to infringement and shall enjoy higher level of protection. Therefore, the scope of trademark right of well-known trademark should expand to include, for example, the exclusive right to reserve and use the trademark as domain name and to enjoin others from doing so. The act to reserve and/or use other’s well-known trademark should be added to the list of trademark infringement acts. In order to justify this new approach, courts make use of an expression in Article 38 of the *Trademark Law*, the prejudice in “other” respects to the exclusive right of trademark right, as legal basis. Also, court claims that this approach is in accord with the principle of *Paris Convention* to support the legitimacy of the approach.

Due to lack of specific basis in current legislation and the ensuing controversy as to the legitimacy of the “special protection,” Chinese courts pierce the veil the special protection slowly and cautiously. In *Fulande v. Mitian Jiaye*, which is the first case that the court was given a chance to decide whether cybersquatting constitutes trademark infringement, the court did not consider “special protection”

<<http://www.networksolutions.com/catalog/domainname/>> (accessed Jan. 16, 2003).

95. Hale, *supra* n. 93, at 222.

at all and decided that there is no trademark infringement.⁹⁶ In the case that came immediately after *Fulande v. Mitian Jiaye, Ikea v. Guo Wang*, the court considered special protection but was cautious enough not to speak it out. The court “hid” the inquiry of special protection for well-known trademark among unfair competition analysis, failed to mention whether trademark infringement was established in its holding, and avoided invoking any article of the *Trademark Law* as basis of its decision.⁹⁷ After that, in all the following cases, courts made it very clear in their judgments that defendants’ acts to reserve and/or use another’s well-known trademark constituted trademark infringement.⁹⁸

It is noteworthy that the applicability of this inquiry or even the possible result from this inquiry—cybersquatting may constitute trademark infringement—is still being questioned. The *Guiding Opinions* from Beijing Higher People’s Court⁹⁹ clarifies that “reservation or theft of another’s well-known trademark as domain name in bad faith” constitutes unfair competition,¹⁰⁰ but this document does not even mention whether this act constitutes trademark infringement. Although it did not deny that this act might constitute trademark infringement, at least, Beijing Higher People’s Court sent out a message that it does not support the idea that this act constitutes trademark infringement. *The Interpretations* from the Supreme People’s Court also cast doubt on the legitimacy of the inquiry. According to *The Interpretations*, when the defendant’s acts to reserve, to use a domain name meets certain conditions, one of which is “the defendant’s domain name or its main part constitutes reproduction, imitation, translation or transliteration of plaintiff’s well-known trademark,” the court should hold that the acts constitute “infringement or unfair competition.”¹⁰¹ The Supreme People’s

96. *Fulande v. Mitian Jiaye*, [1999] Yi Zhong Zhi Chu Zi 48 [Beijing First Intermediate Court IP First Trial No. 48] (China).

97. *Ikea Co. Ltd. v. Beijing Guo Wang Co. Ltd.*, [1999] Er Zhong Zhi Chu Zi 86 [Beijing Second Intermediate Court IP First Trial No. 86] (China).

98. See *P&G Co. v. Beijing Guo Wang Co. Ltd.*, [2000] Er Zhong Zhi Chu Zi 27 [Beijing Second Intermediate Court IP First Trial No. 27] (China) (holding that reserving P&G’s trademark “Whisper” as domain name “www.whisper.com.cn” constitute trademark infringement and unfair competition); *P&G Co. v. Shanghai Chenxuan Technology Development Co. Ltd.*, [2000] Hu Er Zhong Zhi Chu Zi [Shanghai Second Intermediate Court IP First Trial No. 23] (China) (holding that defendant’s act of reserving the plaintiff’s trademark “Safeguard” as domain name “www.safeguard.com.cn” constitute trademark infringement and unfair competition); *Du Pont v. Beijing Guo Wang Co. Ltd.*, [2000] Yi Zhong Zhi Chu Zi 11 [Beijing First Intermediate Court IP First Trial No. 11] (China) (holding that defendant’s act of reserving the plaintiff’s trademark “Du Pont” as domain name “www.dupont.com.cn” constituted trademark infringement and unfair competition).

99. The *Guiding Opinions* function as a reference for Beijing courts.

100. *Several Guiding Opinions Concerning the Hearing of Intellectual Property Civil Disputes Arising From the Registration or Use of Domain Names*, Arts. 4, 5 (China) [hereinafter *Guiding Opinions*].

101. *Explanation of the Supreme People’s Court on Several Issues Concerning the Application of the Law to the Trial of Civil Dispute Cases Involving Computer Network Domain Names*, Art. 4 (China) [hereinafter *The Interpretations*].

Court seems to intentionally avoid saying that such actions may constitute “trademark infringement.” What is more, in the preface of *The Interpretations*, the *Trademark Law* is not among the laws that form the legal basis of *The Interpretation*.¹⁰² Here comes the message: Supreme People’s Court is not positive that cybersquatting may constitute trademark infringement, and it is not even positive of the applicability of the *Trademark Law* in cybersquatting cases.

However, whatever the future of this inquiry might be, some courts are now using it in cybersquatting cases. Therefore, it is necessary to discuss how Chinese courts apply it in cybersquatting cases.

1. *Fame*

Being well-known is the precondition of receiving special protection in Chinese courts. In *Dupont v. Guo Wang*, the court opined that well-known trademarks need to receive special protection which is at a higher level than that provided to common registered trademarks. This higher level of protection means a protection expanding to enjoining the use of the trademarks on non-identical and non-similar goods or services. Due to the fact that Internet has become a tool necessary for the survival and development of an enterprise, this protection shall also expand to enjoin the reserving of the well-know trademark’s domain name.¹⁰³ Also, in *Ikea v. Beijing Guo Wang Co. Ltd.*, *Procter & Gamble Co. Ltd. v. Beijing Guo Wang Co. Ltd.*,¹⁰⁴ *Procter & Gamble Co. Ltd. v. Shanghai Chen Xuan Technology Development Co. Ltd.*,¹⁰⁵ *Du Pont Company v. Beijing Guo Wang Co.*

When judging domain name dispute cases, the people’s court should hold the defendant’s acts to reserve, use the domain name constitute infringement of unfair competition when each of the following conditions is met: (1) The civil right and interest that the plaintiff pleads to be protected is legitimate and valid; (2) the defendant’s domain name or its main part constitutes reproduction, imitation, translation or transliteration of plaintiff’s well-known trademark; or is identical or similar to plaintiff’s registered trademark, so as to cause relevant public’s confusion; (3) the defendant does not enjoy right or interest as to the disputed domain name or its main part, it also does not have a legitimate reason to reserve, to use the domain name; and (4) the defendant bears bad faith in the reservation, use of the domain name.

Id.

102. *Id.* §Preface.

In order to correctly apply laws to civil cases involving acts to reserve, use computer network domain names (hereinafter referred as domain name dispute cases), according to stipulations in General Principles of Civil Law of the People’s Republic of China (hereinafter referred as General Principles of Civil Law), Anti-Unfair Competition Law of the People’s Republic of China (hereinafter referred as Anti-Unfair Competition Law), Civil Procedure Law of the People’s Republic of China [hereinafter *Civil Procedure Law*] and other laws, make the following interpretations.

Id.

103. *Du Pont*, [2000] Yi Zhong Zhi Chu Zi 11 (China).

104. *Id.*

105. *Id.*

Ltd.,¹⁰⁶ and *Procter & Gamble Co. Ltd. v. Beijing Tiandi Electronic Group Co.*,¹⁰⁷ the courts respectively recognized “Ikea”, “Whisper,” “Safeguard,” “Dupont” and “Tide” as being well-known trademarks and held the defendants’ reservation of their relevant domain names constituted trademark infringement.

To the contrary, in *Pfizer Inc. v. Shezhen Wanyong Info Net Co. Ltd.*,¹⁰⁸ “Viagra” was not recognized to being a well-known trademark. There, the court made it very clear that “as a trademark registered in China, ‘Viagra’ is under the protection of Chinese *Trademark Law*. However, since it has not met the requirement for a well-known trademark, the protection it enjoys cannot expand to enjoining other’s use of the mark on non-identical or non-similar goods, let alone to enjoining reservation of domain name.” Therefore, the court held that the reservation of “www.viagra.com.cn” does not constitute trademark infringement.¹⁰⁹

2. *Timing of Acquisition of Fame*

In all the decided cases, Chinese courts have spent no words discussing whether the plaintiff’s trademark became well-known in Chinese market before the defendant reserved the domain name with CNNIC, nor have they discussed whether the timing has any effect on the determination of infringement.

For example, in *P&G v. Chen Xuan*, which was decided for the plaintiff, the defendant reserved the domain name “www.safeguard.com.cn” in January 18, 1999, and the evidence presented to the court which decided that “Safeguard” was a well-known trademark include governmental documents issued in 2000.¹¹⁰ Although this does not necessarily means the court made a wrong decision in this case, if courts keep ignoring the timing issue, a wrong decision is just a matter of time.

3. *Infringement*

In some U.S. cases, courts have found “dilution” by means of “stretching the law;” they have even created a new type of dilution. Similarly, Chinese courts have also given a broader explanation to “infringement,” and have created a new

106. *Id.*

107. *Id.*

108. *Pfizer Inc. v. Shezhen Wanyong Info Net Co. Ltd.*, [1999] Er Zhong Zhi Chu Zi 98 [Beijing Second Intermediate Court IP First Trial No. 98] (China). In this case, Pfizer Inc. obtained trademark registration for “Viagra” in China on November 28, 1997. Shezhen Wanyong Info Net Co. Ltd [hereinafter *Wanyong*] reserved domain name “www.viagra.com.cn” in July 1998. Pfizer claimed that “Viagra” is a well-known trademark, Wanyong’s act constitute cybersquatting, trademark infringement and unfair competition. The court held for the defendant.

109. *Id.*

110. *P&G Co. v. Shanghai Chenxuan Technology Development Co. Ltd.*, [2000] Hu Er Zhong Zhi Chu Zi [Shanghai Second Intermediate Court IP First Trial No. 23] (China).

type of “infringement.” For example, in *Ikea v. Guo Wang*, the court opined that, “since only one person can reserve ‘www.ikea.com.cn,’ [defendant’s reservation of the domain name] harmed the plaintiff’s exclusive right to use its well-known trademark in cyberspace, so it constitutes trademark infringement.”¹¹¹ Here, standards for traditional trademark infringement are not even mentioned, the court extends trademark protection into the Internet without giving explanation. A new kind of infringement, preventing a well-known trademark owner from using its mark in cyberspace, is created here. In *P&G v. Tiandi*, the court found first, the defendant’s act to reserve and use “tide” as a domain name lowered the significance of plaintiff’s trademark “Tide,” “diluted the trademark.” Second, defendant’s reservation of the domain name banned the plaintiff to use its trademark directly as a domain name, thus preventing it from using its trademark on the Chinese Internet in the simplest way. Therefore the defendant’s act constitutes infringement.¹¹² These findings are surprisingly similar to those in *Panavision* case and *Intermatic* case.

As courts in civil law system country, these Chinese courts seem uncomfortable with creating a new “infringement” which is not expressly stipulated in the statutes. Therefore, in these decisions, courts have tried to justify the new “infringement” by emphasizing that the legal practice shall keep up with the development of real life. They opined that acts in cyberspace shall not remain beyond legal regulation; if a person other than the owner of the well-known trademark reserves the trademark as a domain name, the owner will not be able to use this domain name. Even if the contents of the Web site under the domain name has nothing to do with the goods or service that the well-known trademark is used for, or even if the Web site was not in use, the act of reservation itself prevents the trademark owner from carrying out its trademark right on the Internet and harms the commercial value of the well-known mark. Therefore, court should not be blind to these facts and shall not stick to the old standard.¹¹³

Although Chinese courts have put some effort in finding justification for the creation of the new infringement, there is one link missing in the chain of their analysis: the plaintiff’s inability to use its trademark on the Internet and the reservation of the trademark domain name by the defendant. In cybersquatting cases, one argument that a defendant could make is that defendant’s reservation of the domain name does not harm the plaintiff’s ability to use its trademark in the Internet, for example, even if the defendant reserves “www.sprint.com.cn,”¹¹⁴ the company can still use any other domain name, such as “www.sprint4u.com.cn,”

111. *Ikea Co. Ltd. v. Beijing Guo Wang Co. Ltd.*, [1999] Er Zhong Zhi Chu Zi 86 [Beijing Second Intermediate Court IP First Trial No. 86] (China).

112. *The Procter & Gamble Company v. Beijing Tiandi Electronic Group Co.*, [2000] Yi Zhong Zhi Chu Zi 49 [Beijing Second Intermediate Court IP First Trial No. 49] (China).

113. *P&G Co. v. Beijing Guo Wang Co. Ltd.*, [2000] Er Zhong Zhi Chu Zi 27 [Beijing Second Intermediate Court IP First Trial No. 27] (China).

114. This is just a hypothetical example.

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“www.pindrop.com.cn,” etc., to carry out its business through the Internet, with the help of search engines, consumers or perspective consumers are able to find the Sprint Web site; therefore, reservation of “www.sprint.com.cn” does not necessarily harm the trademark owner’s ability to use its trademark on the Internet. The above link is vital for the rebuttal of such an argument. In early cases, the Chinese court totally ignored this link, in later cases, such as *P&G v. Tiandi*, this link was realized and briefly addressed: using a domain name exactly the same as trademark is the simplest way that a trademark owner use its mark on the Internet. This oversimplified analysis is far less convincing than the Ninth Circuit’s analysis in *Panavision v. Toepfen*.¹¹⁵

4. *Remedy*

Remedies that a court can provide in such cases are the same as other trademark infringement cases.

5. *Comments*

Despite the controversy of its legitimacy, special protection for well-known trademarks, as a tool against cybersquatting, shares at least one limit with dilution protection in the United States. If a trademark is not well-known, it cannot enjoy the benefit of being protected against cybersquatting.

Furthermore, the special protection inquiry has some unique problems. First, the timing that the disputed trademark became famous has been ignored. Omission of this factor is unfair to a defendant. Even if we put aside the doubt on the legitimacy of extending well-known trademark protection into cyberspace, a trademark owner has the right only when the trademark is well-known. Therefore, a defendant shall not be liable for reservation of a trademark domain name before the trademark became famous, that is, before the trademark shall enjoy the special protection.

Second, as to finding the infringement, there is no standard but the vague rule that an act to prevent the well-known trademark owner from using the mark in cyberspace infringes the exclusive right of the mark. According to this rule, as long as someone reserved a domain name, which is the same as a well-known trademark, infringement can be established. Sadly enough, there are no other concrete standards that a judge can, or needs to follow. As a result, Chinese judges are enjoying too large a discretion and there is a danger of abuse of this discretion. The best way to solve this problem will be to set up some concrete standards as to different aspects of cybersquatting in a special legislation. As the United State’s practice, which will be discussed later, shows, this method can be satisfactory in dealing with cybersquatting.

115. *Panavision*, 141 F.3d at 1316.

IV. UNFAIR COMPETITION LAW IN CHINA

A. UNFAIR COMPETITION¹¹⁶

There is no article dealing with cybersquatting in the *Unfair Competition Law*, which was promulgated in 1993. Courts have applied general articles of this law to cybersquatting cases. One of these general articles stipulated that in carrying on transactions in the market, operators shall follow the “principles of voluntariness, equality, fairness, honesty and credibility, and generally recognized business ethics.”¹¹⁷ Another general article defines “unfair competition” as acts of operators that “contravene the provisions of this Law, with a result of damaging the lawful rights and interests of other operators, and disturbing the socioeconomic order.”¹¹⁸ According to these two articles, if an operator does not follow the above principles, which are of course “provision of this Law,” it meets the first requirement for unfair competition. If, as a result, it damages the lawful rights and interests of other operators, it meets the other requirement for unfair competition, and on the whole constitutes unfair competition. Applying these stipulations in cybersquatting cases, it is easy to find cybersquatting constitute unfair competition. Even if a cybersquatter does not activate the domain name that he reserved, as long as he reserved a domain name, which is the same as another’s trademark, it won’t be wrong to say the act is against “the principle of voluntariness, equality, fairness, honesty and credibility,” or “generally recognized business ethics.” That is to say, contravention of law can always be found. Therefore, as long as damage to lawful right and intervention of socioeconomic order exist, a court can decide cybersquatting constitutes unfair competition.

In *P&G v. Guo Wang* and *Ikea v. Guo Wang*, Beijing Second Intermediate Court talked a lot on why Guo Wang’s acts contravene the *Unfair Competition Law*. The court found that Guo Wang knew or had reason to know that “Whisper” and “Ikea” were others’ well-known trademarks with high commercial value. When Guo Wang reserved the domain names exactly the same as these well-known trademarks, its real purpose was not to reserve and use them, but to sell them back to the trademark owners for profit. Therefore, Guo Wang failed to follow the principle of honesty. Guo Wang had also reserved large number of domain names, which are the same as many well-known trademarks, and all of the domain names were idle at the time of trial. This further proved Guo Wang’s

116. The *Guiding Opinions* issued by Beijing Higher People’s Court addresses the application of *Unfair Competition Law* in domain name dispute cases, but this part will not discuss this *Guiding Opinions* since it does not function as a document of general binding force, but just as a reference for lower courts in Beijing. It makes more sense to discuss the *Guiding Opinions* in Part V of the accompanying text, as a part of the blueprint for future special legislation.

117. *Counter Unfair Competition Law*, Art. 2 (China) [hereinafter *Unfair Competition Law*].

118. *Id.* at Art. 21.

dishonesty. By not following the principle of honesty, Guo Wang's acts contravened the *Unfair Competition Law*. At the same time, the court found Guo Wang's acts caused damage to P&G's and Ikea's right to use its own well-known trademark.¹¹⁹ Therefore, Guo Wang's acts constitute unfair competition.¹²⁰

In *P&G v. Tiandi*, the Beijing First Intermediate Court elaborated comparatively more on the damage side. It found that through reserving and using a domain name that is the same as P&G's well-known trademark, "Tide," Tiandi lured Internet user who wanted to visit P&G's Web site into Tiandi's website, thus raised the visiting rate of its own Web site. Therefore, first, Tiandi took advantage of P&G's goodwill without compensation; second, Tiandi earned an illegitimate interest. At the same time, Tiandi's act prevented P&G from making use of the fame and goodwill of its own well-known trademarks when it carried out business through on the Internet, thus reduced this well-known trademark's value as an intangible asset. Therefore, Tiandi's acts damaged the lawful right and interest of P&G, and constituted unfair competition.^{121 122}

B. REMEDY

Like remedies for trademark infringement, remedies for unfair competition also include injunction of the use of the domain name, cancellation of the domain name, and damages.

C. COMMENTS

Although the *Unfair Competition Law* seems able to catch more cybersquatters than the *Trademark Law*, it is not free of problems. One problem is that unwell-known trademark's fate under the *Unfair Competition Law* is still not

119. *P&G Co. v. Beijing Guo Wang Co. Ltd.*, [2000] Er Zhong Zhi Chu Zi 27 [Beijing Second Intermediate Court IP First Trial No. 27] (China); *Ikea Co. Ltd. v. Beijing Guo Wang Co. Ltd.*, [1999] Er Zhong Zhi Chu Zi 86 [Beijing Second Intermediate Court IP First Trial No. 86] (China). Both trademark infringement and unfair competition were issues in these cases. In the judgments, since the court addressed the damage caused to P&G and Ikea when it analyzed trademark infringement issue, the court assumed the damage in terms of unfair competition without giving an analysis.

120. *P&G Co. v. Beijing Guo Wang Co. Ltd.*, [2000] Er Zhong Zhi Chu Zi 27 [Beijing Second Intermediate Court IP First Trial No. 27] (China). The court did not give any words on how it found Guo Wang's acts disturbed the socioeconomic order, which is also a necessary condition to find infringement. The court seemed to assume that Guo Wang's acts disturbed the socioeconomic order. However, it is not fair to say the omission was a mistake, because Chinese judges are not expected to (and do not) make law. This is different from the U.S., a judgment from a Chinese court does not sit as precedent for itself and lower courts, thus is not considered as source of law. Accordingly, Chinese courts are expected to make a righteous decision by applying the law "right", but are not expected to put all its analysis into the judgment to make the law clear.

121. *The Procter & Gamble Company v. Beijing Tiandi Electronic Group Co.*, [2000] Yi Zhong Zhi Chu Zi 49 [Beijing Second Intermediate Court IP First Trial No. 49] (China).

122. The court did not address on whether Tiandi's acts disturb the socioeconomic order.

clear. Theoretically, the standard for unfair competition is different from those of trademark infringement, as a result, there should be cases that reservation of a domain name, which is the same as another's unwell-known trademark, does not constitute traditional trademark infringement, does not constitute infringement of well-known trademark, but constitutes unfair competition. However, a gap between theory and facts exists by now. Observing the results of all cybersquatting cases the Chinese courts have dealt with so far, one can find only two kinds of judgments: First, when the plaintiff's trademark was recognized as well-known, the court found the defendant's acts constituted both trademark infringement and unfair competition.¹²³ Second, when the plaintiff's trademark was not recognized as well-known, the courts found that the defendant's acts constitute neither trademark infringement nor unfair competition.¹²⁴ From the results of these cases, we have not yet found evidence that the *Unfair Competition Law* has contributed to the protection of unwell-known trademark against cybersquatting.

Another problem is that the standards in the *Unfair Competition Law* are too vague to be "standards." Whether defendant's acts contravene "the principle of voluntariness, equality, fairness, honesty and credibility" or "generally recognized business ethics," largely depends upon the interpretation of the principle and the defendant's acts. Damages can always be found if the trademark owner's being unable to use the trademark domain name, per se, is deemed as damage. "Interference of socioeconomic order" was assumed in all these cases.¹²⁵ Therefore, the lack of a concrete standard for the above factors leaves too much discretion to the judges.

The practice in the United States has proven that traditional trademark infringement and dilution are not satisfactory weapons against cybersquatting. The practice in China has also proven that traditional trademark infringement, special protection of well-known trademark and unfair competition are incapable of efficiently fighting against cybersquatting. Practice is calling for a satisfactory solution. The success of the United State's special legislation, specifically the *Anti-cybersquatting Consumer Protection Act*, is sending out an encouraging message: a special legislation might be what we are looking for.

123. See *P&G Co. v. Beijing Guo Wang Co. Ltd.*, [2000] Er Zhong Zhi Chu Zi 27 [Beijing Second Intermediate Court IP First Trial No. 27] (China) (holding that the defendants acts constituted trademark infringement and unfair competition); *P&G Co. v. Shanghai Chenxuan Technology Development Co. Ltd.*, [2000] Hu Er Zhong Zhi Chu Zi [Shanghai Second Intermediate Court IP First Trial No. 23] (China) (holding that the defendant's acts constituted trademark infringement and unfair competition); *Du Pont v. Beijing Guo Wang Co. Ltd.*, [2000] Yi Zhong Zhi Chu Zi 11 [Beijing First Intermediate Court IP First Trial No. 11] (China) (holding the defendant's acts constitute trademark infringement and unfair competition).

124. See e.g. *Fulande v. Mitian Jiaye*, [1999] Yi Zhong Zhi Chu Zi 48 [Beijing First Intermediate Court IP First Trial No. 48] (China).

125. See *supra* n. 121, 123.

V. SPECIFIC ANTI-CYBERSQUATTING LEGISLATION IN THE UNITED STATES AND A BLUEPRINT OF ANTI-CYBERSQUATTING LEGISLATION IN CHINA

In 1999, United States Congress enacted the *Anti-cybersquatting Consumer Protection Act* (“ACPA”) which aims at preventing cybersquatting on the Internet by preventing the use of domain names that are confusingly similar to trademarks and person’s names. The trademark portions of this Act outlawed the act of reserving, with the bad faith intent to profit, a domain name that is confusingly similar to a registered or unregistered mark or dilutive of a well-known trademark. The in rem jurisdictional authorization of ACPA permits court disposition of a domain name when the owner cannot be found or cannot be served in the United States. What’s more, ACPA also gives individuals special protections against the cybersquatting of their non-trademarked names, which were not included as a part of the *Lanham Act*. As to remedies, ACPA provides injunction and actual damages, which is the same as in traditional trademark infringement suit. In addition, ACPA offers a form of statutory damages varying from \$1,000 to \$10,000 per infringing domain name to be elected by plaintiffs at any time before final judgment instead of actual damages and profits. In in rem jurisdiction cases, the court may order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.¹²⁶ Although there are debates over whether ACPA has gone too far in sacrificing individual’s right under constitution to satisfy trademark owner’s needs, the ACPA is generally a success.

After the ACPA had been proven successful in the United States, China also began drafting legal documents that regulate disputes between domain name, trademark and other rights. The first attempt was the *Guiding Opinions* issued by Beijing Higher People’s Court. In November 2000, CNNIC issued the *Draft Method for Resolution of Chinese Domain Name Dispute* (“Draft Method”). Although the *Draft Method* applies only to non-governmental dispute resolution of Chinese Domain name¹²⁷ reserved with and maintained by CNNIC¹²⁸, being a fruit

126. 15 U.S.C. § 1125(d) (2000).

127. See CNNIC, *Ruhe Dengji Zhongwen Yuming* [How to Register a Chinese Domain Name] <<http://www.cnnic.net.cn/cdns/howtoreg.shtml>> (accessed Apr. 9, 2001). A Chinese domain name refers to a domain name containing Chinese character(s). *Id.* There are two kinds of Chinese domain names. One is pure Chinese-character domain name, whose second-level domain name contains Chinese character(s) and top-level-Chinese-character domain name is “.zhongguo(China)”, “.gongsi(company), or “.wangluo(internet).” *Id.* The other is domain name whose second-level domain names contain Chinese Characters and top-level domain name is “.cn.” *Id.* The holder of a “.zhongguo” domain name will automatically obtain a “.cn” domain name. *Id.*

128. CNNIC, *Draft Method*, Art. 1(a)(i) <<http://www.cnnic.net.cn/doc/e-1.stml>> (accessed Mar. 25, 2001). In addition to CNNIC, companies licensed by NSI have carried out Chinese domain name registration in and out of China. *Id.* The State Quality Supervision Administration also started its own “Chinese domain name registration trial system” in March 2001. *Id.* The *Draft Method* does not apply to the dispute resolution of Chinese domain names registered and maintained by those systems other than CNNIC. *Id.*

of collaboration of judges who deal with domain name dispute cases in high-level courts, top intellectual property scholars and people from the Internet service industry,¹²⁹ its significance goes far beyond the disputes that it may apply to. On July 24, the Supreme People's Court issued *The Interpretations*. All the above documents have shown that Chinese judges and scholars have found the disputes between domain name and other rights cannot be simply categorized into any kind of existing disputes, and can hardly be solved by merely applying existing rules. Considering the source of these documents, it is fair to say, if China will have a special legislation, these documents are its predecessors.

A. TRADEMARK CYBERSQUATTING

1. *United States*

a. *Rights*

Any "mark" in the scope of the *Lanham Act* is under the protection of the trademark portion of the ACPA¹³⁰. According to the *Lanham Act*, "mark" includes "any trademark, service mark, collective mark, or certification mark,"¹³¹ which includes both registered trademark and unregistered common law marks. The "mark" also includes "a personal name which is protected as a mark under this section."¹³² In addition to these traditional "marks" protected by the *Lanham Act*, ACPA covers trademark, word, or name protected by special law, namely Olympic names and the Red Cross.¹³³

b. *Infringement*

According to ACPA, infringement by cybersquatting of a mark can be established if the plaintiff pleads and proves the following elements:

1. The defendant has registered, trafficked¹³⁴ in or used a domain name;

129. *The Report on Draft Method of Chinese Domain Name Dispute Resolution by China Social Science Academy* <<http://www.cnnic.net.cn/policy/10.shtml>> (accessed Mar. 25, 2001) [hereinafter *CSSA Report*].

130. 15 U.S.C. § 1125(d)(1)(A) (2000).

131. *Id.* § 1127 (2000).

132. *Id.* § 1125(d)(1)(A).

133. *Id.* § 1125(d)(1)(a)(ii)(III). These marks are marks protected by 18 U.S.C. § 706 (2000) (Red Cross symbols, including the words "Red Cross") and 36 U.S.C. § 220506 (2000) (Olympic symbols, including the words "Olympic," "Olympiad" and "Olympia").

134. 15 U.S.C. § 1125(d)(1)(E) (2000). The term "traffics in" refers to "transactions that include, but are not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration." *Id.*

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2. which is identical to or confusingly similar to a mark owned by the plaintiff; or dilutive of a famous trademark (the goods or services of the parties is not considered);
3. the mark was distinctive at the time of the defendant's registration of the domain name; or is famous at the time of the defendants' reservation of domain name; [and]
4. the defendant has committed the acts with bad faith intent to profit from the plaintiff's mark.

ACPA also provides 9 factors that a court may consider when determining whether the defendant reserve the domain name in bad faith:

1. The trademark or other intellectual property rights of the person, if any, in the domain name;
2. the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;
3. the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;¹³⁵
4. the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;
5. the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;
6. the person's offer to transfer, sell, or otherwise assign the domain name to the

135. See e.g. *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*, 202 F.3d 489, 498 (2d Cir. 2000). The use here has to be "bona fide" and "prior" to the reservation of the domain name. *Id.* The court did not find defendant's use of the domain name in "bona fide" offering of goods or services because defendant's "Sporty's Farm", which sold goods on the Internet, was not formed until nine months after the reservation of the domain name "sportys.com" and did not begin operations until after the lawsuit was filed. *Id.* The court observed, "that entity did not exist at the time the domain name was registered." *Id.* at 499. Therefore, it found that while a defendant used the disputed domain name in connection with the offering of goods, it was a contrived attempt and did not occur until after the litigation began, thus it did not constitute "prior" and "bona fide" offering of goods for sale. *Id.* In this case, "Sporty's" is Sportsman's Market, Inc.'s trademark. *Id.* Omega is a mail order company that was considering entering the aviation catalog business which is in direct competition with Sportsman's Market Inc.. *Id.* Omega reserved the domain name "sportys.com". *Id.* at 491. Nine months later, Omega formed Sporty's Farm LLC as wholly owned subsidiary and sold it the domain name. *Id.* Sporty's Farm LLC used the Web site located by the domain name to advertise its Christmas tree business. *Id.* Omega's CEO testified that he named the company "Sporty's Farm" after a "childhood memory" of "Spotty's Farm"—the farm where his uncle kept his dog "Spotty." *Id.* at 494.

mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;¹³⁶

7. the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

8. the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties;¹³⁷ [and]

9. the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of this section.

In the first appellate decision under the ACPA, *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*, the Second Circuit found that the defendant's act constituted infringement because the defendant, being the plaintiff's direct

136. See McCarthy, *supra* n. 10 at § 25:78. This factor embodies the conduct of the prototypical cybersquatter who registers a domain name with no intent to use it and offers to sell it to the legitimate trademark owner. *Id.* This factor would also encompass cases in which a defendant reserves a domain name and threatens to or actually offers to sell it to a competitor of the legitimate trademark owner. *Id.*; see e.g. *Toys "R" Us, Inc. v. Abir*, 45 U.S.P.Q.2d 1944, 1948-49 (S.D.N.Y. 1997), the defendant reserved the domain name "toysareus.com" and offered it for sale to the owner of the Toys "R" Us trademark, informing the trademark owner that if the owner did not buy the domain name, defendant would proceed to use it on a Web site for a worldwide toy catalog and toy store registry in competition with the trademark owner. *Id.* at 1946. The Court found, "[Defendant's] use of the domain name that copied Toys 'R' Us was a deliberate bad faith effort at cyberpiracy. . . . [T]he defendant intentionally copied [the trademark] in order to extort money from the plaintiff or take advantage of the extensive efforts that [plaintiff] expended in developing the name by competing directly against the plaintiff." *Id.* at 1948.

137. *Sporty's Farm*, 202 F.3d at 498. For example, the famous cybersquatter Dennis Toeppen reserved about 240 domain names consisting of a who's who of trademarks, such as "deltaairlines.com," "britishairways.com," "crateandbarrel.com," and "ussteel.com." See generally *Intermatic*, 947 F. Supp. at 1227; see generally *Panavision*, 945 F. Supp. at 1296. This factor may also aim at a cyberpirate who registers multitudes of variations of others' trademarks, not for the purpose of selling the names to the trademark owners, but for the purpose of selling web advertising by intercepting Web users looking for the trademark owner's site and making them click through advertising pages in order to escape. For example, in *Shields v. Zuccarini*, 89 F. Supp. 2d 634 (E.D. Pa. 2000), defendant registered thousands of domain names including misspellings of trademarks and celebrities' names. A Web user who reached one of defendant's Web sites was "mousetrapped" in the site, unable to exit without clicking on a succession of ads, with defendant receiving between ten and twenty-five cents from advertisers for each click. *Id.* at 635. Defendant was found in violation of ACPA. *Id.* at 642.

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competitor, reserved and used the domain name “sportys.com” with a bad faith intent to profit by preventing the senior user “Sporty’s” catalog business from utilizing that domain name.¹³⁸ The defendant’s later attempt to legitimize the use by creating a subsidiary called “Sporty’s Farm” that sold Christmas trees at a Web site located at “sportys.com” was denied a “prior,” “bona fide” use.¹³⁹ The court found that the following factors in §43(d)(1)(B) of the *Lanham Act* supported a finding of bad faith: under the first and the second factors, the critical date is the time the domain name was registered. In this case, defendant did not have any intellectual property rights in the domain name at the time it reserved the domain name and the domain name did not consist of the legal name of defendant at that time.¹⁴⁰ Similarly, under the third factor, while defendant used the domain name in connection with the offering of goods (Christmas trees), it did not do so until after the litigation began, negating its claim of a “bona fide” offering of goods for sale. The court emphasized that “the most important” basis for a finding of bad faith was the finding that defendant registered the domain name “for the primary purpose of keeping [plaintiff] from using that domain name.”

Here, ACPA not only provides a unique tool to protect trademark from bad faith domain name reservation, at the same time, the bad faith standard prevent the trademark owner from abusing the statute to interfere legitimate reservation and use of domain names.

c. Remedy

In cases based on personal jurisdiction, when infringement based on ACPA is established, courts may grant injunctive remedies of the *Lanham Act* §34(a) and the monetary remedies of the *Lanham Act* §35(a).¹⁴¹ In addition, ACPA offers a form of statutory damages as an alternative. Instead of actual damages and profits, plaintiff may choose statutory damages between \$1000 to \$10,000 per infringing

138. *See Sporty’s Farm*, 202 F.3d at 489.

139. *Id.* at 494. Defendant told an involved story purporting to explain why it selected its competitor’s mark to register as a domain name “sportys.com”. *Id.* Defendant’s CEO, Ralph Michael, testified that he always thought of his family’s land in Pennsylvania where the Christmas trees were raised as “Spotty’s farm,” and this was a name derived from his uncle’s farm. *Id.* When Ralph was a little boy, he had a dog named “Spotty.” *Id.* Spotty strayed. *Id.* Ralph’s uncle took Spotty to live at the uncle’s upstate New York farm. *Id.* So little Ralph referred to uncle’s farm in New York as “Spotty’s Farm.” *Id.* For some reason, he transferred the name to the different farm in Pennsylvania. *Id.* Later “Spotty’s Farm,” for unexplained reasons, changed to “Sporty’s Farm.” *Id.* The court of appeals found this story “more amusing than credible.” *Id.* at 499.

140. *Id.* at 498. Defendant’s “Sporty’s Farm” was not formed until nine months after the domain name was registered and did not begin operations until after the lawsuit was filed. *Id.* So although the challenged domain name was reflected in “Sporty’s Farm”, the court observed that “that entity did not exist at the time the domain name was registered.” *Id.* at 499.

141. 15 U.S.C. § 1125(d) (2000).

domain name at any time before final judgment.¹⁴² In cases based on in rem jurisdiction, ACPA expressly limits remedies to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.¹⁴³ Statutory damages provide enough economic deterrence against cybersquatting.

2. *Blueprint of Possible Legislation in China*

This part of this article will sketch the outline of the possible special legislation in China by looking at its “predecessors”: The *Guiding Opinions*, the *Draft Method* and *The Interpretations*, and by considering the possibility of leaning from the U.S. experience.

a. *Rights*

None of these documents uses the expression of “protecting” certain rights. Instead, they specify the disputes that they are to deal with. This implies that, in dealing with the mentioned disputes, these documents actually protect the rights, such as right on trademark, name of organization, or other rights, against bad faith domain name reservation or infringement acts, as defined in the documents. *Guiding Opinions* deals with disputes between domain name and “registered trademark, names of enterprises or other organizations etc.”¹⁴⁴ The *Draft Method* deals with disputes between Chinese domain names and “trademark protected by Chinese Law,” that is a registered trademark.¹⁴⁵ A trademark that has been recognized as well-known trademark by Trademark Bureau of State Administration of Industry and Commerce gets special treatment.¹⁴⁶ *The Interpretation* does not specify the disputes that it deals with. However, one of the preconditions that the plaintiff’s claim being supported by the court is that “the civil rights¹⁴⁷ that the plaintiff requests protection is legal and valid,”¹⁴⁸ it implies

142. *Id.*

143. *Id.*

144. *Guiding Opinions*, *supra* n. 100, at Art. 1.

145. *Draft Method*, *supra* n. 128, at Art. 2.

146. *Draft Method*, *supra* n. 128, at Art. 2(2). First, there is no time limitation for a famous trademark owner to raise a complain against a domain name to the dispute settlement body (China International Economic and Trade Arbitration Commission Domain Name Dispute Resolution Center), while a non-famous trademark owner has to raise the complaint within two years after the reservation of the domain name. *Id.* Second, a famous trademark owner does not need to prove that his business has been, or is likely to be harmed by the reservation and use of the domain name, while other trademark owners has to prove this in order to have his complain supported by the dispute resolution body. *Draft Method*, *supra* n. 128, at Art. 7.

147. The term “civil rights” in Chinese law refers to any rights stipulated in civil laws, such as Civil Law, Property Law, Copyright Law, Trademark Law, etc., as opposed to public laws.

148. *The Interpretations*, *supra* n. 101, at Art. 4 (China).

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that *The Interpretation* deals with the disputes between domain name and any kinds of civil rights, and it protects any civil right. First, this stipulation means, as far as trademark and related rights are concerned, unlike stipulated in the *Trademark Law*, legal protection is no longer limited to registered trademark. Second, although Chinese courts have only received cases involving disputes between domain name and trademark or name of organization, it is far too rashly to say it has ended all sorts of disputes. This practical arrangement leaves plenty of room for future legislation to protect all kinds of rights against bad faith domain name reservation.¹⁴⁹ When drafting a special legislation against cybersquatting, it would be rational to carry forward this arrangement.

b. Infringement

These three documents follow different ways in establishing infringement. *Guiding Opinions*, and *The Interpretations*, being judicial interpretations of the current *Trademark Law* and/or *Unfair Competition Law*, naturally rely more on current legislation and focus on building a bridge between old rules and new problems. The *Draft Method*, being a rule of non-governmental dispute resolution, established a system independent from any existing law and regulations.

The *Guiding Opinions* does not mention the application of the *Trademark Law* but merely mentions the *Unfair Competition Law* by simplifying the process of applying the *Unfair Competition Law* into cybersquatting cases. According to *Guiding Opinions*, when an act constitutes “bad faith domain name reservation”, it constitutes unfair competition. To establish bad faith domain name reservation:

1. the registered domain name shall be identical or confusingly similar to the mark owned by the right owner;
2. the domain name holder does not enjoy any preexisting right of the domain name; [and]
3. the domain name holder reserves and uses the domain name in bad faith.

Here, factors for determining “bad faith” include but are not limited to:

1. the domain name holder invites a sale, rent or other compensated transfer of the domain name to the right owner;
2. the domain name owner, motivated by profit, lures internet users into visiting its Web site or other online service by means of intentionally obscuring the domain name and the trademark or trade name of the right owner;
3. the domain name owner reserves the domain name specially in order to

149. Protection of rights other than trademark rights will be discussed in different sections of this part.

obstruct the right owner to use its trademark or trade name in domain name; [and]

4. the domain name owner reserve register trademark as domain name in order to damage the goodwill of others.¹⁵⁰

Therefore, the *Guiding Opinions* sets the standard for bad faith domain name reservation and makes bad faith domain name reservation a connecting point between any act and unfair competition act.¹⁵¹

According to the *Draft Method*, in order for the complaint against a domain name to be supported, the trademark owner complaint shall prove the following simultaneously:

1. The complaint enjoys legally protected trademark right;
2. the disputed domain name is identical to the relevant trademark or is sufficiently similar to cause confusion;¹⁵²
3. the domain name holder does not have trademark or other legal rights in respect of either the domain name itself or to other combinations of characters including the domain name;
4. the domain name holder has registered and is using¹⁵³ the domain name in bad faith; [and]
5. the complaint's business has already suffered or is extremely likely to suffer damage because of the registration and use of the domain name.¹⁵⁴

150. *Guiding Opinions*, *supra* n. 100, at Art. 5.

151. *Guiding Opinions*, *supra* n. 100, at Art. 4. "The act to reserve, steal others' well-known trademark as domain name in bad faith breaks the principle of honesty and credibility, breaks the generally accepted commercial ethics, constitutes unfair competition. *General Principle of Civil Law* and Counter *Unfair Competition Law* apply to such acts." *Id.*

152. CSSA Report, *supra* n. 129. Here, "sufficiently similar to cause confusion" in item two needs some explanation. *Id.* "Similar" may include any of the following situations. *Id.* First, the registered domain name is identical with the legally protected trademark in the combinations of characters, but differs in font, print, size or color. *Id.* at § 3. Second, part of the registered domain name is identical with part of the legally protected trademark in the combination of characters. *Id.* Third, part of the registered domain name is identical with the legally protected trademark in the combination of characters. *Id.* Fourth, some characters of the domain name are identical to some characters of the legally protected trademark. *Id.* In addition to any of these situations, the complaint shall also prove that the similarity between the registered domain name and the trademark is sufficient to make consumers think that the domain name holder is the trademark holder, or at least has close relationship with the trademark holder. In lack of such confusion, the complain shall not be supported. *Id.*

153. *Draft Method*, *supra* n. 128, at Art. 11. "Use" here only means put the registered domain name into use as the outside code of address of Web site, and guide the Internet user into visiting certain Web site or Web page through decoding of the Internet system. *Id.* It is not the "use" in term of this *Draft Method* to use the domain name not as the outside code of Web address, but as identity of persons, products, Web site or Web page, etc. *Id.*

154. See CSSA Report, *supra* n. 129. Damages to the trademark owner caused by the use of

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“Bad faith” is the loudest “buzzing words” in the *Draft Method*. Evidence for “bad faith” includes:

1. The domain name holder has offered a sale of the domain name to seek profit, and the price it sought exceeded the direct fees paid in the registration process;¹⁵⁵
2. the domain name holder registered the domain name not for use but in order to obstruct the trademark owner from using its trademark or one of the constituents part of its trademark as a domain name;¹⁵⁶ [and]
3. the domain name holder, motivated by profit, has intentionally registered the domain name in order to lure and mislead Internet users into visiting its website or other online addresses.¹⁵⁷

Evidence against “bad faith” includes:

domain name may occur in any of the following circumstances: First, the domain name holder carries out business identical with or similar to that of the trademark owner’s, and manifests directly or indirectly that it is the trademark owner, or at least is associated with the trademark owner in certain way, which is against the fact. *Id.* at § 3. This act will certainly lead some of trademark owners perspective client to trade with domain name holder, thus deprive the trademark owner of its business opportunity. *Id.* Second, the domain name holder use relevant Web page to remit information that damage the trademark owner’s image or the reputation, thus shake the trademark owner’s stage in the market. *Id.* Third, the registration of the domain name holder prevent the trademark owner from using its own trademark as domain name, thus bring sever negative effect to the trademark owner’s e-business. *Id.*; see also *Draft Method*, *supra* n. 128, at Art. 7.

155. CSSA report, *supra* n. 129. The *Draft Method* emphasis the situation that the domain name holder voluntarily offered transfer of domain name to the trademark holder or sent invitation to offer to trademark holder. *Id.* Because voluntarily offer or invitation to offer clearly shows that the purpose of the domain name registration is to seek profit though domain name transfer. *Id.* This kind of acts takes advantage of the non-examination domain name registration system to infringe the right of trademark owner. *Id.* Allowing such act is against the basic policy of the development of Internet. *Id.* However, the emphasis on voluntary offer and invitation does not exclude that “passive/invited” transfer may be an evidence of bad faith registration and use. *Id.* For example, the domain name holder knows that an voluntary offer may be an evidence of bad faith registration and use, so it refrain its offer and use other means to manifest that the domain name is “for sale”, and while the trademark owner offered to buy the domain name, the domain name holder asks for an unreasonably high price and shows the clear purpose to seek profit. *Id.* In this situation, bad faith may also exist. *Id.*

156. The trickle thing in applying this article is the difference between actual “not use” and “not for use.” In business practice, it is normal that someone registers a domain names and save them for future use. In some circumstance, the purposes of such registration is just to prevent their own trademark, enterprise name or name being cybersquatted. Actual “not use” in current does not necessarily means “not for use,” save a domain name for future use may also be considered as use. Therefore, non-use after registration does not necessarily become evidence for bad faith in registration and use.

157. CSSA report, *supra* n. 129. In order to apply this condition to determine bad faith, the complaint shall prove that: First, its trademark bears a high reputation in the market. Second, the domain name holder knows or should know the existence of the trademark and its reputation in the market, and intentionally registered the identical or similar domain name to take advantage of the trademark. Third, the use of the domain name is to seek profit, for example, carry out business through the Web site or Web page. See also *Draft Method*, *supra* n. 128, at Art. 8.

1. The domain name holder or any person closely related to the holder enjoys legally protected right or interest relating to the mark, which compose the domain name;¹⁵⁸
2. before being notified of the dispute, the domain name holder had already started making legitimate use of the domain name; or, in the course of providing product or service, had used marks identical with the domain name in good faith and had obtained substantial reputation thereof;¹⁵⁹ [and]
3. the complaint brought by the trademark owner amounts to “reverse domain name hijacking.”

It is not hard to find out that, from the structure of the documents to the factors being considered when deciding bad faith, the *Draft Method* has lots of things in common with ACPA.

Like the *Guiding Opinions*, *The Interpretations* also sets standard for bad faith and make bad faith reservation and/or use of domain name a connecting point. The difference is, in *The Interpretations*, bad faith reservation and/or use of domain name not only connect an act with unfair competition, but may also connect it with any other kinds of infringement. According to *The Interpretations*, a court “should hold that the defendant’s acts to reserve, use domain name, etc. constitute infringement or unfair competition” when the act meets all the requirements:

1. The civil right and interest that the plaintiff request protection is legitimate and valid;

158. See CSSA report, *supra* n. 129. When the domain name holder is a natural person, the circumstances include: where the domain name is or is a part of the domain name holder or his/her close relative’s name, trademark or other legally protected mark. *Id.* at §4. When the domain name holder is a working unit, the circumstances include: where the domain name is or is a part of the domain name holder’s or its chief manager’s or its affiliated working unit’s name, trademark or other legally protected mark. *Id.* The reason for this kind of defense is that when the complained domain name holder or the registration applicant enjoys legally protected right(s) other than domain name, the registration of relevant series of characters as domain name has “legitimate reason.” *Id.* The legitimate reason can ultimately deny the existence of bad faith. *Id.*

159. This condition includes the following possibilities. The first situation is, no matter whether the domain name holder does not enjoy legally protected right relevant to the domain name, when it registered and used the domain name, it did not know and had no reason to know the existence of relevant trademark, nor did it know or have reason to know the trademark’s market reputation. The second situation is, no matter whether the domain name holder knows the existence and the market reputation of relevant trademark, it did not intend to take advantage of the trademark’s market reputation by registering and using the complained domain name, and it use clear mark in its Web site or Web page to distinguish them from those of the trademark owner’s, for example, the domain name holder states that it is not the trademark owner, or provide links to find the trademark owner, thus does not cause actual confusion to the Internet user. The third possibility is that although the domain name holder has not registered a trademark, it has used the unregistered trademark relevant to the domain name in the course of providing product or service, and has obtained its own market image and reputation.

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2. the defendant's domain name or its main part constitutes reproduction, imitation, translation or transliteration of plaintiff's well-known trademark; or is identical or similar to plaintiff's registered trademark, so as to cause relevant public's confusion;
3. the defendant does not enjoy right or interest as to the disputed domain name or its main part, it also does not have a legitimate reason to reserve, to use the domain name; [and]
4. the defendant bears bad faith in the reservation, use of the domain name.¹⁶⁰

According to *The Interpretations*, under one of the following situations, the court should held the defendant bears bad faith:

1. Reserve other's well-known trademark as domain name for commercial purpose;
2. for commercial purpose, reserve [and/or] use domain name identical with or similar to the plaintiff's registered trademark [and or] domain name to intentionally cause confusion with the products, service or website provided by the plaintiff, so as to lure web users to visit its website or other online site;
3. had offered to sell, to rent or to transfer the domain name by other means in high price to obtain illegitimate profit;
4. reserve the domain name without using it or preparing to use it, but to intentionally prevent right owners from reserving this domain name; [or]
5. have other bad faith situations.

c. *Remedy*

Under the *Guiding Opinions*, when unfair competition is established, the court may order the domain name holder to stop using the domain name, to apply to the reservation agency to cancel the domain name or to change the domain name. When this unfair competition acts has caused damage to the right owner, the court should also give damages.

Under the *Draft Method*, remedies that can be ordered by a dispute resolution body are limited to an order for cancellation of the relevant domain name, or an order for the relevant domain name to be transferred to the complainant.¹⁶¹

According to *The Interpretations*, while infringement or unfair competition are established, the court may order the defendant to cease infringement, cancel the domain name, or order the reservation of the domain name by the plaintiff. When defendant's act caused damage to the right owner, the court may also give damages.

160. *The Interpretations*, *supra* n. 101, at Art. 4.

161. *Draft Method*, *supra* n. 101, at Art. 16 (China).

Looking at the three Chinese documents as a whole, there is one remedy being given in the United States, but not in China: statutory damages. As we mentioned before, since the cost for reserving and maintaining a domain name is low and even if infringement is established, it is hard for the plaintiff to prove actual damage, so if the responsibility the cybersquatter faced was not greater than the expected profit multiplied by the chance of making a sale, cybersquatting would not be deterred. Statutory damages can solve this problem well. It will be wise for future Chinese special legislation to include this kind of remedy.

B. JURISDICTION ISSUE

1. *United States*

ACPA allows a trademark owner to bring an in rem action against the domain name itself.¹⁶² Under ACPA, if the trademark owner cannot obtain personal jurisdiction over the holder of the domain name, or if it sends notice to the holder at both the postal address and the e-mail address listed in the registration and the holder does not answer, the trademark owner can then proceed in rem litigation against the trademark itself. An in rem suit can be brought in the judicial district where the registrar is located, or where “documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.”¹⁶³

One advantage of in rem suit is that cybersquatters can no longer hide from trademark owners. An additional important advantage is that as soon as the plaintiff gives to the registrar a file stamped copy of the complaint, the registrar must freeze the domain name¹⁶⁴ and the registrar must deposit the domain name with the court.¹⁶⁵

2. *China*

In rem jurisdiction is not necessary under Chinese civil procedural law. In China, a domain name dispute suit is an infringement suit. In *Civil Procedure Law* of China, “A lawsuit brought on a infringement act shall be under the jurisdiction of the people’s court of the place of infringement or place of the defendant’s domicile.”¹⁶⁶ According to this article, a plaintiff can always find a court that has jurisdiction over a domain name dispute case in any circumstance. If the defendant has activated the domain name by using it to allocate a Web site, since Internet

162. 15 U.S.C. § 1125(d)(2)(A) (2000).

163. *Id.* § 1125(d)(2)(C).

164. *Id.* § 1125(d)(2)(D)(i).

165. *Id.*

166. *Civil Procedure Law of the People’s Republic of China*, Art. 29 (China).

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users can log into the Web site from a computer anywhere in China,¹⁶⁷ any place can be place of infringement. Therefore any Chinese court may have jurisdiction over the dispute. Even if the defendant just warehouses domain names without activating it, the place of the registration is the place of infringement, so the plaintiff can still find a court with jurisdiction. What is more, even if the defendant does not attend the litigation, the court can still enter into an enforceable default judgment.

The Interpretations stipulated that, “Intermediate People’s Court of the place of infringement or of the defendant’s place of domicile has the jurisdiction over infringement cases involving domain name. As to [cases] in which it is hard to determine place of infringement or the defendant’s place of domicile, the place of the computer terminal or other instruments where the plaintiff found out this domain name can be deemed as place of infringement.” Therefore, according to Chinese law, although without in rem jurisdiction, the defendant still cannot hide from the plaintiff.

C. CYBERSQUATTING PROTECTION FOR INDIVIDUALS

1. *United States*

According to ACPA, a defendant shall be liable for the cybersquatting of a personal name, if the plaintiff plead and prove the following four elements:

1. The defendant has registered a domain name;
2. which consists of or is confusingly similar to the name of the plaintiff, who is a living person;
3. without the plaintiff’s consent; [and]
4. the defendant has committed the acts with a specific intent to profit from the plaintiff’s name by selling the domain name for financial gain to the plaintiff or any third party.¹⁶⁸

When an infringement has been established, a court may award injunctive relief, including the forfeiture or cancellation of the domain name or the transfer of the domain name to the plaintiff. The court may also, in its discretion, award costs and attorneys fees to the prevailing party.¹⁶⁹

167. Actually, Internet user can log into the Web site from anywhere in the world, but only the login from China has jurisdiction meaning under Chinese law.

168. 15 U.S.C. § 1129 (2000).

169. *Id.* § 1129(2).

D. CHINA

There is no legislation as to the dispute between a personal name and a domain name in China. However, General Principle of Civil Law provides legal basis for protection of personal name in cyberspace, provided that we give the article about personal name right a wide enough interpretation. General Principle of Civil Law stipulates, "Citizens shall enjoy the right of personal name and shall be entitled to determine, use or change their personal names in accordance with relevant provisions. Interference with, usurpation of and false representation of personal names shall be prohibited."¹⁷⁰ Theoretically, the individuals' right to "use their personal names" includes the right to use their name by means of using their name as domain names. The right to prohibit "interference with, usurpation of and false representation of personal names" shall also include the right to prohibit the interference with usurpation of and false representation of personal names by reserving others' personal names as domain names.

Room for such regulation is also left in *The Interpretations*. *The Interpretations* deals with the disputes between domain name and civil rights and interest, which may include personal name right.¹⁷¹ The situations in which defendant's act should be held "infringement" (not only trademark infringement) includes "the defendant's domain name... is identical with or similar to the plaintiff's registered trademark, domain name, etc." It is fair to say the "etc." includes personal name.

Although the two documents provide a basis and leave room for protection of personal name against cybersquatting, it also left many possible problems unsolved. For example, it provide no guide for dealing with the situation when the domain name holder reserves a domain name consisting of his own name but people who happen to have the same name challenge the domain name. Nor does it help to deal with the situation that the domain name is not composed by the domain name holder's "personal name," but by some other words that the domain name holder has legitimate right other than trademark, for example, the domain name holder's pen name, nickname, stage name, which happens to be the same as someone's "personal name." Until today, Chinese courts have not yet had chance to deal with a case involving reservation of domain names consisting names of others. However, it is not hard to imagine the difficulty a court is to meet with when such cases appear. Only basis and room for future legislation is not enough, therefore, again, specific regulation on this issue is suggested.

E. COMMENTS

It is easy to find out that many elements in the ACPA, such as elements of infringement, evidences for and against bad faith, have been adopted by the three

170. *General Principles of Civil Law*, Art. 99 (China).

171. *The Interpretations*, *supra* n. 101, at Art 4.

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Chinese legal documents. It is also easy to find out, especially through *The Interpretations*, which China realized the complexity and uniqueness of cybersquatting, which can hardly be dealt with by the current legislation. However, only realizing the problem is not enough, dealing with the complex problem only with judicial interpretations is not enough either. As we mentioned, *The Interpretations*, although leaving room for protection of various rights and interests, is chained by the current *Trademark Law*, *Unfair Competition Law*, General Principle of Civil Law, etc, which prevent it from solving many problems. Therefore, a special legislation to maintain and to further the achievement in the *Guiding Opinions* and *The Interpretations* is necessary.

In future legislation, like in *The Interpretations*, the right being protected should include various civil rights and interest which include trademark right, personal name right, etc. As to infringement, before the character of domain name is clear, before the discussion of overlap between domain name and trademark, personal name reaches a clear conclusion, it is appropriate to deal just with bad faith domain name reservation. As to remedy, the future legislation should keep the remedies listed in *The Interpretations*, and should add to a statutory damages or a damages with similar function.

VI. CONCLUSION

The Internet has no boundaries, neither do problems arising from the Internet. How to protect trademark and other intellectual property rights on the Internet poses a global challenge to all modern countries. China, having her legal framework of intellectual property protection constructed only two decades ago, is still in her infancy to handle high-tech intellectual property protection issues such as anti-cybersquatting. In addition to learning lessons by trial and error, it might also be worthwhile for China to find teachings from such countries as the United States which have more sophisticated legal systems. Unlike traditional civil law issues, such as contract or tort issues, which could have significantly different natures in different countries due to diversity of culture, history, economic backgrounds, domain name disputes, as a largely technology-generated problem, appears in different countries with considerable consistency. Accordingly, in spite of different legal philosophies followed by the United States and China, it is possible and necessary for China to extensively adopt the U.S. experience as reference in dealing with its own cybersquatting problems.

Although China has made some achievements in regulating cybersquatting, there are still problems left unsolved. Traditional trademark infringement has been proved unsuccessful to deal with cybersquatting. Using the inquiry of “special protection for well-known trademark” or applying the *Unfair Competition Law* may catch more cybersquatters, but due to the immaturity of the former analysis and the “king clause” nature of the *Unfair Competition Law*, judges are left with too little guidance and too much discretion in judging cybersquatting cases. The

Guiding Opinions and *The Interpretations* address the core issues of cybersquatting, but they constructive restatements, rather than improvements, of pre-existing law. Therefore, a specific legislation on cybersquatting following the model of ACPA is in urgent need in China to mend the flaws of current legal mechanisms and sufficiently protect trademarks and other intellectual property rights on the Internet.

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Appendix: Anti-Cybersquatting Legal Systems in the United States and China

1. General Comparison

United States	China
1. Trademark infringement based on likelihood of confusion <i>Lanham Act</i> §1114, §1125(a)	1. Trademark infringement <i>Trademark Law</i> Art. 38, <i>Detailed Rules</i> Art. 41
2. Dilution <i>Lanham Act</i> §1125(c) (Dilution Act)	1. Special protection for well-known trademark. (Used by courts, not mentioned in legislation)
	2. Unfair competition <i>Anti-Unfair Competition Law</i> Art. 2 Art. 21
3. Cybersquatting <i>Lanham Act</i> § 1125(d) (ACPA)	Future legislation

2. Trademark Infringement by Likelihood of Confusion

	United States	China
Right	<ul style="list-style-type: none"> ●Registered <i>Lanham Act</i> §1114 ●Unregistered trademark <i>Lanham Act</i> §1125(a) 	<ul style="list-style-type: none"> ●Registered trademark only <i>Trademark Law</i> Art. 3
Infringement	<ul style="list-style-type: none"> ● Use in commerce <i>Lanham Act</i> §1114, §1125(a) ● To use reproduction, counterfeit, copy, or colorable imitation of a registered mark <i>Lanham Act</i> §1114 /any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or 	<ul style="list-style-type: none"> ● No requirement for use in commerce ● To use a trademark that is identical with or similar to a registered trademark <i>Trademark Law</i> Art. 38/ words or graphs which are identical with or similar to that of others' registered trade marks as the designation or adornment of the goods, and which is sufficient to cause mis-recognition <i>Detailed Rules</i> Art. 41

	<p>false or misleading representation of fact <i>Lanham Act</i> §1125(a)</p> <ul style="list-style-type: none"> ● Use in connection with the sale, offering for sale, distribution, or advertising of any goods or services <i>Lanham Act</i> §1114/ in connection with any goods or services, or any container for goods <i>Lanham Act</i> §1125(a) ● Likely to cause confusion, or to cause mistake, or to deceive <i>Lanham Act</i> §1114, § 1125(a) <ul style="list-style-type: none"> ○ Factors courts consider in finding likelihood of confusion: <ul style="list-style-type: none"> ○ competition between goods ○ degree of distinctiveness of the senior mark ○ . . . <p><i>Planned Parenthood case.</i> <i>Intermatic v. Toeppen</i></p>	<ul style="list-style-type: none"> ● Use in respect of the same or similar goods <i>Trademark Law</i> Art. 38, <i>Detailed Rules</i> Art. 41/sell such goods <i>Trademark Law</i> Art. 38, <i>Detailed Rules</i> Art. 41 ● Implied in <i>Trademark Law</i> and <i>Detailed Rules</i> <p><i>Fulande v. Mitian Jiaye</i></p>
Remedy	<ul style="list-style-type: none"> ● Injunction ● Damages 	<ul style="list-style-type: none"> ● Injunction ● Damages

3.Dilution/ Special Protection for Well-Known Trademark

	United States	China
Right	<ul style="list-style-type: none"> ● Well-Knownness (more than distinctiveness), registration not required <i>Lanham Act</i> §1125(c) <i>Panavision case.</i> . . 	<ul style="list-style-type: none"> ● Well-knownness and registration <i>Trademark Law</i> Art. 41; <i>Tide case.</i> . .

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	(Low standard in practice), <i>Avery case</i> (High standard in practice)	
Infringement	<ul style="list-style-type: none"> ● In commerce ● Commercial use as a mark or trade name <i>Lanham Act</i> §1125(c) <i>Intermatic, Inc. v. Toeppen</i>, (the court found reservation plus intent to arbitrage the domain name constitutes a commercial use.) ● Likelihood of dilution: <ul style="list-style-type: none"> ○ Blurring <i>Toy”R”Us case</i> ○ Tarnishment ○ “Discouragement”: dilution of the distinctive quality of the trademark (Newly created by courts) <i>Panavision v. Toeppen</i> ● After the mark has become well-known 	<ul style="list-style-type: none"> ● No such requirement ● Reserve and/or use a domain name which is the same as a well-known trademark (no case about domain name similar to famous trademark yet) <i>Ikea case, P&G cases. . .</i> ● To cause, in other respects, prejudice to the famous trademark owner’s exclusive right to use the trademark: <ul style="list-style-type: none"> ○ The “other” prejudice that courts found out: Prevent the trademark owner from using the trademark in cyberspace <i>Ikea v. Guo Wang</i> (Courts fail to give an explanation as to why such act harm the trademark owner’s right to use the mark on internet while the trademark owner can still use a domain name containing its trademark) ● This factor is ignored by Chinese courts <i>P&G v. Chenxuan</i>
Remedy	<ul style="list-style-type: none"> ● Injunction ● Damages if proven willful ● NO statutory damages 	<ul style="list-style-type: none"> ● Injunction ● Actual damages ● NO statutory damages

4. Unfair Competition in China

Unfair competition refers to acts of operators that contravene the provisions of this Law, with a result of damaging the lawful rights and interests of other operators, and disturbing the socio-economic order. *Unfair Competition Law* Art. 2

a. Contravene the provision of this Law

Principles: In carrying on transactions in the market, operators shall follow the principle of voluntariness, equality, fairness, honesty, and credibility, and observe generally recognized business ethics. *Unfair Competition Law* Art. 2

b. Harm the lawful rights and interests of other operators:

(1) Harm the right to use its famous trademark in cyberspace *Ikea v. Guo Wang*

(2) Take advantage of the good will of the trademark without compensation *P&G v. Tiandi*

c. disturbing the socio-economic order—no analysis in any case. Assumed by courts.

5. Anti-Cybersquatting Consumer Protection Act/Future Chinese Specific Legislation

a. Trademark Cybersquatting

	United States	China
Right	A mark, including a personal name which is protected as a mark <i>Lanham Act</i> § 1125(d)	<ul style="list-style-type: none"> ● Trademark right, right of name of organization, etc. <i>Guiding Opinions</i> ● Trademarks protected by Chinese law <i>Draft Method</i> ● All relevant civil right and interest <i>Interpretations</i>
Infringement	<ul style="list-style-type: none"> ● Registers traffics in, or uses ● In bad faith for profit ○ Holders IP right over the domain name ○ Holder's name ○ Prior use in bona fide offering of goods/service ○ Bona fide use in a site ○ Intent to divert consumer ○ Offer to transfer ○ Provision of false information for reservation ○ Multiple domain name 	<ul style="list-style-type: none"> ● Register and/or use the domain name <i>Id.</i> ● In bad faith ○ Legally protected other rights ○ Bona fide use in offering goods or on website ○ Offer to sell for profit ○ Prevent trademark owner from using ○ Lure the consumers into the website ○ etc. <i>Id.</i> ● A domain name that ○ Identical or confusingly similar to a mark ○ Over which the holder does not enjoy trademark or other legal right <i>Id.</i> ● Trademark owner is very

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	<ul style="list-style-type: none"> ○ Distinctive or well-known ● A domain name that ○ Identical or confusingly similar to a mark ○ Identical or confusingly similar or dilutive of a famous trademark, without regard to the goods or services of the parties 	likely to be damaged <i>Guiding Opinions</i>
Remedy	<ul style="list-style-type: none"> ● Injunction ● Damages (including statutory damages) ● Injunctions ordering cancellation or transfer 	<ul style="list-style-type: none"> ● Cancellation ● Actual damage ● Statutory damages is recommended ● Transfer

b. Jurisdiction

United States	China
<ul style="list-style-type: none"> ● Personal jurisdiction ● In rem jurisdiction Lanham Act § 1125(d) 	<ul style="list-style-type: none"> ● Court of the defendant's domicile has jurisdiction Civil Procedure Law ● Court of place of infringement has jurisdiction

c. Personal Name Cybersquatting

	United States	China
Right	<ul style="list-style-type: none"> ● Name of a living person <i>Lanham Act</i> §1125(d) 	<ul style="list-style-type: none"> ● A citizens' right to use their personal names (possibly including the right to use in cyberspace) General Principle of Civil Law
Infringement	<ul style="list-style-type: none"> ● Register a domain name which is identical or confusingly similar to the name of a living person ● with the specific intent to profit from 	<ul style="list-style-type: none"> ● Interference with, usurpation of and false representation of personal names

	the name <i>Id.</i>	
Remedy	<ul style="list-style-type: none">● Injunctive○ Forfeiture or cancellation○ Transfer● Costs and attorneys fees <i>Id.</i>	