

CONFUSION, ILLUSION AND THE DEATH OF TRADEMARK  
LAW IN DOMAIN NAME DISPUTES

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## I. INTRODUCTION

The Internet has often been hailed as an equalizer of social, political, and economic power. A voice on the Internet can be as loud as any other, provided one has the requisite technological skills or the ability to acquire them. This nature of the Internet has meant that small groups of students have formed million dollar companies, single political activists have had their voices heard by thousands, and that anyone who publishes on the Internet has a potential audience of billions.

Yet there is a powerful and quick-moving trend threatening to undermine these qualities of the Internet. Not surprisingly, it is led by corporate monoliths who are particularly accustomed to a world unlike the Internet — where money and power are tantamount to the loudness of one’s voice.

This Article focuses on the area of law surrounding domain name disputes. This area of law is predominantly based in trademark and there has been much said about the intersection of trademark and “name law,” which I define as inclusive of law dealing with domain names, keywords, meta-tags, and other uses of names or short phrases to identify locations on the Internet.

Indeed, there have been more than a few powerful criticisms about the awkward nature of trademark law and name law. But the analyses thus far have existed alongside a statutory and common law landscape that refuses to admit its shortcomings. Overreaching laws have been passed, unwise judicial opinions have been handed down, and non-legal bodies playing a part in name disputes have created a system so devoid of relation to any respected legal principles that it boggles the mind.

With the expansion of “name law” on several fronts — legislative, judicial, and in dispute resolution policies mandated by the nonprofit body in charge of the .com, .net, and .org domain names<sup>1</sup> — it is fitting to ask whether the changes being made have gone too far. As noted, there have

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1. The Internet Corp. for Assigned Names and Numbers (ICANN).

already been several critiques of the application by various parties of trademark law to the name law context. But no critique has focused intensively on the keystone<sup>2</sup> of trademark infringement: consumer confusion. Virtually any reading of the history of trademark law will show that the core principle behind it is the protection of consumers against confusion in the marketplace. Moreover, newer trademark legislation like the Anticybersquatting Consumer Protection Act<sup>3</sup> (ACPA) as well as the private rule systems like the Uniform Dispute Resolution Policy<sup>4</sup> (UDRP) ostensibly incorporate the Lanham Act's policy against consumer confusion. Yet to actually delve into decisions in domain name litigation and UDRP proceedings is to wonder whether anyone is more confused than the judges and tribunals that make these determinations.

Here, I argue that the motivation of preventing consumer confusion, the central component of trademark law, has been killed in modern Internet name law litigation and dispute resolution. This result, in addition to the systematic deterioration of the required showings for trademark dilution, has left trademark law in domain name disputes a battered corpse of a doctrine with little predictability, fairness, or congruity with traditional underpinnings of trademark law.

The first part of this Article provides an introduction to the technical issues and terminology relevant to domain name disputes. The second part of this Article will be devoted to showing how and why consumer confusion is being ignored instead of serving as the centerpiece of trademark infringement litigation in the Internet name context. Included in this second part will be a look at the UDRP and its failings as an attempt to resonate with any accuracy the principles of trademark law, as well as the newer concept of "initial interest" confusion appearing in a number of domain name disputes. The third part of this Article will focus on the implications of such wholesale degradation of trademark law. The fourth and final part of this Article will suggest modifications to existing laws and dispute resolution policies, the systems that render decisions on those policies, and the application of rules within those policies.

## II. THE INTERNET AND THE DOMAIN NAME SYSTEM

The Internet is a worldwide computer network wherein devices communicate with each other using a standardized protocol known as

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2. 1 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:8 (4th ed.).

3. 15 U.S.C. 1125(d)(1)(A) (2001).

4. The UDRP is the mandatory policy regarding domain name disputes that was adopted by ICANN. All registrants of domain names after the adoption of the UDRP must agree to its terms, which include submission to a dispute resolution process in certain circumstances. *See* ICANN Uniform Domain-Name Dispute-Resolution Policy, available at <http://www.icann.org/udrp/udrp.htm> (last visited Dec. 19, 2001).

TCP/IP.<sup>5</sup> The modern Internet is a distant but faithful version of the original network from which it was derived, namely the Advanced Research Projects Agency Network (ARPANET).<sup>6</sup> The ARPANET, a project of the Pentagon, called on the expertise of the RAND corporation as well as several major research universities.<sup>7</sup> Soon, more and more institutions and groups with computers desired to become part of the growing network.<sup>8</sup> In 1984, the National Science Foundation created their own network based on the TCP/IP protocols.<sup>9</sup> Shortly thereafter, other federal government agencies became part of the growing network that would eventually become the Internet.<sup>10</sup> Eventually, academic institutions offered access to the Internet to their constituents and subsequently, public Internet Service Providers (ISPs) allowed anyone to access the Internet.

The Internet is merely a substrate onto which programmers may plant virtually any type of application they desire. Most users of the Internet utilize many of these applications, such as the World Wide Web, email, and Usenet newsgroups. Each of these Internet applications relies upon the TCP/IP protocol, the same system of addressing that all of the Internet employs.<sup>11</sup> Each computer or device on the Internet is assigned an IP number that serves as its unique address on the Internet — an Internet street address, if you will. Computers are able to talk to other computers on the Internet by sending messages into the network that include the recipient computer's IP address. Because of the inherent difficulty in remembering any more than a handful of these addresses or IP numbers, the developers of the Internet created the idea of domain names, whereby numeric IP addresses like 169.154.142.2 could be associated with easy to remember alphanumeric character strings like BOBSCOMPUTER.<sup>12</sup> The system of computers and software that translate IP numbers into easy to remember names is called the Domain Name System (DNS).<sup>13</sup>

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5. Transmission Control Protocol and Internet Protocol.

6. See generally STEPHEN SEGALLER, *NERDS 2.0.1: A BRIEF HISTORY OF THE INTERNET* (T.V. Books 1998).

7. *Id.*

8. *Id.*

9. *Id.*

10. *Id.*

11. See generally T. Socolofsky & C. Kale, *A TCP/IP Tutorial* (RFC 1180), available at <http://sunsite.dk/RFC/rfc/rfc1180.html> (last visited Dec. 19, 2001) (explaining the basic structure and operation of TCP/IP and the Internet); *What Is The Internet?*, available at [http://whatis.techtarget.com/definition/0,289893,sid9\\_gci212370,00.html](http://whatis.techtarget.com/definition/0,289893,sid9_gci212370,00.html) (last visited Dec. 19, 2001) (providing a simple explanation of how the Internet uses TCP/IP).

12. See generally M. Leiner et al., *A Brief History of the Internet*, available at <http://www.isoc.org/internet/history/brief.html> (last visited Dec. 18, 2001) (explaining the impetus for various developments in the creation of the Internet and its functions).

13. *Id.*

Each top level domain (TLD) such as .COM, .EDU, or .NET, is maintained by a registry. Until 1998, the sole registry of all generic TLDs, such as .COM, .EDU, and .NET, as well as .ORG, was a company called Network Solutions Incorporated (NSI).<sup>14</sup> NSI had agreed to operate the registries, as well as handle registration of domain names within those registries, under a contract with the Department of Commerce.<sup>15</sup> In September of 1998, however, a nonprofit corporation, ICANN, was formed and the Department of Commerce agreed to work with the new corporation to relieve NSI of some of its duties.<sup>16</sup> The politics and propriety of the transition to ICANN's power are well outside the scope of this Article, but much can be found on the topic.<sup>17</sup>

As ICANN began to assume formal control over the generic TLD registries, it started to impose rules on those entities that wished to "sell" domain names to the public (registrars), as well as those who purchased the domain names (registrants). The long process of finding an appropriate set of rules for registrars and registrants culminated in the adoption of the Uniform Domain-Name Dispute Resolution Policy<sup>18</sup> (UDRP).<sup>19</sup> Generally, the UDRP requires anyone who registers a domain name to agree to submit to a mandatory resolution proceeding, the terms of which are also defined in the UDRP.<sup>20</sup> The mechanics of the UDRP are discussed later in this Article.

Several other aspects of Internet technology are relevant here. One such aspect is the way in which search engines operate to gather information from the World Wide Web, often referenced in at least some capacity by the information's Uniform Resource Locator (URL). A web page's URL is a full address of that location on the Internet, such as <http://www.something.com/users/michael/page.html>, which almost always incorporates a domain name rather than the IP number of the root web server from which it is served. The nature and import of this and other

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14. See *Management of Internet Names and Addresses*, 63 FED. REG. 31,741 (Dep't of Commerce June 10, 1998), available at <http://www.icann.org/general/white-paper-05jun98.htm> (updated July 22, 2000) (also known as the "White Paper").

15. *Id.*

16. *Id.*

17. See <http://www.icannwatch.com/> (last visited Dec. 19, 2001) (providing a plethora of information from one group of ICANN pundits).

18. See <http://www.icann.org/udrp/udrp.htm> (last visited Mar. 20, 2001).

19. See *Timeline for the Formulation and Implementation of the Uniform Domain-Name Dispute-Resolution Policy*, available at <http://www.icann.org/udrp/udrp-schedule.html> (last updated Oct. 17, 2000).

20. See UDRP at ¶ 4, available at <http://www.icann.org/udrp/udrp.htm> (last visited Mar. 20, 2001).

relevant technology characteristics will be discussed in later portions of this Article. Until then, it is now appropriate to look at the legal mechanics involved in domain name disputes.

### III. CONFUSION

Under the Federal Trademark Act of 1946, commonly known as the Lanham Act,<sup>21</sup> trademark infringement requires a showing that the defendant has “use[d] in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with. . . goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.”<sup>22</sup> To begin, a couple of points should be observed about this language. First is that infringement requires the mark in question to be used in commerce.<sup>23</sup> This means that the use of trademarks in noncommercial contexts is not prohibited. Secondly, the Lanham Act requires a fairly strong showing of confusion — it must be likely that defendant’s use will cause confusion.<sup>24</sup>

The first of these observations is worth noting because it is problematic to some plaintiffs in domain name cases. In a classic “cybersquatting” case,<sup>25</sup> the defendant has registered a domain name incorporating only the plaintiff’s trademark.<sup>26</sup> Further, the defendant has failed to use the domain name in any way and has affirmatively attempted to sell it for a large sum to the respective trademark holder.<sup>27</sup> In such a case, it is not easy to see how the defendant has used the trademark in commerce. Some courts have held that the attempt to sell the domain name back to the plaintiff was sufficient use in commerce to invoke the Lanham Act’s infringement provision,<sup>28</sup> even though such a finding seems to stretch the common sense meaning of the Lanham Act. Indeed, no confusion of consumers can occur if there has been no commercial exposure, and if the only consumer who has been exposed to commercial activity of the defendant is the plaintiff, it is unclear what legally cognizable confusion has taken place. More importantly, a finding that the defendant in a domain name case has used a mark in commerce is typically unfair, given that many “cybersquatter” cases are far from the prototypical case described above. Some plaintiffs

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21. 15 U.S.C. §§ 1051-1127 (2001).

22. 15 U.S.C. § 1114(1)(a) (2001).

23. *Id.*

24. *Id.*

25. By this, I mean a case that typifies the sorts of behavior that trademark owners detest most.

26. *See, e.g.,* Panavision Int’l L.P. v. Toeppen, 945 F. Supp. 1296 (C.D. Cal. 1996).

27. *Id.*

28. *Id.*

are the first party to suggest the sale of a domain.<sup>29</sup> Many defendants make active noncommercial use of their domains.<sup>30</sup> Finally, the “commercial use in commerce” requirement of trademark law should be noted for its importance in making the Lanham Act a valid legislative exercise of power under the Commerce Clause of the U.S. Constitution.<sup>31</sup> As courts begin to weaken the commercial use requirement, and as more defendants in domain name disputes come from countries other than the United States, serious constitutional problems begin to arise.<sup>32</sup> For all of the foregoing reasons, we should be wary of a path of interpretation that takes trademark law into highly suspect territory.

The second of these observations is important as it helps to establish a baseline of thought as to the level of confusion necessary to support an infringement claim. Though the Lanham Act is silent as to whom must be confused and when the requisite confusion must take place — these are topics which have been covered by subsequent litigation — it is at least clear that the plausibility or possibility of confusion is not enough. This baseline is important to keep in mind, particularly in this area of rapidly evolving and constantly changing technology where consumer knowledge is both widely varied and quickly improving. Moreover, for domain names that have not yet been utilized on the Internet in any way, or where evidence of “actual confusion”<sup>33</sup> is absent, the required confusion analyses performed by courts and dispute resolution panels are often presumptuous in a way that must be evaluated in light of the strong requirement of a likelihood of confusion.

With these two basic observations about the Lanham Act’s infringement provision in front of us, a look into the mechanics of confusion in domain name cases is now appropriate. Confusion analysis has never been an exact science. In the pursuit of producing a standardized and facile test to detect consumer confusion, the Court of Appeals for the

29. See *Strick Corp. v. Strickland*, No. 00-3343 (E.D. Pa. Aug. 27, 2001); *Biofield Corp. v. Jaehyun Kwon*, eResolution Case AF-0102 (Mar. 23, 2001), available at <http://www.eresolution.ca/services/dnd/decisions/0102.htm> (last visited Oct. 27, 2001).

30. See, e.g., *Colonial Williamsburg Found. v. Rogers*, Civ. A. No. 4:00CV45 (E.D. Va. Apr. 20, 2000), available at <http://www.finn4egan.com/summ/cases/williamsburg.htm> (last visited Oct. 27, 2001) (granting preliminary injunction against use of domain name for purpose of hosting on-line discussion by union member employees of plaintiff).

31. See U.S. CONST. art. I, § 8, cl. 3.

32. See generally Heather A. Forrest, Note, *Drawing a Line in the Constitutional Sand Between Congress and the Foreign Citizen “Cybersquatter,”* 9 WM. & MARY BILL RTS. J. 461 (2001).

33. Actual confusion is one type of evidence that can be used against an alleged infringer. This factor is one of eight factors relevant to an analysis of consumer confusion as determined by the Court in *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979).

Ninth Circuit pronounced eight factors<sup>34</sup> relevant, but not exclusive, to a finding of a likelihood of confusion. These factors include: (1) strength of the mark, (2) proximity of the goods, (3) similarity of the marks, (4) evidence of actual confusion, (5) marketing channels used, (6) type of goods and the degree of care likely to be exercised by the purchaser, (7) defendant's intent in selecting the mark, and (8) likelihood of expansion of the product lines (hereafter, Sleekcraft factors).

Clearly, some of the above factors are an odd fit in the domain name context. From an objective point of view this situation could be interpreted in a number of ways. For instance, one might posit that the alleged inapplicability of most if not all of the above eight factors is simply because there has been no infringement. A competing view, which has been adopted by many courts and UDRP panelists, seems to assume that infringement has taken place and that the alleged "cybersquatter" must be pushed into purview of the eight factor test. A third interpretation is that the eight factors do not and should not apply to the "cybersquatter" for lack of efficaciousness — that if we wish to curtail "cybersquatting," trademark law in this instance is not the right way to do it. But what has perhaps gone unnoticed is the similarity between the first and third views. That is, if trademark law is a bad fit in the domain name context, then perhaps it is both the case that many disputes do not evidence any violation of trademark law and that this fact should inform our sense of whether such disputes ought to trigger the sorts of protections<sup>35</sup> trademark law provides.<sup>36</sup> The question of which assessment is the proper one, in light of a rigorous examination of trademark law, the Internet, and the reasoning courts have employed in applying the former to the latter is the focus of this Article. Thus, it is now appropriate to look at several contexts in which confusion is a central concept: traditional likelihood of confusion analysis under trademark law, the UDRP's confusion analysis, and the relatively new doctrine of initial interest confusion that has been increasingly important in Internet name cases.

### A. Trademark Law

The eight part test from *AMF, Inc. v. Sleekcraft Boats*,<sup>37</sup> or some highly similar alternative, is often applied systematically and sequentially by both

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34. *Id.*

35. See Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1688-94 (1999).

36. Such protections need not necessarily come from the Lanham Act. Many other areas of law potentially provide protection of commercial marks, including unfair competition, copyright, etc. Moreover, contracting may provide additional types of protection outside statutory law, as is the case with the UDRP discussed herein, or in other contexts like franchising agreements.

37. 599 F.2d 341 (9th Cir. 1979).

trial and appeals courts.<sup>38</sup> Thus, such a method is appropriate to examine how these factors apply generally to the context of domain name cases in which trademark infringement is alleged. Throughout such an analysis, several things should be monitored: (1) the extent to which the Sleekcraft factors are a good fit for domain name cases — that they are cognizable and applicable; (2) the extent to which the Sleekcraft factors have merely been ignored in the domain name context — why has this ignorance taken place?; (3) to the extent that the Sleekcraft factors are either a bad fit for the domain context or are justifiably ignored, what do such conclusions say about the policy behind punishing the use of trademarks in domain names, particularly in light of the policies behind the Lanham Act?;<sup>39</sup> (4) the success or failure of courts to comprehend the nature and characteristics of the Internet, its users, and the lower-level technologies underlying the operation of domain names, search engines, and other relevant functions of the Internet.

### 1. Strength of the Mark

This factor of confusion is not so interesting as some of the others in the context of domain names. This is true because the strength of the mark is a factor that should be no different in the domain name context than in any other. The strength of the plaintiff's mark should be the same no matter in what manner the alleged infringement takes place. What is interesting about this factor, however, is the way in which some courts have, as explained below, apparently adapted their analysis of it, despite the foregoing assertion that a new context should not change the court's thinking.

A mark's strength is its "tendency to identify the goods sold under the mark as emanating from a particular, although possibly anonymous, source."<sup>40</sup> The stronger the mark, the more protection it receives under a likelihood of confusion analysis.<sup>41</sup> Strong or famous marks are at the

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38. See, e.g., *TCPIP Holding Co. v. Haar Communications, Inc.*, 244 F.3d 88 (2d Cir. 2001); *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 184 F.3d 1107 (9th Cir. 1999); *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620 (6th Cir. 1998); *Eli Lilly & Co. v. Natural Answers, Inc.*, 223 F.3d 456 (7th Cir. 2000).

39. The Seventh Circuit has put such policy grounds this way: "to protect registered marks from interference by state legislation, prevent unfair competition, and protect against fraud 'by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks. . .'" *Eli Lilly v. Natural Answers, Inc.*, 233 F.3d at 461 (2000) (quoting 15 U.S.C. § 1127 (2001)).

40. *Paddington Corp. v. Attiki Importers & Distribs., Inc.*, 996 F.2d 577, 585, 27 U.S.P.Q. 1194 (3d Cir. 1993) (quoting *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1131, 202 U.S.P.Q. 81 (2d Cir. 1979)).

41. See *Nike, Inc. v. "Just Did It" Enters.*, 6 F.3d 1225, 1228 U.S.P.Q. 2d 1385, 1389 (7th Cir. 1993) (citing *SquirtCo v. Seven Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980) ("A strong and distinctive trademark is entitled to greater protection than a weak or commonplace one.")).

“summit of strength”<sup>42</sup> and deserve the strongest protection. Some commentators have noted a judicial willingness to find marks more famous in the domain name context than otherwise plausible.<sup>43</sup> Because federal dilution claims, notwithstanding the ACPA,<sup>44</sup> require a showing of famousness, there were several pre-ACPA cases that dealt with the issue of a mark’s famousness. Scholars have questioned the finding of marks like LA OPINION,<sup>45</sup> INTERMATIC,<sup>46</sup> and TELETECH<sup>47</sup> to be famous when such status has traditionally been reserved for marks like POLAROID and TIFFANY.<sup>48</sup> To at least some, it is clear that the law here is being stretched to favor the trademark holder.<sup>49</sup>

As previously mentioned, this factor of the Sleekcraft analysis is at least ostensibly neutral with respect to the new context of domain names and other Internet naming schemes. Thus, it is sufficient to move on while noting the bias of some courts in domain name cases toward trademark holders.

## 2. Proximity of the Goods

Proximity of the goods is obviously an odd fit in the context of domain name cases. The worry here is that “for related goods, the danger presented is that the public will mistakenly assume there is an association between the producers of the related goods, though no such association exists.”<sup>50</sup> But it is common that defendants in domain name cases do not offer any product for sale at all. Moreover, for those domain name owners who do run web sites utilizing their domain name as a Uniform Resource Locator or address, the service offered under the domain name frequently has no relationship at all to the plaintiff’s product or services. In *Sporty’s Farm v. Sportman’s Market*,<sup>51</sup> a case originally brought under the Federal Trademark Dilution Act but ultimately resolved under the ACPA, the domain name owner sold Christmas trees via its website while the

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42. RICHARD L. KIRKPATRICK, LIKELIHOOD OF CONFUSION IN TRADEMARK LAW § 3.2, at 3-4 (Sept. 1996).

43. See, e.g., Lisa Carroll, *A Better Way to Skin the Cat: Resolving Domain Name Disputes Using State Unfair Competition Law*, 18 No. 2 INTELL. PROP. L. NEWSL. 1, at 3 (2000).

44. Pub. L. No. 106-113, 113 Stat. 1501 (2000).

45. See *Lozano Enters. v. La Opinion Publ’g Co.*, 44 U.S.P.Q. 2d 1764, 1768-69 (C.D. Cal. 1997).

46. See *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1239 (N.D. Ill. 1996).

47. See *Teletech Customer Care Mgmt. v. Teletech Co.*, 977 F. Supp. 1407, 1412 (C.D. Cal. 1997).

48. See generally Martin B. Schwimmer, *Domain Names and Everything Else: Trademark Issues in Cyberspace*, 569 PLI/P at 381 (1999).

49. *Id.*

50. *Sleekcraft*, 599 F.2d at 350.

51. 202 F.3d 489 (2d Cir.), *cert. denied*, 120 S. Ct. 2719 (2000).

challenging trademark owner sold primarily aviation related products and some “tools and home accessories” through its catalog.<sup>52</sup> In *Avery Dennison Corp. v. Sumpton*,<sup>53</sup> the defendant domain name owner was in the business of selling email addresses utilizing the domain names at issue while the plaintiff trademark owner was the maker of adhesive labels and other office supplies. In both *Sporty’s* and *Avery* the defendant prevailed as to any confusion claimed by plaintiff. Accordingly, in cases where the products or services of plaintiff and defendant are similar or identical, confusion has been found.<sup>54</sup>

In proceeding then, we should be wary of instances where goods and services of defendants and plaintiffs are not similar. In such cases, this factor of confusion should favor domain name holders. Where such a result is not reached, it is crucial to look for reasons as to why an alternative decision occurred. This analysis will be particularly relevant in the later portions of this Article dealing with UDRP resolutions and initial interest confusion.

### 3. Similarity of the Marks

The degree to which marks are similar is critical to the likelihood of confusion analysis because the more difficult it is to tell two marks apart, the greater the likelihood of consumer confusion. Yet, holding similarity of marks constant, there is a great deal of variance between confusion that may occur in one case or context as compared to a different case or context. As Professor McCarthy put it,

The degree of similarity of the marks needed to prove likely confusion will vary with the difference in the goods and services of the parties. Where the goods and services are directly competitive, the degree of similarity required to prove a likelihood of confusion is less than in the case of dissimilar products.<sup>55</sup>

With this in mind, and in light of the foregoing section concerning proximity of goods, it should be noted at the outset that where products or services of the defendant and plaintiff are entirely dissimilar, a close similarity of marks is substantially less incriminating than if the marks were used on products similar or competitive in nature.

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52. *Id.* at 493.

53. 189 F.3d 868 (9th Cir. 1999).

54. *See SNA, Inc. v. Array*, 51 F. Supp. 2d 542, 545 (E.D. Pa. 1999) (finding plaintiff manufactured and sold product under SEAWIND mark while defendant registered seawind.net and used it to offer services related to assembly of SEAWIND product).

55. 3 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 23:20.1, at 23-61 (4th ed. 2000).

Of course, where marks are extremely similar or exactly the same, there are many more questions to be answered and a much more subtle process of analysis to be performed. As such, there are relevant technical characteristics of domain names and other Internet naming schemes that quickly become important under this factor of confusion. For instance, domain names may only contain certain characters, excluded from which is the apostrophe. Moreover, domain names cannot incorporate spaces that separate words from each other in trademarked phrases or multiple word names. With only these two limitations considered, one might already be confused as to what the web address of a company named “Bob’s Flowers” might be for example. Why such a lack of clarity matters is related to the theory behind an accusation of consumer confusion in the context of domain names. In the case of an alleged “cybersquatter,” the complaining trademark owner must subscribe to one of two theories as to why the defendant’s ownership of the domain name will result in confusion of consumers. The first theory is that some consumers will attempt to guess the plaintiff’s web address by typing in a URL of the form `www.companyname.com`. The second theory is that the defendant’s domain name may confuse those consumers who see it as part of a search engine result or as a listing on some similar site.<sup>56</sup> Both of these theories seem to misunderstand the nature of the World Wide Web and the DNS upon which it and the rest of the Internet rely for domain name operability.

The first theory discussed above is problematic for a number of reasons; some are relevant to the present similarity of marks discussion and some will become more apparent in later sections of this Article.<sup>57</sup> Returning to Bob’s Flowers as an example, it is unclear whether a consumer attempting to reach the website of such a business would guess a URL of `bobsflowers.com`, `bobs-flowers.com`, `bobs_flowers.com`, or some other variant thereof. The existence of this uncertainty makes certain things true. First, consumers will face an intrinsic amount of uncertainty if they do indeed guess at the URL of company names and, as such, will likely have low expectations about the effectiveness of their domain name guessing practices. If a consumer knows that his guesses at company

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56. For example, a web index such as Yahoo!, available at <http://www.yahoo.com> (last visited Dec. 19, 2001). This theory has been advanced by plaintiffs in several domain name cases. See *Brookfield Communications, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1058 (9th Cir. 1999).

In the Internet context, in particular, entering a web site takes little effort — usually one click from a linked site or a search engine’s list; thus, Web surfers are more likely to be confused as to the ownership of a web site than traditional patrons of a brick-and-mortar store would be of a store’s ownership.

57. See *infra* §§ III(B), III(C).

URLs have been unsuccessful in the past, it seems a significant stretch to call him confused when he guesses incorrectly and ends up at the wrong site — most, if not all, people must understand that this is a significant possibility. A highly relevant question for courts and litigants is to what extent consumers who do guess company URLs do have these sorts of lowered expectations, and accordingly, the inability to be legally confused.

The second theory is also problematic and seems to misunderstand basic underpinnings of the way search engines and the Internet work. Ostensibly, trademark owners believe consumers will be confused when they employ a search engine to find web sites and one or more of the resulting hits has a URL comprised of a domain name similar or identical to plaintiff's trademark. The above consideration regarding uncertainty for those who have had experience guessing company URLs will still apply here, but what about those consumers who do not guess domain names and may still be confused? As above, courts should consider the experience of such users coming to any conclusions about confusion. If consumers have experienced failure in finding information or products using search engines, they will be unlikely to expect perfection in the future. In fact, web searchers seem to be frustrated in general with the failure of search engines.<sup>58</sup> But perhaps there is a small subset of users who have perfect records of searching for company web sites using search engines. Surely, there will be confusion when they come upon the web site of a crafty domain name holder who has taken the mark of another entity for his URL. This possibility seems unlikely, and even if such cases do exist, the question is whether confusion is likely, not possible.

The characteristics of domain names and search engines discussed above are merely a few which are relevant to the determination of the likelihood of confusion of similar marks. There are many more that will not be discussed in detail here. For example, how should courts react to the fact that domain names may be registered by anyone? If everyone in the Internet-consuming public knew this, it seems logical that they would be more skeptical whenever they guessed a company's URL, used a search engine, or otherwise traveled through the Internet. So why haven't any courts considered this question? Moreover, what other technical or policy limitations of the DNS and the World Wide Web might be missing from court and dispute resolution panel decisions?

In summary, there are a multitude of technical and behavioral factors that could potentially affect the likelihood that consumers will be confused. Where domain names and marks are particularly similar, these

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58. See Ben Charny, *The World Wide \$#@%\$ing Web!*, ZDNET NEWS ¶ 5 (Dec. 23, 2000), available at <http://www.zdnet.com/zdnn/stories/news/0,4586,2667216,00.html> (citing survey showing 86% of Internet users expressing that a more efficient way to search the web should be in place).

factors are even more important. The brief examination of a few such factors tends to show that the presumption of no likelihood of confusion is very reasonable. Thus, as an initial matter, it seems that the burden of dissipating the import of such a presumption into the greater likelihood of confusion analysis should be on the trademark owner.

#### 4. Evidence of Actual Confusion

Perhaps the most intriguing factor in the likelihood of confusion analysis is evidence of actual confusion. Many a trademark student has read about the odd machinations of litigants and courts trying to assess actual confusion of consumers in the marketplace. Trademark owners typically offer evidence of actual confusion in one of two forms. The first is specific instances of confusion — for example, misdirected email or other correspondence, or a customer willing to testify that she was actually confused. The second type of evidence consists of survey results and accompanying expert testimony. In such surveys, litigants “create an experimental environment from which we can get useful data from which to make informed inferences about the likelihood that actual confusion will take place.”<sup>59</sup>

Not surprisingly, use of actual confusion as evidence of a likelihood that confusion has been rare in Internet name cases. For domain names that have not yet been utilized for any Internet service, there can be little or no exposure to the consuming public that could lead to confusion. For many other domain names and Internet names the defendant’s use of the name has been minimal enough so that a lack of actual evidence of confusion is not particularly probative in favoring his or her use of the mark. In total, there has been minimal use of actual confusion evidence in Internet name litigation thus far.

Yet there is a powerful observation to be made regarding actual confusion in the marketplace of Internet consumers. Unlike the real world, the Internet is confined by many technical constraints. Professor Lawrence Lessig has been a leading exponent of what has been obvious to those building the architecture of the Internet since its beginning — that the underlying code and nature of the Internet set a baseline that the legal system must both appreciate and respect in its operation.<sup>60</sup> There are many examples within the context of Internet name law that highlight Lessig’s

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59. 4 J. MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 32:184 (4th ed. 2000).

60. *See generally* LAWRENCE LESSIG, CODE AND OTHER LAWS OF CYBERSPACE (Basic Books 2000); Lawrence Lessig, *The Laws of Cyberspace* (Mar. 1998) (essay presented at Taiwan Net ‘98 Conference, Taipei, unpublished manuscript, available at [http://cyberlaw.stanford.edu/lessig/content/works/laws\\_cyberspace.pdf](http://cyberlaw.stanford.edu/lessig/content/works/laws_cyberspace.pdf)).

point and it is not clear that courts and others are in a position to decide whether Internet name law issues have grasped these examples.

As alluded to earlier, there are many technical characteristics of the DNS and the World Wide Web that work to shape the way trademarks are used and perceived. Importantly, these are characteristics that do not have readily apparent analogs in the real world. As such, these characteristics uniquely inform the analysis of consumer confusion in the context of Internet names. Moreover, these technical characteristics have non-technical implications that are perhaps even more important to the analysis of consumer confusion. Following are several examples of systemic characteristics, both technical and non-technical, which are germane to the concept of confusion among Internet users.

The DNS allows only one instance of any given domain name. This simple fact means that, unlike real world trademark use, only one person or entity can use a given mark as a domain name. Whereas in the real world, several users of the exact same mark may exist in harmony provided there is sufficient product or geographic dissimilarity, only one user may own the domain name consisting of that mark. Consequently, there are many instances where marks having numerous potential legitimate and illegitimate potential owners are inherently likely to lead some Internet users to the wrong website. The importance of this quality of the DNS is that, insofar as consumers recognize this fact, it is unlikely they will expect whatever is behind a given domain name to be exactly what they had hoped for. In most if not all cases, it seems logical that consumers guessing at the URLs of people or organizations they wish to reach will withhold judgment about the correctness of their guess. The same, it seems likely, would be the case for those clicking on domain names from some linking site.

People control the functionality of the search engine. Thus, these massive stores of information respond to user requests for information based not on some static, predictable algorithm, but on the determinations of their owners. The point of this observation is not to suggest that search engine operators have some secret agenda in the control of what their search engines return to users. Indeed, the goal of most search engines is to give users what they want — timely, relevant responses to their queries. Instead this property of search engines means that they are naturally dynamic and unpredictable creatures whose performance and results change not only by virtue of the constantly churning mass of Internet content, but also due to the desires of their owners. One obvious example of this phenomenon is the adoption of paid entries by search engine operators. The result of this adoption is that the highest bidder gets to appear at the top of a list of search results for a particular word or phrase. Likewise, the second highest bidder appears second on the list, and so on. It is one thing for a search engine to operate in this manner from its

beginning;<sup>61</sup> it is quite another for a search engine to adopt such a practice in midstream.<sup>62</sup> Because search engine results are so clearly the product of several factors — actual relevance of content, quickness in entry of the engine, and now the amount paid to the engine — it becomes more difficult to say that consumers have any, not to mention a reasonable, reliance in the quality of search engines to deliver them to the owner of the trademark they happen to be searching for.

As before, the question is whether there is truly any consumer confusion going on here. There is generally, and Internet names are no exception, an inability of trademark owners to present evidence of actual confusion of Internet consumers. But where there are properties of the technical underpinnings of the Internet — the DNS, the World Wide Web, search engines — most of which point to the systemic unlikelihood of consumer confusion, we ought to pay heed.

### 5. Marketing Channels Used

This factor has been perhaps the most often contested in domain name litigation. On the purpose of this factor, Professor McCarthy states,

Obviously, if the goods of one party are sold to one class of buyers in a different marketing context than the goods of another seller, the likelihood that a single group of buyers will be confused by similar trademarks is less than if both parties sold their goods through the same channel of distribution.<sup>63</sup>

The question for the Internet name context is whether the Internet at large is a single “marketing channel” for purposes of a likelihood of confusion analysis. Clearly, if it is, then this factor works drastically against domain name holders fending off trademark owners, since all such domain name owners would prima facie be operating within the same channel as any potential trademark holder also using the Internet.

While traditional trademark analysis of channels of trade has been quite narrow,<sup>64</sup> early cases dealing with the factor in the domain name context

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61. GoTo is such a search engine, *available at* <http://www.goto.com>.

62. *See generally* Danny Sullivan, *Yahoo Gets Paid Listings*, ¶ 5 (Feb. 2, 2001), *available at* <http://www.searchenginewatch.com/sereport/01/02-yahoo.html> (noting, “with the new Yahoo program, Excite remains the only major service not to have [paid placement listings].”).

63. 4 J. THOMAS MCCARTHY, *MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION* § 24.51 (4th ed. 2000).

64. *See* Martin B. Schwimmer, *Domain Names and Everything Else: Trademark Issues in Cyberspace*, 569 PLI/P at 381, 405 (July 1999) (stating that for products sold in grocery markets, the “channel” has been construed to be as small as the respective aisle a product exists in within the grocery store).

seem to go the opposite way. The Court in *Interstellar Starship Services, Ltd. v. Epix, Inc.*<sup>65</sup> dealt with this factor of confusion by simply noting that both litigants “market themselves through the Internet.” Likewise, the court in *Data Concepts, Inc. v. Digital Consulting*<sup>66</sup> affirmed the trial court’s finding that the parties’ mutual use of the Internet “enhances the likelihood of confusion for customers using the Internet to access either company.”<sup>67</sup>

Some commentators have been quick to attack these rulings,<sup>68</sup> and rightly so. First and foremost, the Internet is a communications medium. Intrinsicly, it is no more tied to any particular form or type of advertisement or commercial activity than is the spectrum of electromagnetic waves through which radio, television, telephone, satellite, and dozens of other signals are transmitted. Of course, in virtually all Internet name cases, the World Wide Web, which represents only one function of the Internet, might at least be construed more fairly to constitute a marketing channel than the Internet at large. But it would seem patently unfair to stop there in defining what are and are not the same marketing channels. Even on the Web, there are many quite distinct modes of advertising which could very well be entirely separate with respect to the groups of consumers who access them. For instance, banner ads are quite commonly specific to a particular site or group of sites. Advertisers targeting consumers of aerospace materials will likely focus their advertising dollar on banner ads that will reach those consumers and not the general public. The sophistication of online advertising makes these results eminently possible. For a court to find that a domain name owner’s own web site’s existence on the Web puts its marketing in the same channel as a competing domain name owner, some suspect assumptions must be made. It does not seem justifiable to apply a different standard for segmenting markets into channels to the Internet than to any more traditional marketplace.

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65. 983 F. Supp. 1331 (D.C. Or. 1997).

66. 150 F.3d 620 (6th Cir. 1998).

67. *Id.* at 627.

68. See Danielle Weinberg Swartz, Note, *The Limitations of Trademark Law in Addressing Domain Name Disputes*, 45 UCLA L. REV. 1487, 1503 (June 1998) (“In the context of the Internet, the marketing channel factor is problematic because, like the proximity factor, it sometimes favors infringement even when such a finding is not desirable or appropriate.”).

## 6. Type of Goods and the Degree of Care Likely to Be Exercised by the Purchaser

Trademark law only seeks to protect the reasonably prudent buyer of goods and services from confusion.<sup>69</sup> Of course, what is reasonable to expect from a buyer will depend on the nature of the goods or services purchased as well as the market for those goods or services. The Court is to consider the “general impression of the ordinary purchaser, buying under the normally prevalent conditions of the market and giving the attention such purchasers usually give in buying that class of goods.”<sup>70</sup>

Under this factor of confusion, marks for goods and services with markets populated by sophisticated buyers will be less susceptible to infringement by similar marks. Without delving into complex factual possibilities, it seems fair to say that things like professional services and high technology goods will have potential buyers who are more able to discern between products or services encountered on the Internet. Thus, where domain name cases deal with marks for such products and services, courts should consider this factor.

Moreover, courts should consider the rapidly evolving nature of the Internet when thinking about this factor. As previously mentioned, there are certain characteristics of the Internet and the World Wide Web that, if known to the consumer, would likely reduce the possibility of their confusion. As the Internet becomes more and more pervasive as an institution within society, knowledge of its underlying architecture will likely increase. Even as few as five years ago, in 1996, the public’s awareness of the way in which the Internet operates was drastically different than it is today. Thus, courts must heavily scrutinize domain name cases from several years ago for applicability in a present world that is markedly different in extremely relevant ways.

## 7. Defendant’s Intent in Selecting the Mark

Intent to confuse a trademark owner’s potential consumers would undoubtedly be probative of a domain name user’s likelihood of confusing those consumers. Therefore, analysis of this factor should be little changed when applied to the newer context of Internet names.

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69. *See generally* 3 J. MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:94 (4th ed. 2000).

70. *W.W.W. Pharm. Co. v. Gillette Co.*, 984 F.2d 567, 575, 25 U.S.P.Q. 2d 1593, 1599 (2d Cir. 1993) (quoting 3 R. CALLMAN, THE COMPETITION, TRADEMARKS, AND MONOPOLIES § 81.2 (3d ed. 1969)).

But often in domain name disputes the defendant's intent becomes so important as to be dispositive.<sup>71</sup> As this phenomenon has been most readily apparent in the context of "initial interest" confusion cases and UDRP decisions, both of which are discussed in subsequent sections of this Article, a fuller discussion later is appropriate. In the present context of traditional likelihood of confusion under the Lanham Act, however, intent has recently become especially important through the enactment of the ACPA.

The ACPA provides for a cause of action against anyone who registers a domain and meets all of several requirements, one of which is a "bad faith intent to profit from that mark."<sup>72</sup> The ACPA also requires that the domain name in question be "identical or confusingly similar."<sup>73</sup> Though persons registering domains identical to someone else's trademark will clearly meet this qualification, those with domains consisting of anything other than an exact trademark would force potential plaintiffs to meet an additional burden. Since "the phrase 'confusingly similar' is shorthand for saying that concurrent use of conflicting marks will create a likelihood of confusion, and hence infringement,"<sup>74</sup> the foregoing confusion analysis is relevant to cases brought under the ACPA. Nearly all ACPA cases brought thus far either deal with domain names identical to the trademark holder's mark or are dismissed or settled before resolution on the merits.<sup>75</sup> Therefore, this issue has not been clearly dealt with by federal courts. It should be remembered, however, since many of the trademark owners in UDRP cases, notwithstanding their success within UDRP procedures, would have resort only to the ACPA or the infringement clause of the Lanham Act.

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71. See generally Linda A. Heban, "There is Nothing Either Good or Bad, But Thinking Makes It So": the Relevance of Intent to Initial Interest Confusion, 5 NO. 8 CYBERSPACE L. 6 (Nov. 2000).

72. See ACPA of 1999, 15 U.S.C. § 1125(d)(1)(A)(i) (2001).

73. *Id.* § 1125(d)(1)(A)(ii).

74. 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:4 (4th ed. 2000) (citing opinion of Judge Rich in *Motorola, Inc. v. Griffiths Elecs., Inc.*, 317 F.2d 397, 400, 137 U.S.P.Q. 551, 554 (C.C.P.A. 1963)).

75. See, e.g., *Lucent Techs., Inc. v. LucentSucks.Com*, 95 F. Supp. 2d 528, 536 (granting defendant's motion to dismiss on jurisdiction grounds), *United Greeks, Inc. v. Klein*, 2000 WL 554196, at \*1 (N.D.N.Y. 2000) (defaulting defendant who owned some domains that were identical to plaintiff and some that were not); *but see Elecs. Boutique Holding Corp. v. Zuccarini*, 2000 U.S. Dist. LEXIS 15719 (E.D. Pa. 2000) (holding that domains consisting of misspelled versions of plaintiff's trademarks were confusingly similar and noting that defendant's enterprise's profitability was "completely dependent on his ability to create and register domain names that are confusingly similar to famous names," and citing evidence of actual confusion).

## 8. Likelihood of Expansion of the Product Lines

If there is one factor in the Sleekcraft test that is the worst fit to the domain name context, it is the likelihood of expansion of the product lines. Of course, this assumes that, like in many domain name disputes, the domain name registrant offers no product or service in competition with trademark owner. Thus, the reason for this factor's inapplicability is because it is only relevant where there is actually competition between the parties. As infrequently as this occurs in domain name disputes, this factor is typically not worthy of discussion.

### B. UDRP

The Uniform Dispute Resolution Policy, briefly mentioned above, is the increasingly utilized set of rules that all domain name registrants of .com, .net, and .org domains agree to when they register their names. The UDRP is promulgated by ICANN, which has legal control over the root Domain Name System server that is the authoritative directory of .COM, .NET, and .ORG domain names on the Internet.

The UDRP provides trademark owners with the power to dispute the registration of domain names that allegedly infringe upon their trademark.<sup>76</sup> The challenging party reserves the right to select one of several dispute resolution services to adjudicate their claim.<sup>77</sup> In almost every case, the selected dispute resolution service is either the National Arbitration Forum (NAF) or the World Intellectual Property Organization (WIPO). Not surprisingly, these two services find in favor of the complaining party some eighty percent of the time, as compared with sixty percent for the more rarely selected services, the CPR institute and eRes.<sup>78</sup> The bulk of all arbitration, nearly sixty-one percent of disputes, are decided by a WIPO panel.<sup>79</sup> It is difficult to understate the inherent conflict of interest in resolution proceedings initiated by a trademark owner being decided by members of a group that "is responsible for the promotion of the protection of intellectual property throughout the world."<sup>80</sup> The problem with WIPO decisions that make up a majority of all UDRP decisions is readily apparent from the decisions themselves. Some of the WIPO panel decisions handed down since the UDRP was established have

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76. See ICANN, *Uniform Domain Name Dispute Resolution Policy*, ¶ 1 (Oct. 24, 1999), available at <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (last updated June 4, 2000).

77. *Id.* at ¶ 4(d).

78. See Milton Meuller, *Rough Justice: An Analysis of ICANN's Uniform Dispute Resolution Policy* ¶ 3.4, available at <http://dcc.syr.edu/roughjustice.htm> (last visited Feb. 1, 2000).

79. *Id.*

80. World Intellectual Property Organization: An Organization for the Future, available at <http://www.wipo.org/eng/newindex/about.htm> (last visited Dec. 10, 1999).

been without support from the plain language of the UDRP or the relevant portions of U.S. trademark referenced by UDRP panelists.

Paragraph 4(a) of the UDRP requires a complainant to show three things in order to succeed in having a domain name transferred to it:

- (i) [the domain name registered by the respondent] is identical or confusingly similar to a trademark or service mark in which the complainant has rights; (ii) [the respondent has] no rights or legitimate interests in respect of the domain name; and (iii) [the] domain name has been registered and is being used in bad faith.<sup>81</sup>

Considering that some of the crucial language in the UDRP is identical to that found in the Lanham Act and its subsequent common law interpretation, and that the purpose of the UDRP is to provide a means for trademark protection, it seems quite reasonable that dispute resolution panelists would draw from existing U.S. trademark law in giving meaning to UDRP rules. And yet, many UDRP decisions, particularly those from WIPO and NAF panels, seem to ignore the existence both of the explicit terms of the UDRP and any semblance of U.S. trademark law. Several examples follow.

#### 1. *Standard Chartered PLC v. Purge I.T.*

Perhaps the most notable examples of UDRP, and specifically WIPO, dispute resolution oddity are the “sucks” cases. In these cases, the complainant seeks the transfer of a domain name having the form of trademarksucks.com. In one such dispute, involving the domain name standardcharteredsucks.com,<sup>82</sup> a WIPO panel held for the complainant. Their explanation for finding that the domain was “confusingly similar” to the complainant’s trademark was that:

Given the apparent mushrooming of complaints sites identified by reference to the target’s name, can it be said that the registration would be recognized as an address plainly dissociated from the Complainant? In the Panel’s opinion, this is by no means necessarily so. The first and immediately striking element in the Domain Name is the Complainant’s name and adoption of it in the Domain Name is inherently likely to lead some people to believe that the Complainant is connected with it. Some will treat the additional “sucks” as a pejorative exclamation and therefore

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81. ICANN, *supra* note 76, at ¶ 4(a).

82. Standard Chartered PLC v. Purge I.T., WIPO Case No. D2000-0681, ¶ 5 (June 26, 2000), available at <http://arbitrator.wipo.int/domains/decisions/html/2000/d2000-0681.html>.

dissociate it after all from the Complainant; but equally others may be unable to give it any very definite meaning and will be confused about the potential association with the Complainant.

The dubious assertion that significant numbers of relevant viewers of *standardcharteredsucks.com* will believe that the site is associated with Standard Chartered not only seems to defy common sense, but also is at odds with the U.S. trademark law. Whether the use of a trademark is likely to cause confusion is not a determination made by the haphazard guess of a few individuals, devoid of any documented proof of deliberation or recognition of the facts at hand. Rather, confusion is determined by the sort of test exemplified by the Sleekcraft factors. The panel in Standard Chartered evinced not even the slightest attempt to apply such factors, and thus, is wholly separated from any judicially determined confusion as required by U.S. trademark law.

## 2. *Wal-Mart Stores, Inc. v. Walsucks and Walmarket Puerto Rico*<sup>83</sup>

In another “sucks” dispute, this time involving the domain *walmartcanadasucks.com*, the WIPO panel explicitly referenced the Sleekcraft factors in their analysis of whether the domain name in question was confusingly similar to the complainant’s mark, “Wal-Mart.” While ignoring all factors of the test except those it subsequently found to favor the complainant, the panel seemed to make the same argument for confusion found in the *standardchartered.com* case — that consumers would somehow come upon the domain name and click it, thinking it was in some way affiliated with Wal-Mart. Wal-Mart argued that “consumers are likely to believe that any domain name incorporating the Wal-Mart name (or WalMart) is associated with Complainant.”<sup>84</sup> Yet this argument does not seem to comport with the way relevant technology works. The panel cited the example of a domain showing up in a search engine and thereby confusing consumers as to affiliation because of its “similarity” to Wal-Mart’s mark. However, every major search engine<sup>85</sup> returns not only a domain name or URL with search results, but also a title of the linked page and a short description when available. If this were not enough to distinguish the stray Wal-Mart searcher from heading to the respondent’s domain name, then the fact that search results at every major search engine

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83. See *Wal-Mart Stores, Inc. v. Walsucks & Walmarket Puerto Rico*, WIPO Case No. D2000-0477 (July 20, 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0477.html>.

84. *Id.* ¶ 5(O).

85. See, e.g. <http://www.altavista.com>; <http://www.northernlight.com>; <http://www.excite.com>; <http://www.google.com>.

are organized by relevancy<sup>86</sup> should be the final clue. The panel cited no evidence whatsoever that either the respondent's domain name would be indexed by a search engine or was submitted to a search engine. Again, confusion must be likely rather than merely possible.

The panel was also careful to distinguish the holding of the trademark case *Bally Total Fitness Holding Corp. v. Faber*,<sup>87</sup> which denied plaintiff's request for dismissal where defendant's "Bally's Sucks" web site incorporated a Bally logo, numerous uses of the phrase "Bally's Sucks" and a URL, but not a domain, that incorporated the term "ballysucks." The panel in *Wal-Mart* distinguished its case from *Bally* on the grounds that *Bally* did not involve a domain name. This is obviously a distinction without a difference because, for purposes of search engines, a domain name and a URL incorporating some term are functionally the same. In fact, the issue in *Bally* was precisely the same as that in *Wal-Mart* — whether the use of "sucks" after a trademark, either in the title of a web site or the domain name of its URL — would confuse those who saw it subsequently, either in a search engine or elsewhere.

Indeed, it is mysterious how the panel in *Wal-Mart* suspected that the respondent's name would show up at all in a search engine, nevertheless appear so prominently and confusingly as to lead a considerable number of people to the respondent's site. This finding is especially confounding in light of the fact that the panel ignored all five factors of the Sleekcraft test ostensibly favoring the respondent. The record of the case is void of any reference to the respondent having a similar product or service as Wal-Mart, any advertising in similar channels or advertising at all, or any actual confusion of any kind.

What is particularly worrisome about the *Wal-Mart* panel decision is that it has served as precedent for so many other UDRP decisions. Moreover, the *Wal-Mart* decision was decided by a single panelist and in a system with no internal appeals process. The effect of these systemic limitations of the UDRP process will be discussed later in part III.

### 3. The Guinness Case

Particularly troubling in the "sucks" line of UDRP decisions is the decision in *Diageo plc v. John Zuccarini*.<sup>88</sup> In that dispute, several domains incorporating the complainant's "Guinness" trademark were found to be

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86. Those that provide paid-for listings put the highest bidder at the top, followed by the most relevant results thereafter in descending order.

87. 29 F. Supp. 2d 1161 (C.D. Cal. 1998)

88. WIPO Case No. D2000-0996 (2000) UDRP LEXIS 752 (Oct. 22, 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0996.html>.

confusingly similar to it. The domains included guinness-beer-really-really-sucks.com, guinnessbeerreallysucks.com, and guinness-beer-sucks.com.

The *Wal-Mart* decision was cited as precedent. Additionally, the Court went through the Sleekcraft factors itself, noting the “difficulty of slavishly applying a test developed in the context of trademark law to these disputes.” As one might suspect, many of the highly questionable conclusions made by federal courts in early domain name cases were repeated in the panel’s analysis. The challenges to these conclusions, made earlier in this Article, are just as relevant here, where the Sleekcraft test is explicitly adopted.

#### 4. Other “Sucks.com” and Similar Cases

There are several other UDRP decisions involving domain names consisting of a trademark with the word “sucks” concatenated to the end. The complainant wins the vast majority of these cases and more or less follow the reasoning of the *Wal-Mart* panel.<sup>89</sup> Yet there are a few notable exceptions.

Closely related to the “sucks.com” line of cases is the matter of *Compusa Management Co. v. Customized Computer Training*.<sup>90</sup> At issue in the case were respondent’s domains bancompusa.com and stopcompusa.com. The panelist there found that “No one could confuse”<sup>91</sup> the challenged domains and the complainant’s trademark, “COMPUSA.” It is difficult if not impossible to reconcile the outcome of this case with the aforementioned “sucks.com” decisions favoring complainants on the issue of confusion. The pejorative word added to the domain name in the *CompUSA* case comes before the trademark, whereas it comes after the word in the “sucks.com” cases. But this is a distinction without a difference, since panelists in the “sucks.com” cases argue that it is in the context of a search engine, where Internet users will be able to view the entire domain name themselves, that consumers will be confused.

Instead, it is reasonable to posit that the *CompUSA* and the other “sucks.com” cases evince a significant difference of opinion among their

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89. See, e.g., Nat’l Westminster Bank PLC v. Purge I.T. & Purge I.T., Ltd., WIPO Case No. D2000-0636 (2000), available at <http://arbitrator.wipo.int/domains/decisions/html/2000/d2000-0636.html> (analyzing natwestsucks.com); Cabela’s, Inc. v. Cupcake Patrol, NAF Case No. FA0006000095080 (2000), available at <http://www.arbforum.com/domains/decisions/95080.htm> (analyzing cabelasucks.com).

90. NAF Case No. FA0006000095082 (2000), available at <http://www.arbforum.com/domains/decisions/95082.htm>.

91. *Id.* at Findings ¶ 1.

respective panelists. It has been argued here that common sense, the law, and anyone with a good understanding of the technology at issue, must clearly take the position of the NAF panelist in *CompUSA*.

### C. Illusion: Initial Interest Confusion

Returning once again to the Lanham Act, this last section will deal with a fairly new concept within trademark infringement law, that of initial interest confusion. The doctrine of initial interest confusion recognizes that “infringement can be based upon confusion that creates initial customer interest, even though no actual sale is finally completed as a result of the confusion.”<sup>92</sup> The hope for many trademark owners wishing to prevent use of their mark on the Internet has been that initial interest confusion would provide a cause of action against owners of domain names incorporating their mark. The theory behind such a cause of action is that consumers looking for a trademark owner’s site on the Internet would, because of an infringing domain name, be lured away from the trademark owner’s web site. Once there, the argument goes, it does not matter that the customer realizes they are not at the trademark owner’s web site, since the attraction of the consumers was essentially free riding on the good will of the trademark owner’s mark.

Widely hailed as supporting this general theory is the case of *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*<sup>93</sup> In *Brookfield*, plaintiff Brookfield Communications was the owner of the trademark MOVIEBUFF, which it used to identify a computer software program cataloging various information on movies and the movie industry. Brookfield had also begun to offer its movie database to consumers of the Internet. The defendant, West Coast, operated a chain of video stores. West Coast had been preparing a web site for its business that would provide, among other things, a searchable database of movie information for visitors to its website. The dispute arose because West Coast registered and planned to use the domain name moviebuff.com to host its web site. The *Brookfield* court determined that use of MOVIEBUFF by West Coast was not permissible “tacking” on to its mark, “THE MOVIE BUFF’S MOVIE STORE.”

The *Brookfield* court found that “web surfers looking for Brookfield’s ‘MovieBuff’ products who are taken by a search engine to “westcoastvideo.com” will find a database similar enough to ‘MovieBuff’ such that a sizeable number of consumers who were originally looking for

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92. 3 J. MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:6 (4th ed. 2000) (citing *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 2 U.S.P.Q. 2d 1677 (2d Cir. 1987)).

93. 174 F.3d 1036 (9th Cir. 1999).

Brookfield's product will simply decide to utilize West Coast's offering instead."<sup>94</sup> Thus, while any true confusion of the Internet user as to where his click will take him exists only instantaneously, this initial interest confusion was found sufficient to constitute trademark infringement by West Coast.

Despite the acclaimed value of *Brookfield* as precedent for trademark owners, there are several significant limitations on the holding in the case. These limitations make the holding inapplicable to a substantial majority of domain name disputes while making Brookfield itself considerably more reasonable than the dangerous trademark owner's tool some have purported it to be.

First, for most domain names that are newly registered or unused, there are very good technical reasons why such a domain name would not be viewed by any more than a handful of users, not to mention the "sizeable" number of consumers posited in *Brookfield*. There are several factors that contribute to whether the contents of a web server identified by a domain name will ever be indexed by a search engine, or more to the point, given sufficient weight in that index so as to be exposed to any more than an insignificant number of consumers. Because search engine technology is largely proprietary, the specifics of search engine machinations are difficult to assess. However, it should be powerful evidence that the goal of all search engines is relevancy to the user's desired search terms — to weed out those web sites with little or no useful information. Moreover, the computer programs called "spiders" that "crawl" the web for information eventually indexed by search engines are unlikely to come upon web sites for which the user has just registered a domain name. This is true because in order to be included in a search engine, either a spider's operator must enter the URL of the site in question or the spider must be led to that URL, traveling through some degree of separation by following all links in between. If a domain name owner has never used his domain name, or for all intents and purposes, nobody knows about it, the odds of it being indexed in a search engine are extremely low. This is particularly so given the fact that Google, the largest search engine, contains under twenty percent of the web pages on the Internet.<sup>95</sup> This, of course, is to say nothing of the fact that URLs with little or no information concerning the trademark holder will be given very low relevancy ratings,<sup>96</sup> and thus will appear at the bottom of a list of hundreds or thousands of search results,

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94. *Id.* at 1062.

95. See Charny, *supra* note 58 ("At last count, search engine Google was perusing 1.3 billion Web pages, which isn't even 20% of the capacity under the '.com' top level domain.").

96. See Sergey Brin & Lawrence Page, *The Anatomy of a Large-Scale Hypertextual Web Search Engine*, available at <http://www.scu.edu.au/programme/fullpapers/1921/com1921.htm> (last visited Nov. 11, 2001).

if at all. In *Brookfield*, the defendant had both begun full operation of its web site<sup>97</sup> as well as initiated a widespread publicity campaign<sup>98</sup> for it by the time the *Brookfield* court had granted a temporary restraining order for the plaintiff.

Secondly, the analogy used in *Brookfield*, on which the *Brookfield* court grounded its policy rationale, is a significant stretch for even the most vehement trademark supporter. The analogy used by the *Brookfield* court was intended to explain the *Brookfield* court's holding against West Coast's use of "meta tags," unseen parts of the underlying code of a web page that give search engines information about that page's date, content, author, and other relevant topics. However, the analogy presumably supports the domain name portion of the *Brookfield* court's ruling, since it is in the same search engine context that both meta tag use and domain name use of an infringing mark allegedly cause confusion. In any event, the analogy is as follows:

Suppose West Coast's competitor (let's call it "Blockbuster") puts up a billboard on a highway reading — "West Coast Video: 2 miles ahead at Exit 7" — where West Coast is really located at Exit 8 and Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there. Even consumers who prefer West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there.<sup>99</sup>

The most obvious fault with this analogy as a lens through which to view the *Brookfield* case is that surfing the Internet is nothing like driving on the highway. If clicking the button on a mouse (once to visit a site, once to exit) is somehow equivalent to being steered onto an unknown road and driving at least several minutes before being able to correct one's path, it is difficult to imagine what limit there might be on the *Brookfield* court's imagination. In the *Brookfield* court's analogy, the initial interest confusion is quite apparent, since the inconvenience of looking for what one was initially interested in is substantial compared to the convenience of going with the infringing competitor. In the Internet context, there is virtually no inconvenience. For sites that are clearly discernible from their trademark-owning counterpart, the distraction may not even be a few seconds for the vast majority of Internet users. Also relevant to this point

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97. 174 F.3d 1036, 1043 (9th Cir. 1999).

98. *Id.* at 1053.

99. *Id.* at 1064.

are the observations made earlier regarding expectations of Internet users. If users of search engines are generally skeptical of search results they are given by a search engine, or if something else in their experience might cause them to reserve judgment of a website they visit through some referring mechanism, then the chance that there is likelihood of confusion, even initial interest confusion, becomes increasingly small.

Lastly, and most importantly, the legal standard set in *Brookfield* is a particularly difficult one to meet for trademark owners. In *Brookfield*, it is clear that the products and services identified by the mark MOVIEBUFF and the domain name moviebuff.com were nearly and exactly the same. Lest a trademark owner think this was a fluke, one should be careful to note that every major initial interest confusion case with an outcome favorable to the trademark owner has involved litigants having either identical products and services<sup>100</sup> or immediate plans<sup>101</sup> to have products or services identical to the opposing litigant. A very recent decision in *People for the Ethical Treatment of Animals, Inc. v. Doughney*,<sup>102</sup> fits squarely within this trend, both plaintiff and defendant offering the exact same “product:” political speech concerning animals rights.<sup>103</sup> As such, the holding in *Brookfield* would not apply to the vast majority of domain name skirmishes like those found in UDRP disputes, where the domain name owner has no product or service remotely related to the trademark owner’s products or services. Considering that many cases in the UDRP discussion above specifically cite the *Brookfield* case as support for their position, there is a clear misunderstanding of the *Brookfield* precedent. *Brookfield* should not be interpreted as anything more than it is: a case representing a rare alignment of facts and stretching an already stressed Lanham Act infringement doctrine to its extremes.

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100. See *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2nd Cir. 1987) (oil manufacturer and seller v. oil dealer); *SecuraComm Consulting, Inc. v. SecuraCom, Inc.*, 984 F. Supp. 286 (D.N.J. 1997) (security systems consulting v. security systems consulting); *Porsche Cars N. Am., Inc. v. Manny’s Porshop, Inc.*, 972 F. Supp. 1128 (N.D. Ill. 1997) (Porsche maker and repair v. Porsche repair); *Pebble Beach Co., Resorts of Pinehurst, Ind. v. Tour 18 I, Ltd.*, 942 F. Supp. 1513, 1552 (S.D. Tex. 1996), *aff’d*, 155 F.3d 526, 48 U.S.P.Q. 2d 1065 (5th Cir. 1998) (golf course operator v. golf course operator); *Blockbuster Entm’t Group v. Laylco, Inc.*, 869 F. Supp. 505 (E.D. Mich. 1994) (video store v. video store); *Jordache Enters., Inc. v. Levi Strauss & Co.*, 841 F. Supp. 506 (S.D.N.Y. 1993); *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 365 F. Supp. 707 (S.D.N.Y. 1973) (piano maker v. piano maker).

101. See *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 191, 40 Fed. R. Serv. 3d 1021, 46 U.S.P.Q. 2d 1737 (5th Cir. 1998).

102. 113 F. Supp. 2d 915, 919 (E.D. Va. 2000), *aff’d*, 263 F.3d 359, 2001 U.S. App. LEXIS 19028 (4th Cir. 2001).

103. Left for another day is the consideration that this sort of “product,” is sufficiently noncommercial so that confusion analysis should either not apply or apply different than in the “pure commerce” context. In any event, the *PETA* case did not require a decision on this point because it was uncontested that defendant’s use was commercial in nature.

#### IV. A DYING TRADEMARK LAW

It is natural, as many have done, to see the various expansions of trademark law discussed herein as positive strides toward fending off such undesirables as “cybersquatters.” Indeed, these concerns have been at the heart of the strides themselves. But as is sometimes the case, the baby is easily thrown out with the bathwater. It is long past time to take a critical look at the effects of these expansions to see what negative influence they have had on both the law and the public that they ostensibly protect.

There is a fine line across which trademark law lies. The protections put in place by the Lanham Act, the Federal Dilution Act, and the ACPA involve, just like other areas of intellectual property, tradeoffs between the public interest and the rights of parties protected under their coverage. When trademark owners are given increasingly expansive rights, they come at a cost to potential competitors as well as consumers who would benefit from such competition. Thus, it should be alarming that “trademark law and its various cousins seem to be expanding against all common sense.”<sup>104</sup>

If one believes that, as proposed here, there is a serious problem in the way courts and UDRP panels are thinking about confusion in the context of the Internet, then what are the effects? The answer to this question should not be contemplated until a few relevant facts are pointed out. Since this Article deals with only one, however important, concern of federal trademark law, it is surely reasonable to examine how other areas of trademark law have been changing. Once this context is established, it will be possible to illustrate some of the many harmful effects that an expanding trademark law has had on domain name holders.

##### A. *Trademark Law on the Move*

Professor Kenneth L. Port summarizes nicely the path of trademark law over the past several years:

Three major developments have happened in roughly the last decade. First, in 1988, section 1051 of the Lanham Act was amended to provide for the reservation of marks which claimants intend to use in commerce. In 1996, Congress passed the Federal Dilution statute, which was expanded in 1999 to include dilution as grounds for cancellation or opposition proceedings before the Trademark Trial and Appeal Board (TTAB). Also, but certainly not

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104. Wendy Gordon, *Ralph Sharp Brown, Intellectual Property, and the Public Interest (Introduction)*, 108 YALE L.J. 1611, 1617 (1999).

finally, in 1999 Congress further amended the Lanham Act to add a new section 43(d), which provides for statutory damages and in rem jurisdiction when a cybersquatter registers another's trademark as its domain name with the intent to traffic in the domain name. This trend drastically expands the boundaries of what the common law had long settled as the scope of American trademark right. None of the existing social, economic, or legal justifications supporting American trademark law encourage, let alone tolerate, such expansion. . . . [T]he social, economic, and legal functions of trademark protection are actually undermined by the expansion.<sup>105</sup>

Correspondingly, the rights of trademark owners seeking to protect their name against any use by domain name registrants has been expanding. As noted in the beginning of this Article, there are several substantial roadblocks that have at one time or another stood in the way of trademark owners looking to prevent a domain name registrant from using their name. First, the Lanham Act has previously required plaintiffs to demonstrate a defendant's "commercial use in commerce"<sup>106</sup> of the trademark in question. Because it is often the case that a challenged domain name has not been used at all on the Internet, or if it has, not in a commercial sense, plaintiffs have faced at least a prima facie difficulty in establishing such use. However, courts have been willing to "stretch the 'commercial use in commerce' requirement to the vanishing point in order to 'catch' cybersquatters."<sup>107</sup>

In the case of dilution, there is another requirement for a successful cause of action. Namely, the plaintiff's mark must be famous. The power of the dilution statute, which requires no likelihood of confusion, is substantially tempered by this claim. However, as noted earlier, courts have been willing to expand the definition of "famous" to include some highly questionable marks.<sup>108</sup>

The aforementioned roadblocks to trademark protection on the Internet have become almost moot with the passing of the ACPA. The ACPA, which provides a cause of action very similar to the protection provided by the UDRP,<sup>109</sup> explicitly does away with the "commercial use in commerce" requirement as well as any famousness requirement. As

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105. Kenneth L. Port, *The Congressional Expansion of American Trademark Law: A Civil Law System in the Making*, 35 WAKE FOREST L. REV. 827, 829-31 (2000).

106. Lanham Act § 43(c)(1) (2001); Federal Anti-Dilution Act, 15 U.S.C. § 1125(c)(1) (2001).

107. Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1702 (1999) (citing *Panavision Int'l v. Toeppen*, 141 F.3d 1316, 1324-26 (9th Cir. 1998); *Intermatic, Inc. v. Toeppen*, 947 F. Supp. at 1239 (N.D. Ill. 1996)).

108. See *infra* § III(A)(1).

109. Both are focused on domains "identical or confusingly similar" which are registered with "bad faith intent," as defined by a list of several factors.

mentioned before, it is still unclear whether the likelihood of confusion analysis imputed in the ACPA's application only to domain names "identical or confusingly similar" will be given full consideration by courts applying the Act.

So then, we arrive at a situation where, at best, domain name registrants incorporating a trademark owner's mark, for any purpose, are extremely dependent upon a proper likelihood of confusion analysis. But, as this Article has been committed to demonstrating, there is significant reason to worry that courts have not been applying a confusion analysis that properly compensates for the nature of Internet technology, the expectations and behavior of its users, or, consequently, the most basic of principles underlying trademark law.

The most important issue, though, is not whether trademark law is systematically being eroded in the context of Internet domain names. Rather, it is what the public effects of such erosion have been or will be. In overreaching to "grab" certain egregious cybersquatters, who else have Congress, the courts, and ICANN caught in their nets and do we really care about them?

### B. *Effects*

To be sure, there have been many legally questionable registrations of domain names in the Internet's history. The most infamous "cybersquatter" is Dennis Toeppen, who registered numerous trademarks as domain names with a fairly clear intent to sell them back to the trademark owners. Several of Toeppen's domains were the subject of federal litigation.<sup>110</sup> Insofar as there is a clear intent to extort funds from the owners of trademarks, and that there is clearly a likelihood of confusion, few would argue with the policy behind punishing a true "cybersquatter." Of course, where there is no likelihood of confusion or a mark is insufficiently famous for protection under the Federal Dilution Act, it is not clear what policy grounds support a property right in trademarks prohibiting any undesired use at all. Moreover, there are substantial policy reasons against providing such protection. The following section highlights some of the negative consequences that result, either directly or indirectly, from the indiscriminate expansion of trademark rights in the Internet world.

### C. *Reverse Hijacking, Chilling Effects, and Stealing from Babies*

The colorful term "reverse domain name hijacking" has been coined to describe the practice of some trademark owners who have used dubious,

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110. See *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227 (N.D. Ill. 1996); *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998).

if not outright false, legal claims to challenge domain name registrations of those who have legitimate trademark or other rights to use such domains. These sorts of claims are particularly troublesome where there is a large discrepancy between the parties' economic power. Several trademark cases have surfaced where the plaintiff's claims seem highly questionable in light of the confusion critique presented here.

### 1. *Northern Light Tech. v. Northern Lights Club*<sup>111</sup>

In *Northern Light*, the plaintiff, Northern Light Technology (NLT) brought suit against Northern Lights Club (NLC) for NLC's registration and use of the northernlights.com domain name. NLT has a federal trademark registration for NORTHERN LIGHT, which it uses to identify its Internet search engine service. NLC operates an unincorporated association called the Northern Lights Club and has licensed the northernlights.com domain to a "vanity" email service that allows users to purchase email addresses incorporating the domain. NLT has been in operation since 1995, though its search engine did not come online until 1997. Importantly, defendant NLC had registered its domain name, which happens to be a widely known astronomical phenomenon, in 1996, well before plaintiff had ever used its trademark in commerce by deploying its Internet search engine using the NORTHERNLIGHT name.

The *Northern Light* case represents a troubling situation. Even though the defendant had registered its domain name well before the plaintiff's mark was ever used in commerce, NLT seeks to recapture a domain name it knew was taken when it chose to use a similar mark for its service. Quite obviously, this would be a desirable result for NLT, allowing it to negate an apparent business blunder in not securing the name when it had registered its trademark or choosing a different name for its search engine. Perhaps such a result would be more acceptable from a policy standpoint if NLC was offering a service that was related to the search engine that NLT operates. However, the operations of NLC could only be construed as such with the widest interpretation of the law — so wide as to make virtually any two entities on the Internet proximate enough in service offerings to constitute infringement. Obviously, such a result would lead to a slippery slope of trademark law cases in the Internet domain name area and simply does not make sense.

The *Northern Light* case has not yet been decided on the merits, however the judge has fashioned a unique temporary restraining order in response to the plaintiff's motion for such. The result of the order is visible at [www.northernlight.com](http://www.northernlight.com), which now displays links both to the plaintiff's

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111. 97 F. Supp. 2d 96 (D. Mass. 2000), *aff'd by* Northern Light Tech., Inc. v. Northern Lights Club, 236 F.3d 57 (1st Cir. 2001).

website and the content of the defendant's site. Though the decision of the judge in *Northern Light* to grant a TRO is questionable under the argument presented here, the judge in that case should be given credit for attempting to fashion a temporary remedy that does not completely deprive the defendant of its domain name. This sort of creativity and concern for all parties to the litigation is laudable and rarely found in domain name decisions.

## 2. *Hasbro, Inc. v. Clue Computing, Inc.*<sup>112</sup>

At dispute in *Hasbro* was the domain name clue.com. Defendant Clue Computing had registered the domain to use for its website, describing the Internet and computer consulting services it provides. Hasbro, of course, is the maker of the popular board game "Clue." A few things are notable about the clue.com dispute. First, the word "clue" is, like many domain names, commonly used in the English language. Indeed, it is even commonly used in commerce, there being at least 273 federally registered trademarks incorporating the word "clue."<sup>113</sup> These many uses of the word "clue" mean that a decision in favor of Hasbro would give it a broad property right against hundreds, perhaps thousands of otherwise legitimate users. Of course, trademark law should not, and in this case did not, allow such a result since either a likelihood of confusion or dilution must be found in order to give Hasbro the right to stop anyone from using the clue.com domain name. As to dilution, the *Hasbro* court found that CLUE was not a famous mark. As for infringement, the *Hasbro* court came to an extremely obvious conclusion: that board games and computer consulting services have nothing to do with each other.

Though welcome, the victory of Clue Computing in the *Hasbro* battle may not determine the winner of the war between Clue Computing, Inc. and Hasbro, Inc. The litigating of *Hasbro* has been an astronomically expensive venture for Clue, a tiny single employee company. The legal bills for Clue have resulted in a substantial portion of its revenues for the years since Hasbro first brought suit in 1987.<sup>114</sup> Despite Clue Computing's victory, victorious defendants in trademark suits are not eligible for either attorneys' fees or costs. The obvious result of this is that litigation is at best an expensive and risky proposition for defendants of trademark

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112. 66 F. Supp. 2d 117 (D. Mass. 1999), *aff'd* by *Hasbro, Inc. v. Clue Computing, Inc.*, 232 F.3d 1, 56 U.S.P.Q. 2d 1766 (1st Cir. 2000).

113. See U.S. Patent and Trademark Office, Trademark Information, *available at* <http://www.uspto.gov/web/menu/tm.html> (searching the cite for the term "clue" returns 273 trademarks as of Feb. 1, 2001).

114. See <http://www.clue.com/legal/index.html> (last visited Feb. 1, 2001) ("Legal defense ate about 25% of our revenue the first year, and for 1997 it was over 50%. 1998 was even worse.").

infringement claims. Thus, a significant chilling effect operates for domain name holders who are served with infringement suits or threats of them. Because there is no official records of demands made by trademark holders,<sup>115</sup> it is difficult to quantify the number of domain name owners who have forfeited their rights because of an inability to counter legally invalid claims. In any event, the number of highly questionable claims that actually have resulted in recorded litigation is telling. A 1999 study of 121 domain name cases found that “a large majority of the cases (88 percent) would not qualify as trademark infringement under traditional standards of case law.”<sup>116</sup> If the claims that actually make it to court are so overwhelmingly without merit, it seems logical that an even greater percentage of claims not litigated are meritless.<sup>117</sup> Only those who can afford the potential costs of a legal battle will last long enough to see a courtroom.

### 3. Healthnet.org

Profit driven enterprises are not the only parties trademark owners have targeted. The California company Foundation Health Systems, an \$8.9 billion insurance company, set their sights in 1999 on Satellife, a nonprofit organization dedicated to providing health information to doctors in impoverished countries.<sup>118</sup> Since 1993, Satellife has operated its world wide network using the domain name healthnet.org. Interestingly, when Satellife had registered its domain name, .org domain names were understood to be restricted to non-profit organizations. Satellife charges that the loss of its domain name, which would require changes in servers across the globe, would “cost more than \$1 million to do, and create considerable confusion.”<sup>119</sup> Though the healthnet.org dispute is one in which the litigants have at least facially similar ventures, and thus confusion is at least more possible than if such were not the case, the dispute underscores the importance of getting trademark law right. In expanding the law to reach true “cybersquatters,” the effect may be that

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115. However, an unofficial project devoted to discovering chilling effects in areas of intellectual property that touch the Internet is underway at the Berkman Center for Internet and Society. See <http://eon.law.harvard.edu/chill/> (last visited Dec. 20, 2001).

116. Milton Mueller, *Trademarks and Domain Names: Property Rights and Institutional Evolution in Cyberspace* (Sharon E. Gillett & Ingo Vogelsang eds., 1999), Proceedings of the 26th Annual Telecomms. Policy Research Conference, Mahwah, N.J.: LEA Publishers, available at <http://istweb.syr.edu/~mueller/studyhp.html> (last visited Feb. 1, 2001).

117. Namely, those claims that are found in cease and desist letters by would-be plaintiffs or which are brought pursuant to UDRP complaints as discussed herein.

118. See Douglas Carnall, *HMO Sues Charity Over Domain Name*, 172 W.J. MED. 2, (2000), available at westlaw.com at 2000 WL 1647657.

119. *Id.*

parties like Satelife, who may narrowly avoid infringement, are swept along with them.

#### 4. Private Individuals

Early in the history of domain name litigation, a number of disputes involving private individuals arose. Publishers of the “Archie” series of comics, in which one of the characters is named “Veronica,” pressured David Sams, who had registered *veronica.org* for his infant daughter, to give up his domain name.<sup>120</sup> Similarly, Prema Toy, Inc., makers of the toy characters Gumby and his horse Pokey, challenged a young boy nicknamed “Pokey” who had registered *pokey.org* for his personal web site.<sup>121</sup> A more recent example is that of *don-henley.com*, a site owned not by musician Don Hugh Henley, but by an individual who is also legally named Donald (Wayne) Henley. The non-musician Henley uses his site as a non-commercial venue for his “Christian perspectives.” Lawyers for the musician Henley have repeatedly made demands of Donald Wayne, including forfeiture of the domain name, changes to the web site, and deletion of any references on the site to the ongoing dispute.<sup>122</sup>

The above examples demonstrate an important principle. Many domain names are highly susceptible to a number of legitimate uses. This is especially true for domains consisting of common first or last names, many of which are also used as trademarks. The more trademark owner friendly the law becomes, the more persons with domains representing their names, nicknames, or any other possible source of meaning will be wrongfully stripped of their rights. As both potential registrants of and visitors to sites using these domain names, we should worry a great deal about such a result.

#### D. UDRP Revisited

Of all the possible forums for the expansion or reduction of trademark and domain name owners’ rights, perhaps the most troublesome are the dispute resolution tribunals deciding UDRP complaints. UDRP decisions are far and away the leader, by volume, of such disputes. As of February 26, 2001, over 3,000 UDRP proceedings had been initiated, with over

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120. See Karen Kaplan, *Archie Comics Drops Its Claim to Veronica.org*, L.A. TIMES, Jan. 20, 1999.

121. *Id.*

122. See Donald Wayne Henley, *Don Henley Wants This Domain*, available at <http://www.don-henley.com/domain/dispute.htm> (last visited Feb. 1, 2001).

5,500 domains in dispute.<sup>123</sup> More importantly, though, panelists seem to be significantly biased, both because of their association with an intellectual property protection organization and because of their record.<sup>124</sup> Indeed, a very recent study by Canadian law professor Michael Geist shows substantial and widespread pro-complainant bias within the UDRP system.<sup>125</sup>

Interestingly, so far, UDRP panelists have certainly gone the furthest in deviation from prudent application of trademark principles. As shown before, the interpretation of recent domain name trademark cases by UDRP panelists has been seriously lacking analytic rigor and doctrinal understanding. Furthermore, the UDRP decisions heretofore discussed have been significantly more implicating of free speech rights than have domain name cases in federal courts. Not only are the “sucks.com” domain names intrinsically amenable to use for speech in the form of criticism, but such names are also significantly more like protected speech in and of themselves. Whether the name guinness-beer-really-really-sucks.com is even capable of being used in a trademark sense rather than being only capable of clear speech use is hardly even debatable. Of course, the UDRP, unlike federal trademark law, has no apparent requirement that the complained of domain name be used as a trademark. But given the failing of UDRP panelists to effectuate provisions of the UDRP that actually do exist, we should add this questionable doctrinal difference from federal trademark law to the list of shortcomings of ICANN’s dispute resolution policy.

### E. *The Relevance of Dilution*

Though the focus of this Article is on infringement, it is worth pausing to consider the relationship between infringement and dilution in the context of domain name disputes. In particular, the extent and nature of dilution protection for trademark holders is important to the critique here because dilution and infringement are complimentary. That is, dilution is intended to be a remedy where no confusion is likely, but there has still been a misappropriation of good will of the sort that principles underlying trademark law would condemn. Thus, it is fair to consider whether the sorts of domain name disputes discussed here might, while not causing confusion, still come within the purview of dilution law protection of trademarks.

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123. See ICANN, *Statistical Summary of Proceedings Under Uniform Domain Name Dispute Resolution Policy*, available at <http://www.icann.org/udrp/proceedings-stat.htm> (last visited Feb. 26, 2001).

124. See *infra* § III(B).

125. See Michael Geist, *Fair.com?: An Examination of Systematic Unfairness in the ICANN UDRP*, available at <http://aix1.uottawa.ca/~geist/geistudrp.pdf> (last visited Dec. 20, 2001).

As previously mentioned, noncommercial uses of trademarks are barred by neither infringement nor dilution law. Thus, where there has been no commercial use of a mark, dilution cannot provide a remedy for a trademark owner any more than could infringement. Also as previously discussed, dilution is substantially harder to show than infringement, since a trademark owner must prove that its mark is famous. This additional requirement is extremely important because a dilution claim does not require a showing of confusion by the trademark owner. As such, owners of famous marks have a substantial leverage over those who employ their marks. In practice, the famousness requirement means that many trademark owners must in fact rely solely on infringement claims to protect their marks, since their marks are not famous. Thus, any degradation of the famousness requirement would work as a powerful force in favor of trademark holders and in the disruption of the delicate balance between the consumer and producer interests that trademark law protects.

Because dilution brings trademark law one step closer to giving a true property right to owners of famous trademarks, it also gravitates toward offending contrasting rights of others such as those found within the First Amendment. The Court in *L.L. Bean, Inc. v. Drake Publishers, Inc.*<sup>126</sup> dealt squarely with the issue of dilution and the First Amendment, finding that dilution does not escape First Amendment scrutiny entirely. In that case, the defendant's use of the plaintiff's mark was protected speech regardless of any protection plaintiff might be due under a Maine trademark law echoing the federal statute. In the context of domain names, it is worth considering whether speech sufficient to warrant strong First Amendment protection could fit within a domain name. Without delving into an elongated analysis of this question, it should suffice to say that the examples presented here at least make such a contention probable.

## V. RECOMMENDATIONS

If there is anything positive to be gleaned from the current state of domain name dispute resolution and adjudication, it is that the trouble does not lie primarily in the existing rules of law. Though written before the passing of the ACPA, Professor Lemley opined about the problematic increasing of the rights of trademark owners that, "we do not need new legal rules here; what we need is the principled and vigorous application of the old rules."<sup>127</sup> Indeed, in almost every instance of failure noted here,

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126. 811 F.2d 26, 33, 1 U.S.P.Q. 2d 1753 (1st Cir.), *cert. denied*, 483 U.S. 1013 (Sup. Ct. 1987).

127. *See* Lemley, *supra* note 35, at 1713.

a modification of the applicable laws is not lacking nearly as much as a proper application of those laws. Likewise is the case for the UDRP, though there are clearly additional and more severe problems with a system that does not have any apparent procedures to ensure due process or systemic integrity through precedent. This section attempts to offer some more specific suggestions for modifications that courts and ICANN might make in order to avoid failures leading to the problematic results above.

#### *A. Courts and Federal Trademark Law*

An increased judicial understanding and respect for technological and behavioral norms of the Internet and its users is most critical in improving adjudication of domain name disputes. Judges should seriously question claims made by trademark owners that certain uses, or indeed non-uses, of domain names will result in confusion, mistake, or any other state of mind. As an initial matter, the evidence seems contrary to the trademark owner's position. Trademark owners should, therefore, bear the burden of demonstrating that an alternative state of affairs exist. When the Sleekcraft factors of confusion do not seem to fit in a particular domain name case, serious consideration should be given to whether this is a result of an inadequacy of the law, or the more ockhamistic explanation that the evidence shows no legal confusion.

None of this is to say that federal courts, in their application of the relevant trademark law, are incapable of grasping Internet technology with sufficient ease. In fact, some courts have evidenced a laudable ability to understand the technical characteristics of the Internet relevant to domain name disputes.<sup>128</sup> However, courts are failing to understand the nexus between consumers and the Internet. This sort of nebulous information should be no more ascertainable to a court with specialized technological expertise, an example being the Court of Appeals for the Federal Circuit, as it is to any other judicial body that has taken the minimal level of time necessary to understand the case before it. Instead, what is needed is a commitment by courts to truly penetrate any preconceived notions about the propriety of a defendant's actions on ostensible policy grounds in order to effectuate the letter of trademark law and the principles behind it. Likewise, as Congress adds or modifies existing trademark law, it should be extremely wary of making laws in a hasty and remedial fashion.

In general, a greater fidelity to a common-sense notion of confusion — one that is much more congruent with the traditional motivation for

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128. The court in *Strick Corp. v. Strickland*, 162 F. Supp. 2d 372, No. 00-3343 (E.D. Pa. 2001) seemed to have a particularly adept grasp of both the technology and law underlying domain name disputes.

trademark law — should prevail over competing interpretations of confusion that undermine such motivations. In the case of initial interest confusion, there are surely instances where trademark owners may have viable claims in accordance with principles guiding conventional trademark law. But those instances will occur where the facts are more like those in conventional trademark infringement disputes rather than like the abstruse, embellished versions of confusion presented by some trademark holders attempting to acquire desired domain names. As for dilution, more common sense is also necessary. When interpreting concepts like commercial use in commerce and famousness, it has been argued here, there is no reason to be more charitable to trademark interests in the context of domain names than as compared to other contexts.

In considering their decisions, courts should be mindful of the strong public policy arguments against continued expansion of trademark owners' rights in the domain name context. Though public policy questions are of a finite value for judges, there appear to be at least some policy considerations operating in their decisions to stretch and expand certain trademark principles to protect trademark owners. This is not surprising in light of the powerful trademark lobby that plays a part in so much of the rhetoric attempting to strike terror in the heart of anyone who declines to vilify the majority of domain name registrations as ruthless "cybersquatters." Despite these claims, however, there are substantial arguments against the ever-expanding protections provided to trademark holders. Most important are speech rights that will undoubtedly be compromised if trademark holders are able to contravene traditional trademark law in capturing domain names. Though beyond the scope of this Article, it is eminently plausible that trademark law, even if facially neutral, could contravene the First Amendment<sup>129</sup> if applied improperly by judges and in response to claims by trademark owners whose motivation is most certainly the silencing of speech rather than to eliminate confusion or dilution of its marks. Secondly, competition will be squashed by owners of trademarks who "leverage" their trademarks to prevent legitimate use by would-be competitors. Third, are considerations of Internet norms such as rewarding the notion of "first-come-first-served" that has guided the DNS since its inception. Lastly, economically powerless users of the Internet should have just as much right as trademark owners to operate under easy to remember domain names, assuming they do not truly

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129. This is an assertion that certainly deserves more serious consideration. Some courts have gone so far as to reference First Amendment rights of defendants in domain name disputes, see *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161 (C.D. Cal. 1998), but see *Planned Parenthood v. Bucci*, 1998 U.S. App. LEXIS 22179 (2d Cir. 1998), however there is clearly no agreement in courts or commentary as to when or whether these rights should matter and how much they should count.

infringe upon anyone's trademarks. At a minimum, federal law should provide judicial discretion as to whether a defendant can recoup costs of a plaintiff's failed suit. None of these considerations would ever or should ever trump a fair and thoughtful finding of infringement. Instead, they should be weighed against the arbitrary expansion of trademark rights that seems to be pervasive in domain name law.

### B. ICANN and the UDRP

As mentioned previously, the problems with the UDRP decision-making process are both more numerous and more severe than defects in judicial decision making in federal courts applying trademark law in domain name cases. Therefore, the changes necessary to correct these problems are more substantial.

The inability of UDRP panelists, especially those in the WIPO appointed majority, to apply UDRP rules and trademark principles imputed by such rules are widespread. Nevertheless, there are several shining examples of UDRP panelists who have applied the relevant UDRP rules and trademark laws consistent with their reasonable meaning. For instance, in the *esquire.com* decision, a dissenting NAF panelist wrote:

The UDRP is intended to prevent trademark owners from being extorted by cybersquatters, but it is also intended to protect legitimate registrations from being threatened by overreaching trademark owners. A correct application of the spirit and letter of the UDRP gives each of these concerns equal weight. The majority opinion fails to balance these concerns. Absent any evidence that the original registrant was trading specifically on the value of the *Esquire Magazine* mark, I cannot conclude that the name was registered in bad faith.<sup>130</sup>

Likewise, a WIPO panel found that *penguin.org* should be kept in the hands of its original registrant, a young man who had registered the name to use for his email address and a personal web site, despite ownership of the PENGUIN trademark of the complainant. The aforementioned *BANCOMPUSA* case<sup>131</sup> also seems to present a decision faithful to the letter of the UDRP rules and trademark law principles.

A major problem with the UDRP system is that there is no systematic method of preventing bad decisions from becoming precedent for even worse decisions. Likewise, the flat non-hierarchical structure of UDRP

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130. *Hearst Communications, Inc. & Hearst Magazines Prop., Inc., v. David Spencer* (NAF No. FA0093763), available at <http://www.arbforum.com/domains/decisions/93763.htm>.

131. See *supra* § III(B)(4).

panels means that when there are conflicting prior decisions, a panelist is no more bound to take one over the other. These structural defects only exacerbate existing problems of partiality and improper application of the rules. It seems reasonable to expect that until the former problems are remedied the latter will continue to exist.

ICANN must take a serious look at the results of its UDRP process. It must examine those results in light of the sorts of critiques contained in this Article and others. It must consider the possibility of adding at least some sort of mechanism for appeal. For example, where there has been a single panelist appointed, there should be an opportunity to appeal to either a larger panel or some other body of decision making power that ICANN would create. Because the respondent in UDRP disputes pays panelist fees only if it elects to have a three-member panel, there is economic pressure that favors single person panels. If there are drastic economic discrepancies between complainants and respondents, ICANN has a duty to determine this and eliminate policies that intrinsically favor one party over the other, regardless of the merits of the individual case. Such policies should certainly address what is clearly going on in the area of forum shopping among UDRP complainants. Though it is uncertain whether participation of groups like WIPO can even potentially yield equality in dispute resolution, some consideration should be given to allowing the respondent the power to either veto or select the resolution forum without incurring additional expense.

In the alternative to re-hearings by different UDRP panels upon appeal, ICANN could classify some panelists as appeals panelists. These panelists, like judges in the United States court system, should be appointed based on their records of fairness, jurisprudence, and legal skill. As an example, practicing lawyers for law firms representing trademark owners would be highly undesirable candidates for such positions. More generally, anyone who represents or is otherwise financially related to parties who stand to benefit from precedent generally going one way or another should be disqualified from appeals decision roles.

To be fair, the UDRP is still in a stage of relative infancy. In time, the types of procedural safeguards suggested here may very well be implemented by ICANN. However, the prospects for such possibilities are poor at the present time. There are clear misinterpretations of both the UDRP's rules and trademark principles that do not seem to be meeting much internal resistance within the UDRP system. Moreover, ICANN has not formally recognized any failings of its system, nor has it made any effort to study its system beyond the compilation of some very basic statistics. Surely, a system so pervasive in effect and so problematic in operation is deserving of higher scrutiny.

## VI. SUMMARY

By any estimation, the most dramatic feature of the Internet is its tendency for drastic and dynamic change. These changes span both the technical and social construct of the Internet. It is foolish to think that this gargantuan force of social, political, economic, and technical change will be better managed or more easily understood by the legal system than by any other institution or organization attempting to adapt to it. It is commonly said that businesses involved with the Internet must operate at “Internet speed,” making incredibly rapid decisions and making their infrastructure adaptable to immediate change. Lawyers, judges, and others in the domain name dispute business should be no less nimble and no less humble. We must seek at all costs to truly understand the inner workings of the Internet and its user base in order to fashion judgments. We must expect that precedent may be moot in months instead of years. And we must be willing to appreciate the many competing policy forces that interact on the Internet like nowhere else in the world.

Even as this Article is written, drastic changes to the domain name system are mounting. ICANN has agreed to operate several new top level domains in addition to .COM, .NET, and .ORG. Many have opined that the addition of these domains will exponentially exacerbate existing domain name dispute woes and promising solutions have not been forthcoming. Compounding the problem is the potential viability of efforts like those of New.Net,<sup>132</sup> a competing registry of domain names in competition with ICANN contracted Network Solutions, which provides technical management of the .COM, .NET, and .ORG registries. New.Net currently offers twenty top-level domain names different from those ICANN offers. Of course, in order to visit any New.Net domains, one must configure one’s computer specifically to do so. But New.Net has signed contracts with several major ISPs and, potentially, could gain enough such contracts so as to offer a substantial percentage of users on the Internet seamless access to New.Net domains. Though unlikely, New.Net could even compete head on with ICANN, offering names ending in .COM and making it possible for there to be two microsoft.coms, depending on which ISP a user subscribes to.

Trademark law’s fine balance of the public interest and excessive protection of trademark owners’ rights is one that deserves special attention in light of the dynamic nature of the Internet. In this Article, I have argued that this attention has not been duly given. The cost of our failure to accurately reflect the principles behind trademark protection will be a particularly unsavory Internet — one in which economic power has risen to be the preeminent factor in the loudness of one’s voice. If we are

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132. See <http://www.new.net>.

to maintain the great power and attraction of a world wide Internet, we must call for a curtailing of the unnecessary expansion of trademark owners' rights and the death of trademark principles by which those rights are achieved.

