

## **The DNS Wars: Trademarks and the Internet Domain Name System**

4 J. Small & Emerging Bus. L. 149 (2000)

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*This essay, based on a talk delivered on October 1, 1999 at the Fifth Annual Lewis & Clark Forum, describes what happened when the first-come, first-served Internet domain name registration policy collided with the trademark law, and with the expectations of trademark owners. Classic trademark law would probably have handled domain name space without much difficulty, but trademark owners' expectations proved more intractable. When trademark owners discovered that domain names incorporating their trademarks had been registered by others -- even where there was no plausible likelihood of consumer confusion -- they felt that their interests had been invaded. The trademark bar insisted that the only legitimate domain name use of a word that was also a trademark was a trademark use by the trademark owner. Trademark owners demanded that the domain name system allow trademark owners to both oust non-trademark owners of domain names incorporating their marks, and prevent any subsequent registration of any domain name incorporating their marks in any top level domain. In response to those demands, we've given trademark owners some significant new weapons to make it easier for them to take domain names away from the people who have registered them. It seems likely that this will reinforce the assumption that domain name space is and should be an extension of trademark space, and I believe that that assumption is both unwarranted and unwise. It also brings us perilously close to conceding that ownership of a trademark gives one the exclusive right to use the word on the Internet.*

I am talking this morning about what happened when the trademark law and culture collided with the Internet Domain Name System, and what we might do to get somewhere useful from where we seem to have landed now. My topic is something of a moving target; things are happening in Congress, in the US courts, in other countries' courts, and in the quasi-private body that's supposed to be responsible for Internet governance. New events show up several times a day, and it can be a little difficult to see the big picture.

Let me start with some very basic background about what the domain name system is and how it works. Every computer connected to the Internet needs a unique address, so that the computers that are passing all of these bits around know where to send them to. Indeed, computers need unique addresses even more acutely than people do, because there isn't any judgment involved. I'm a professor at Wayne State University, and I have an email address in the University system. Email to me at the Wayne State won't get to me at all unless it is addressed to "j.litman@wayne.edu" If someone tries to send it to "litman@law.wayne.edu," for instance, it will either return to its sender or get lost in the dead email office out there in Cyberspace.<sup>1</sup>

In fact, the real unique addresses assigned to each of the computers connected to the Internet are numbers, not names. Wayne's Internet address isn't really "**wayne.edu**", it's "141.217.1.15 ". But that's hard for human beings to remember; if you get two digits transposed, you'll end up somewhere entirely different. So what the folks who set up the system ended up doing instead was assigning each of the computers connected to the Internet a number, and then setting up databases that mapped all numbers to easy to remember domain names. When I type "lclark.edu" into a web browser or email message, the computers passing my message along query the databases and find out that "lclark.edu" is really "149.175.1.1" and direct my packets there. Remember, though, that since the numbers need to be unique, the names also must be unique.

The system for naming begins with creating a bunch of "top level domains" -- that's the very last group of two or three characters in an Internet address: ".edu", or ".gov" or ".com". Universities have Internet addresses that end in "**.edu**." Government agencies have Internet addresses that end in "**.gov**." Lots and lots of folks have Internet addresses that end in "**.com**". ("**.com**" means commercial.) There, are, in fact, seven different general suffixes, or "generic top level domain names," -- they're the domain names that aren't tied to any particular country.<sup>2</sup> In addition, there are a whole bunch of two letter country code suffixes, like .us, or .ca for Canada, .uk for Britain and .au for Australia.<sup>3</sup>

The top level domain name is the suffix, "**.edu**," or "**.com**," or one of the others. One can register a domain name within any of the top level domains, and it only needs to be unique within that top level domain. So this school is "**lclark.edu**," and there's a guy named Landon Clark in San Francisco who has registered "**lclark.net**", and Leslie Clark from London owns "**lclark.com**".

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<sup>1</sup> It's the same thing with the World Wide Web. If someone wants to see the web page for my trademark course, she needs to type in the law school's web server address, "www.law.wayne.edu", to even get near a directory that will tell her that she needs to find the "/litman/" subdirectory. If she tries to type "litman's trademark class at Wayne," say, into her web browser, she won't get anywhere at all.

<sup>2</sup> In addition to .edu, .gov and .com, there are .net, .org, .int, and .mil

<sup>3</sup> See generally ELLEN RONY & PETER RONY, THE DOMAIN NAME HANDBOOK 1-136 (1998).

More background: Until 1993, the National Science Foundation prohibited anyone from making commercial use of the Internet. When the NSF decommissioned the Internet backbone a few years ago, and stopped prohibiting commercial use, it foresaw a gradual increase in commercial Internet activity, and a growing, if still modest demand for commercial domain names in the **.com** top level domain, so it subcontracted the job of registering **.com** domain names to a small company named Network Solutions, which immediately put 2 1/2 employees on the job. Network Solutions registered **.com** domain names on a first-come first-served basis, just as all the Internet domain names had always been allocated.<sup>4</sup>

Back in 1993 and 1994, nobody had any idea that the Internet was going to become the engine of electronic commerce within the next few years. People registered domain names in **.com** for a variety of reasons. There were some companies, like Clue Computing or Amazon.com, who registered their names as domain names because they planned to do business over the Internet. There were fans. A guy named Jef Poskanzer, for instance, registered acme.com because he'd always been a big fan of Wile E Coyote.<sup>5</sup> Then, there were domain name speculators: folks who believed that the Internet would be an important business tool some day, and domain names would be valuable commodities, and so they registered a whole slew of domain names they believed someone would someday pay money to own.<sup>6</sup>

It's hard to know how to think about domain name speculators. These folks saw some unclaimed property that they believed would be valuable someday, and so they invested in it. Turns out they were right. Our society thinks about that sort of activity in different ways depending on the circumstances. Sometimes we encourage it: If the potentially valuable resource is land, or gold or pork bellies, or stock in some start-up company, we tend to think of the successful speculator as an admirable entrepreneur. Sometimes, we disapprove. If someone is stockpiling huge reserves of medicine or water or food in case the Y2K bug plunges society back into the dark ages, we tend to call it either greedy or silly. Sometimes, we simply won't permit it: If the potential valuable resource is a trademark, and someone tries to register it and put it in her trademark warehouse, in case she gets the chance to sell it to someone else some day, she can't.<sup>7</sup>

In any event, there were domain name speculators, who were either business investors or cybersquatters, depending on your religion, and they registered potentially useful names like drugs.com,<sup>8</sup> and also names they

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<sup>4</sup> See Joshua Quittner, *Billions Registered*, WIRED 2.10, October, 1994 at 50.

<sup>5</sup> See Acme Laboratories Home Page, URL: <<http://www.acme.com>>.

<sup>6</sup> See, e.g., *Panavision v. Toeppen*, 141 F.3d 1316 (9<sup>th</sup> Cir. 1998). See generally Rony & Rony, *supra* note 3, at 479-502.

<sup>7</sup> 15 U.S.C. §§ 1051, 1127. See, e.g., *Paramount Pictures Corp. v. White*, 1997 U.S. App. LEXIS 3079 (Fed. Cir. 1997); *Proctor & Gamble v. Johnson & Johnson*, 485 F. Supp. 1185 (S.D.N.Y. 1979), *aff'd* 636 F.2d 1203 (2d Cir. 1980); *Commodore Electronics v. CBM Kabushiki Kaisha*, 26 U.S.P.Q. 1503 (T.T.A.B. 1993).

<sup>8</sup> See Domainia.org, the website about Internet Domains, URL: <<http://www.cop.net/>>.

figured that businesses out there would want, like panavision.com. Some of them were planning on simply grabbing up unclaimed but commercially valuable domain names and selling them to the companies likely to want them at a substantial markup. A variation involved registering a slew of common surnames into the .com or .org domain on the theory that one could sell them to individuals who wanted domains named after their own surnames. Some of them went into it with honest intentions: they wanted to offer companies with no web presence web-hosting services, and went ahead and registered potential customers' marks as domain names as a initial step in their business plan. Others decided to use the domains they registered for porn sites, on the theory that someone would come along looking for the White House and type whitehouse.com, where they'd find all sorts of pornography that might entice them to stick around.<sup>9</sup>

Whatever motives they had, though, during the couple of years between the time that Network Solutions started registering .com domain names on a first-come first-served basis and the moment that all the businesses in the Western World figured out that they wanted a domain name based on their trademarks, a fair number of domain names that someone else might also want got snapped up.<sup>10</sup>

Of course, many more people turned out to want **.com** domain names much more quickly than anyone had anticipated, so, after the initial craziness, Network Solutions persuaded the National Science Foundation to let it charge a couple of hundred dollars to register each domain name in **.com**, both to keep folks from stockpiling a bunch of names and to help it to pay for some more employees and computer resources and so forth to keep up with the demand.<sup>11</sup>

You can see that the whole situation was a collision waiting to happen: Out here in meat space, we can have a whole bunch of different owners of ACME as a trademark -- the last time I counted there were more than 100 different trademark registrations, in addition to all the local unregistered ACME marks you can find by just looking in the telephone book. On the Internet, only one person can own **acme.com**. Jef Poskanzer, the Wile E Coyote fan I mentioned earlier, happens to be the lucky guy. He doesn't own *any* Acme trademarks, but he got there first.

That offends some people, who think that when Jef Poskanzer came knocking on Network Solutions' door, it should have done a quick trademark search, and when it discovered that Jef didn't own an ACME trademark and someone else did, it should have refused to give him **acme.com**, and instead hung onto it for the trademark owner.

Once it became clear that the Internet was important, even essential to business, a bunch of companies had decided to get themselves an Internet domain, and found that the ones they wanted had already been registered by

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<sup>9</sup> See White House, URL: <<http://www.whitehouse.com>>.

<sup>10</sup> See Quittner, *supra* note 4

<sup>11</sup> See Rony & Rony, *supra* note 3, at 149.

someone else, under Network Solutions's first-come-first-served registration policy. They were outraged. They sued. Some won;<sup>12</sup> some lost.<sup>13</sup>

Hasbro toys was interested in offering an online version of its CLUE game at clue.com, but, it discovered that Clue Computing had gotten there first.<sup>14</sup> Hasbro also considered putting together an online version of its CANDYLAND game, but then it found out that Candyland.com belonged to a company named the Internet Entertainment Group, which was using it for a pornographic website.<sup>15</sup> The Amazon Bookstore, the oldest feminist bookstore in the United States, wanted to register amazon.com, but Amazon.com had gotten there first.<sup>16</sup> Panavision, the movie camera company, went to Network Solutions to register **panavision.com**, and discovered it already belonged to a guy named Dennis Toeppen, and that Mr. Toeppen was willing to convey the domain name to Panavision, *if* Panavision forked over \$13,000.<sup>17</sup>

Before we get too excited, let's take a look at how all this pans out if you apply the trademark law already on the books. The trademark law doesn't give anyone the exclusive right to use a word, or even to use a word commercially. If it did, we couldn't have all those Acme marks. We couldn't have Apple Records and Apple Computers and Granny Smith Apples. We couldn't have both Dell Paperback Books and Dell Computers, and children couldn't sing "The farmer in the dell."

What trademark law gets you is the exclusive right to make trademark use of a word on the products you sell in those markets in which you have actually done business.<sup>18</sup> Dell Computers has an exclusive right to use the mark Dell as a trademark for computer hardware in connection with the sale of Dell-brand computer hardware. It can't stop Dell publishing from using the mark Dell on books, even books about computing. It can't stop Compaq computers from advertising that their machines are a better value than Dell. It can't stop New Line Cinema from making a movie in which the bad guy is a pornographer who uses a Dell Computer as the server for his x-rated web site. What it can do is stop anyone from making commercial use of the word Dell, or a word similar to Dell, in a way that is likely to confuse or deceive consumers.

If Dell were a famous mark, as the statute defines it, (and it isn't, but there are some marks like Kodak, which are famous), it would in addition be

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<sup>12</sup> See, e.g., *Cardservice International v. McGee*, 950 F. Supp. 737 (E.D. Va. 1997).

<sup>13</sup> See, e.g., *Gateway 2000 v. Gateway.com*, 1997 U.S. Dist. LEXIS 2144 (E.D.N.C. 1997)

<sup>14</sup> See *Hasbro, Inc. v. Clue Computing*, CV 97 10065DPW (D Mass. 9/2/99), URL: <<http://www.clue.com/legal/hasbro/d2.html>>.

<sup>15</sup> See *Hasbro, Inc. v. Internet Entertainment Group*, 40 U.S.P.Q.2d 1479 (W.D. Wash. 1996).

<sup>16</sup> See *Bob Woods*, *Amazon Bookstore suing Amazon.com*, NewsBytes, April 15, 1999 at URL: <<http://cnnfn.com/digitaljam/newsbytes/129318.html>>.

<sup>17</sup> *Panavision International v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998); see also *Intermatic Inc. v. Toeppen*, 40 U.S.P.Q.2d 1412 (N.D. Ill. 1996).

<sup>18</sup> See Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 Yale L.J. 1717 (1999).

able to go into court and get an injunction to stop non-confusing, commercial uses of its trademark that undermined the value of the trademark by blurring its significance.<sup>19</sup>

Here's what that means: if someone wants to come out with Kodak brand clothes or Xerox brand baby food or Orville Reddenbacher brand legal services, nobody is actually likely to be confused into believing that the clothes come from the camera company, or the baby food comes from the copier company or the lawyers come from the popcorn company. But, if the public comes to think of Xerox as a trademark either for copies and printers or for baby food, then Xerox's trademark is no longer as distinctive as it was before, and if Xerox-the-copier-company should decide to make cellular telephones, consumers might wonder whether the cel phones come from the copier-company or the baby food company. So, Xerox can get a court to forbid that. At the same time, because of the Dell/Dell, Apple/Apple problem, and because one can imagine Xerox arguing that someone who places ads saying "Xerox makes lousy machines and employs Chinese prison labor" is diluting its mark by tarnishing it, the statute includes some significant limitations on the cause of action. Noncommercial use isn't trademark dilution. Comparative advertising isn't trademark dilution. Criticism isn't trademark dilution. News reports aren't trademark dilution.<sup>20</sup>

So, let's look at Hasbro's problems with Clue Computing and Internet Entertainment Group. If either site is using CLUE in a way that would be likely confuse consumers into thinking that there's some connection between the CLUE game or the CANDYLAND game, and the clue.com or candyland.com sites, then Hasbro's trademark rights entitle it to relief. That doesn't necessarily mean it gets to take the domain away, but it is entitled to an injunction prohibiting Clue Computing or IEG from using CLUE or CANDYLAND in a confusing or deceptive way.

Panavision faces a serious problem with Mr. Toeppen, since he isn't really using the panavision.com domain in commerce, as the trademark statute defines it, at all; he's just registered it and put it in his warehouse of domain names. Registration, without more, isn't use in commerce, and the trademark statute requires use in commerce as an element of both infringement and dilution causes of action. The bottom line is that Mr. Toeppen isn't liable under trademark principles for merely registering **panavision.com**, but if he uses the domain name in any way that's likely to confuse the public into believing that it's related to Panavision, Inc., he will be.

Hasbro sued Clue Computing. It lost.<sup>21</sup> It sued Internet Entertainment Group, and it won.<sup>22</sup> Panavision sued Mr. Toeppen, and it actually won a

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<sup>19</sup> See 17 U.S.C. § 1125(c).

<sup>20</sup> See generally JANE C. GINSBURG *et. al.*, TRADEMARK AND UNFAIR COMPETITION LAW: CASES AND MATERIALS 735-771 (1996) & 1999 CUMULATIVE SUPPLEMENT at 199-243.

<sup>21</sup> Hasbro, Inc. v. Clue Computing, CV 97 10065DPW (D Mass. 9/2/99), URL: <<http://www.clue.com/legal/hasbro/d2.html>>.

dilution claim, although the court had to do a fair amount of maneuvering to find commercial use in commerce -- it decided that Toeppen's practice of selling domain names to the companies who owned the relevant trademarks was itself commercial use in commerce.<sup>23</sup>

There were a bunch of lawsuits, and the courts seemed to be working it out.<sup>24</sup> Mr. Toeppen and other domain name speculators struck courts as profoundly offensive, so they called them cybersquatters and ruled against them.<sup>25</sup> People who capitalized on famous trademarks to divert consumers to their sites, especially pornographic sites, also lost. Companies that had legitimate claim to their domain names, like Clue Computing, often didn't lose, but they spent millions of dollars in attorneys fees and court costs.<sup>26</sup> The millions-of-dollars thing meant that some trademark owners offered to buy out domain name registrants rather than litigate. It also meant that when a number of different domain name registrants got bigfoot letters from trademark owner's lawyers, they decided to fold.<sup>27</sup>

We had a system in which a trademark owner who wanted a domain name that had been registered by someone else might be able to get it by litigating but might not. For lots of trademark owners, that wasn't good enough. They felt *entitled* to occupy the domain names incorporating their trademarks, and if the system didn't give it to them, they needed to change the system.

Some of them sued *Network Solutions* for trademark infringement and dilution.<sup>28</sup> That didn't work, and it shouldn't. If Dennis Toeppen isn't breaking the law when he registers panavision.com, Network Solutions surely isn't breaking the law when it lets him. Nonetheless, Network Solutions hated being dragged into court, and it lost it. I don't know who represented Network Solutions, but whoever it was must have frightened the company silly, because it set out to try to ensure that nobody could ever sue it for anything ever again. It adopted a new set of rules designed to placate trademark owners. The new rules first required all domain name registrants past and future to indemnify it for anything, and then insisted that if some trademark owner showed up with a certificate of registration complaining about a domain name, it could give the domain name registrant thirty days to

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<sup>22</sup> *Hasbro, Inc. v. Internet Entertainment Group*, 40 U.S.P.Q.2d 1479 (W.D. Wash. 1996).

<sup>23</sup> *Panavision International v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998).

<sup>24</sup> See *Cybersquatting and Consumer Protection: Ensuring Domain Name Integrity: Hearing on S. 1255 Before the Senate Judiciary Committee*, 106<sup>th</sup> Cong. 1<sup>st</sup> Sess. (July 22, 1999) (written testimony of Michael A. Froomkin, University of Miami); *id.* (written testimony of Jessica Litman, Wayne State University).

<sup>25</sup> See Rony & Rony, *supra* note 3, at 479-502.

<sup>26</sup> See Rony & Rony, *supra* note 3, at 299-378.

<sup>27</sup> See Rony & Rony, *supra* note 3, at 459-477.

<sup>28</sup> See, e.g., *Lockheed v. Network Solutions*, 985 F. Supp. 949 (C.D. Cal. 1997), *aff'd*, --- F.3d ----, 1999 WL 965618 (9th Cir 1999); see generally Rony & Rony, *supra* note 3, at 420-457.

prove that it's rights were superior to the trademark owner's, and, if it didn't, Network Solutions would suspend the domain name.<sup>29</sup>

That didn't prevent Network Solutions from being sued; it just meant that domain name registrants had to go to court to stop Network Solutions from inactivating their domains.

The Roadrunner Computer Systems registered **roadrunner.com**, and then one day, Warner Brothers Studios (home of Wile E. Coyote) decided that *it* wanted **roadrunner.com**. Warner Brothers has been using a road runner character in its cartoons since the 1930s, but didn't actually register the trademark until 1991; a bunch of other people own registrations for ROAD RUNNER for tires, a restaurant, construction services, tractors, treadmills, although Roadrunner computer systems isn't one of them. As the holder of a trademark registration, is Warner Brothers entitled to oust Roadrunner Computers? If so, what happens if the owner of Roadrunner Tires wants to oust Warner Brothers -- its trademark registration was, after all, first?

Warner Brothers' came in with its registration for Roadrunner, and Network Solutions sent a 30 day letter to Roadrunner computer systems. Roadrunner is an Internet Service Provider. If its domain name gets cut off, all of its customers lose their Internet addresses for some indefinite period, and it as good as gets run out of business entirely. Roadrunner Computer did the only thing it could think of: it filed suit against Network Solutions to stop the cut-off. That worked. So, as other domain name owners got 30 day letters, they went and found trademark lawyers and sued to enjoin the cut-off.<sup>30</sup>

Network Solutions tried to impose a revised, revised policy.<sup>31</sup> That didn't stop the lawsuits either. It also sent out more and more thirty-day letters as more and more trademark owners threatened to sue it. That got the community of Internet domain owners really mad, and they decided that Network Solutions had to be stopped.

By now, this little company wasn't so little anymore, and it was pulling in millions and millions of dollars registering all these domain names. If other entities got into the registration business, folks figured, they could both offer a better alternative to NSI and make lots and lots of money doing so. An ad hoc International group of Internet organizations and trademark owners decided to replace the entire edifice with a new one, in which, incidentally, they would take over the registration business themselves, and introduce a bunch of new generic top level domains.<sup>32</sup>

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<sup>29</sup> Network Solutions, Inc., Domain Name Dispute Policy Statement (July, 1995), URL: <<ftp://rs.internic.net/policy/internic/internic-domain-4.txt>>.

<sup>30</sup> See Rony & Rony, *supra* note 3, at 379-420.

<sup>31</sup> See Network Solutions Domain Name Dispute Policy, URL: <<http://www.networksolutions.com/legal/dispute-policy.html>>

<sup>32</sup> See Generic Top Level Domain Memorandum of Understanding (May 1996), URL: <<http://www.gTLD-MoU.org/>>; see generally Rony & Rony, *supra* note 3, at 521-543.

The crux of the proposal, for our purposes, is that it would have given companies who didn't get in in time to get a domain name based on their trademarks a new opportunity. Expanding the number of generic top level domains would give multiple claimants access to domains containing the same alphanumeric strings. Jef Poskanzer could keep ACME.COM, and Warner Brothers could take ACME.BIZ, while the Acme glass company could have ACME.GLASS and so forth. That proposal made the trademark bar unhappy. They argued that increasing the number of generic top level domains would just multiply the potential for confusion.<sup>33</sup>

As a prediction, that one is flawed. Consumers know that there are lots of different businesses named Acme, and don't expect any given Acme to be the particular Acme they have in mind. If consumers learned that there were lots of acme-based domain names on the web, they wouldn't expect any particular one to belong to either Poskanzer or Warner Brothers. They wouldn't be confused. Yes, that might prevent Warner Brothers from grabbing a valuable marketing tool, but Warner Brothers doesn't have the acme.com domain as it is, so it isn't any worse off. Increasingly, however, the rhetoric about consumer confusion camouflaged efforts to leverage trademark rights into stronger property interests in the use of desirable alphanumeric strings on the Internet, even in the absence of any plausible likelihood of consumer confusion.<sup>34</sup> In fact, the consumer confusion issues are not hard to solve, but some trademark interests perceived the domain name conundrum as an opportunity to expand their rights beyond the limits imposed by traditional trademark law. That trademark owners should pursue such a course is easy to understand, but there is no policy reason why we should design the architecture of the system to assist them.<sup>35</sup>

The proposal to add new generic top level domains had additional potential advantages only tangentially related to trademark law. Because of successful advertising, a large segment of the public had come to view .com as the only "real" domain. The combined registration activities of businesses trying to do business on the World Wide Web and domain name speculators had led to the registration of essentially every word in a typical English-language dictionary as a second level domain in .com. New entrants into the world of e-commerce were necessarily settling for increasingly unwieldy domain names. The fact that there were few easy-to-remember alphanumeric strings left unregistered served as an entry barrier to new firms seeking to do business on the web, and gave their earlier competitors a marketing advantage that was difficult to overcome. In addition, it inflated the value of the resale market in .com domain names, encouraging the

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<sup>33</sup> See International Trademark Association, *INTA Response to the U.S. Government Paper on the Improvement of Technical Management of Internet Names and Addresses* (March 18, 1998), URL: <<http://www.ntia.doc.gov/ntiahome/domainname/130dftmail/scanned/INTA.htm>>.

<sup>34</sup> See Jessica Litman, *Electronic Commerce and Free Speech*, 1 J. Ethics and Information Technology #4 (forthcoming 1999).

<sup>35</sup> See Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 Yale L.J. 1717 (1999).

activities of domain name speculators. If the speculators were a significant part of the problem, parsimonious limits on the expansion of domain name space would only make the problem worse.<sup>36</sup>

Most representatives of trademark owners were undoubtedly sincere in their efforts to protect trademarks from infringement and dilution, although their single-minded pursuit of that goal caused them to elevate trademark concerns over all others. (People who own trademarks appear to be doomed to perceive their marks as stronger and more valuable than their customers and competitors do.) Other trademark lobbyists may have gotten greedy, hoping to enshrine in domain name space the trademark rules that they felt should be the rules in meat space, but weren't.

The trademark bar started claiming that the only legitimate domain name use of a word that was also a trademark was a trademark use by the trademark owner, and demanded a system that allowed trademark owners to oust non-trademark owners of domain names incorporating their marks, and that permitted trademark owners to prevent any subsequent registration of any domain name incorporating their marks in any top level domain.<sup>37</sup>

That's in a lot of ways an outrageous demand. This is not a particularly new problem. We have seen it in the United States with 1-800 telephone numbers, which are given out on a first-come first served basis, it's not that hard to solve.<sup>38</sup> Trademark laws give businesses some powerful tools to prevent confusion and dilution, but they don't confer on anyone a right to own the phone number 1-800-trademark or the domain name trademark.com, much less trademark.net, trademark.org, or trademark.uk.<sup>39</sup>

Moreover, a rule that a trademark owner had the right to any and all domain names of the form trademark.domain wouldn't make any sense and would be impossible to administer. For one thing, how are we supposed to pick which trademark owner? Dell Books has been around since 1943. Dell computers has been around since 1988. Both of them own trademark registrations for Dell. Which one is entitled to the domain name "**dell.com**"? And how do you decide? It gets worse if the dell you choose will presumptively have a claim on dell.org, dell.net, dell.us, dell.uk, dell.biz, and

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<sup>36</sup> Jonathan Weinberg, Comments on the Uniform Dispute Resolution Policy (October 1999), URL: <<http://www.law.wayne.edu/weinberg/udrp.htm>>.

<sup>37</sup> See International Trademark Association, *INTA Response to the U.S. Government Paper on the Improvement of Technical Management of Internet Names and Addresses* (March 18, 1998), URL: <<http://www.ntia.doc.gov/ntiahome/domainname/130dfmail/scanned/INTA.htm>>; Letter from Jake Winebaum, President, Disney Online, to U.S. Department of Commerce (March 20, 1998), URL: <<http://www.ntia.doc.gov/ntiahome/domainname/130dfmail/scanned/Disney.htm>>. See generally Craig Simon, *Overview of the DNS Controversy*, URL: <<http://www.flywheel.com/ircw/overview.html>>.

<sup>38</sup> *Lockheed Martin Corp v. Network Solutions*, 985 F. Supp. 949 (C.D. Cal. 1997); see, e.g., *Dial-a-Mattress Franchise Corp. v. Page*, 880 F.2d 675 (2d Cir. 1989); *American Airlines v. A 1-800-A-M-E-R-I-C-A-N Corp.*, 622 F. Supp. 673 (N.D. Ill. 1985). The Patent and Trademark Office has recently issued Examination Guide 2-99, Marks Composed, In Whole Or In Part, Of Domain Names, in which it explains that it will treat Internet Addresses in the same manner it treats 1-800 telephone numbers for the purposes of trademark registration.

<sup>39</sup> See, e.g., *Avery-Dennison v. Sumpton*, (9<sup>th</sup> Cir 1999)

so forth. The BUDWEISER beer mark belongs to Anheuser-Busch in the United States and to the Budvar brewery in the Czech Republic. Anheuser-Busch's Budweiser beer is the more famous; Budvar's Budweiser was first. Only one of them, however, can own the domain name budweiser.com, and that domain will be accessible from computers in the United States, in the Czech Republic, and in any other country connected to the Internet. How should a domain name allocation system choose between them? The Apple Computer Company and Apple Records have shared the APPLE trademark without incident for more than 20 years, selling computers and recorded music, respectively, throughout the world. Only one of them can operate the apple.com domain. The British record company adopted the name first; the California computer company's business, however, is more intimately connected to the Internet. Does one of them have the superior claim, and, if so, which one?

Under the law as it stood, the trademark lobby didn't have what it said it ought to be entitled to. So, it set about to see what it could do to reform the system in its favor. First of all, when the trademark bar started having conniptions about the international proposal to take over domain name registration, the US Commerce Department stepped in and proposed a new plan of its own, heavily influenced by the complaints of trademark interests. Its plan called for the domain name system to be privatized, sort of, and handed over to a new non-profit corporation designed to Commerce Department specifications.<sup>40</sup>

Let's skip, here, over the immensely entertaining story of what happened when the United States government tried to implement its plan, threatening to oust Network Solutions from its lucrative business,<sup>41</sup> and get right to the situation as it stands today. It looks as if trademark interests will get most, or maybe even all, of what they asked for. We're in the end stages of a takeover of domain name space, in which control over Internet domain names is being handed over to an organization named the "Internet Corporation for Assigned Names and Numbers", or ICANN. ICANN is officially considered to be part of the private sector, notwithstanding that the US government designed its structure, chose its board members, tells it what it can and can't and must do, oversees how it funds its activities, and so forth. Because ICANN is not part of the government, what it does it not subject to the the sort of review that faces administrative agencies; it doesn't have to worry about notice and comment; it's free to be arbitrary and capricious, and so forth.<sup>42</sup> The White House decided that this sort of structure would be

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<sup>40</sup> U.S. Dept. of Commerce, Management of Internet Names and Address, 63 Fed. Reg. 31741 (6/10/98).

<sup>41</sup> See *The Domain Name System: Is ICANN Out of Control?*, Hearing Before the Oversight and Investigations Subcomm. Of the House Commerce. Comm., 106<sup>th</sup> Cong., 1<sup>st</sup> Sess. (7/22/99), URL: <<http://com-notes.house.gov/ccheat/hearings106.nsf/HearingExpand?OpenView&StartKey=D9A7CDB563866C02852567AF005ED58B>> .

<sup>42</sup> See Lawrence Lessig, Governance (10/10/98), URL: <<http://cyber.law.harvard.edu/works/lessig/cpsr.pdf>>; Lawrence Lessig, *A Bad Turn for Net*

better for electronic commerce than either the status quo or the initial International proposal.

One of the terms of the handoff -- one of the things the government has told ICANN that it must do -- is a commitment to a dispute resolution process that meets trademark owner's perceived needs.<sup>43</sup> Last spring, the World Intellectual Property Organization issued a report recommending that both the easy ouster and the preemptive blocking mechanism be incorporated into the domain name system,<sup>44</sup> and all indications are that that's ultimately what's going to happen. A number of folks have objected that the WIPO proposal is tilted to give commercial trademark owners a bunch of unfair advantages over folk who are using the Internet for political or personal speech,<sup>45</sup> but those objections don't seem to have persuaded any of the people who get to make the rules.<sup>46</sup>

In late October, ICANN adopted a mandatory uniform dispute resolution process<sup>47</sup> that isn't quite as bad as the one WIPO recommended, but it isn't very good either.<sup>48</sup> Under the policy, if a trademark owner complains that a domain name that's similar to its trademark has been registered in bad faith, the registrar will have to send the dispute to mandatory arbitration, under a set of rules drafted to give trademark owners

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*Governance*, Industry Standard, September 18, 1998, at URL: <http://www.thestandard.com/articles/display/0,1449,1718,00.html>.

<sup>43</sup> See Management of Internet Names and Addresses, *supra* note 40; U.S. GOVERNMENT WORKING GROUP ON ELECTRONIC COMMERCE, FIRST ANNUAL REPORT 12-13 (1998).

<sup>44</sup> WIPO INTERNET DOMAIN NAME PROCESS, THE MANAGEMENT OF INTERNET NAMES AND ADDRESSES: INTELLECTUAL PROPERTY ISSUES (April 30, 1999), URL: <http://ecommerce.wipo.int/domains/process/eng/processhome.html>. See A. Michael Froomkin, A Commentary on WIPO's *The Management of Internet Names and Addresses: Intellectual Property Issues* (5/19/99), URL: <http://www.law.miami.edu/~amf/commentary.htm>.

<sup>45</sup> See *id.*; Association for Computing Machinery Internet Governance Committee, Petition for Reconsideration on Cybersquatting (8/16/99), URL: <http://www.icann.org/comments-mail/comment-udrp/current/msg00001.html>; Carl Oppedahl, Comments for ICANN on the WIPO Report (5/7/99), URL: <http://www.icann.org/comments-mail/comment-ip/msg00010.html>; John Gilmore, WIPO's Report is 100% Backward and Should be Rejected in Its Entirety (5/14/99), URL: <http://www.icann.org/comments-mail/comment-ip/msg00025.html>.

<sup>46</sup> ICANN adopted some of the WIPO recommendations in October, 1999, and has referred the remaining recommendations to the ICANN Domain Name Supporting Organization, where they are under active review. See *infra* notes 47 - 53 and accompanying text. The first portion of the WIPO Report to be implemented was the recommendation for a summary dispute resolution process for trademark owners. In ICANN's *Second Staff Report on Implementation Documents for the Uniform Dispute Resolution Policy* (10/25/99), URL: <http://www.icann.org/udrp/udrp-second-staff-report-24oct99.htm>, the staff explains its reasons for rejecting most of the public comments submitted in response to earlier drafts.

<sup>47</sup> Uniform Domain Name Dispute Policy, URL: <http://www.icann.org/udrp/udrp.htm>. In fairness, the staff also rejected trademark owners' demands that the policy be broadened to allow them an easy method to capture domain names from registrants who had legitimate, but non-trademark-related, claims to their domains. See INTA Response (10/7/99), URL: <http://www.icann.org/comments-mail/comment-udrp/current/msg00049.html>.

<sup>48</sup> See A. Michael Froomkin, A Catalog of Critical Process Failures; Progress on Substance: More Work Needed (Oct. 13, 1999), URL: <http://www.icann.org/comments-mail/comment-udrp/current/msg00100.html>; Weinberg, *supra* note 36.

some significant advantages over domain name registrants.<sup>49</sup> The arbitration may result in an arbitrator's ordering the domain to be transferred to the trademark owner. The definition of the sort of bad faith registration that would entitle the trademark owner to capture the domain name includes intentional tarnishment, which seems to be broad enough to reach parody sites like the Roadkills-R-Us site at [www.rru.com](http://www.rru.com),<sup>50</sup> and criticism sites like [Mcspotlight.org](http://Mcspotlight.org).<sup>51</sup> In February, The *New York Times Cybertimes* reported that in the three months the UDRP had been in effect, 175 cases had been filed and eight were already resolved. All of the resolved cases had resulted in the transfer of the disputed domain name to the trademark owner-complainant.<sup>52</sup> Meanwhile, the proposal to allow trademark owners to block the registration of particular alphanumeric strings across all domains is in the works.<sup>53</sup>

In another part of the forest, we've seen efforts to enact significant expansions of domestic judicial remedies in domain name disputes. A bill introduced last summer by Senator Abraham (one of my Senators, I'm embarrassed to say) tried to solve the perceived cybersquatting problem by making it a crime to register someone else's trademark as a domain name.<sup>54</sup> Understand that trademark infringement and trademark dilution aren't crimes even if they are committed with malicious intent. The only sort of trademark infringement that is treated as criminal is trademark counterfeiting, and whatever registering a domain name is, it isn't trademark counterfeiting.<sup>55</sup> Nonetheless, Senator Abraham insisted that the bill was a necessary consumer protection measure.<sup>56</sup> In late July, when folks were off on their summer vacations and Congress was about to go into recess, the Senate put this bill on the fast track, I gather because Senator Abraham was up for re-election.

At that point, Senator Patrick Leahy insisted that the Bill be revamped to make it less draconian. He introduced an alternative bill<sup>57</sup> with no criminal

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<sup>49</sup> Rules for Uniform Domain Name Dispute Resolution Policy, URL: <http://www.icann.org/udrp/udrp-rules-24oct99.htm>.

<sup>50</sup> URL: <http://www.rru.com>.

<sup>51</sup> McSPOTLIGHT, URL: <http://www.mcspotlight.org/>

<sup>52</sup> Jeri Clausing, *Hundreds of Net Disputes in International Mediation*, *CyberTimes*, Feb 24, 2000 at At URL:

<http://www10.nytimes.com/library/tech/00/02/cyber/articles/24domain.html>. ICANN posts the status of UDRP disputes on its site at URL:

<http://www.icann.org/udrp/proceedings-list.htm>.

<sup>53</sup> See Domain Name Supporting Organization, Working Group B archives, URL: <http://www.dnso.org/wgroups/wg-b/Archives/index.html>.

<sup>54</sup> S. 1255, 106<sup>th</sup> Cong., 1<sup>st</sup> Sess. (introduced 6/21/99), URL: <http://thomas.loc.gov/cgi-bin/query/z?c106:S.1255.is:>

<sup>55</sup> See 18 U.S.C. § 2320.

<sup>56</sup> See Cong. Rec. S 7334 (June 21, 1999).

<sup>57</sup> S. 1462, 106<sup>th</sup> Cong., 1<sup>st</sup> Sess. (1999).

penalties, and a narrowed definition of actionable cybersquatting.<sup>58</sup> He persuaded the Judiciary Committee to substitute the text of his alternative for the text of the Abraham Bill.<sup>59</sup> The Senate passed the Leahy substitute without dissenting vote. When the bill was introduced in the House, however, interests representing intellectual property owners were able shift the balance of the bill back toward trademark owners.<sup>60</sup> Congress enacted the *Anticybersquatting Consumer Protection Act* on its way out of town, as a rider to the mammoth omnibus budget bill.<sup>61</sup> The new law establishes a new cause of action for registration, trafficking or use of a domain name confusingly similar to or dilutive of a trademark or personal name.<sup>62</sup> It contains provisions for capturing domain names from registrants who are not subject to a federal court's *in personam* jurisdiction.<sup>63</sup> It allows trademark owners to recover substantial statutory damages<sup>64</sup> as well as an order for the transfer of a domain name when the domain name is registered or used "with a bad faith intent to profit" from its similarity to a trademark.<sup>65</sup> The Second Circuit availed itself of an early opportunity to apply the new law to a case tried before its enactment, and adopted a liberal interpretation of the phrase "bad faith intent to profit."<sup>66</sup> The district court had found that defendant's operation of the sportys.com website was unlikely to cause confusion, but diluted plaintiff's registered mark. The court held, however, that defendant's dilution was not willful.<sup>67</sup> Without disturbing the trial court's findings of no likelihood of confusion and no willful intent to dilute, the Second Circuit ordered recovery under the *Anticybersquatting Consumer Protection Act*,

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<sup>58</sup> The most important improvement reflected in the Leahy substitute was that it limited the availability of the extraordinary civil remedies provided to trademark owners in cybersquatting cases to cases in which the domain name was registered or used in bad faith.

<sup>59</sup> See S. Rep. No. 106-140, 106<sup>th</sup> Cong., 1<sup>st</sup> Sess. 4 (1999).

<sup>60</sup> See H.R. 3028, 106<sup>th</sup> Cong., 1<sup>st</sup> Sess. (1999).

<sup>61</sup> Public Law 106-113 (1999). The day the Anticybersquatting Consumer Protection Act was signed into law, the licensee of the U.S. trademark registration for the America's Cup service mark, which operated an official website at [www.americascup.org](http://www.americascup.org), filed suit against the New Zealand operator of a site at [www.americascup.com](http://www.americascup.com). The New Zealand defendant claimed its website was lawful under New Zealand law because the name Americas Cup was in the public domain. Eschewing any consideration of New Zealand law or the validity of any marks registered in New Zealand, the court granted a TRO, but did not expressly rest its analysis on the new law. See *Quokka Sports v. Cup International Ltd*, 1999 U.S. Dist LEXIS 21000 (N.D. Cal. 1999).

<sup>62</sup> See 17 U.S.C. § 1125(d)(1).

<sup>63</sup> See 17 U.S.C. § 1125(d)(2). The constitutionality of the provision is questionable. See *Schaffer v. Heitner*, 433 U.S. 186 (1977); *Porsche v. Porsche.com*, 51 F. Supp. 2d 707 (ED Va 1999).

<sup>64</sup> See 17 USC § 1117(d). Statutory damages have not previously been available in federal trademark infringement or dilution actions .

<sup>65</sup> See 17 USC § 1125(d)(1).

<sup>66</sup> See *Sporty's farm LLC v. Sportsman's Market, Inc.*, 53 U.S.P.Q. 2d (BNA) 1570, 2000 U.S. App. LEXIS 1246 (2d Cir. 2000).

<sup>67</sup> See *id.*, 2000 U.S. App. LEXIS 1246 at \*2-\*3.

holding that defendant's actions showed a "bad faith intent to profit" as defined in the new law.<sup>68</sup>

Where are we after all of this? We have given trademark owners some significant new weapons to make it easier for them to take domain names they believe themselves entitled to away from the people who have registered them. This concerns me. It threatens to reinforce the assumption that domain name space is and should be an extension of trademark space, and I believe that that assumption is both unwarranted and unwise. It also may take us further down the road toward making commercial speech the favored flavor of discourse on the Internet,<sup>69</sup> by bolstering the impression that the owner of a trademark has a superior right to a domain name incorporating that trademark, and should be entitled to oust a domain name registrant who is using the domain name for non-trademark purposes.

In addition, I am concerned about giving trademark owners new weapons when they have made such effective use of the weapons already at their disposal to force legitimate users of contested alphanumeric strings to forgo lawful uses.<sup>70</sup> Trademark owners have threatened litigation against amateurs, critics, fans, children and coincidental adopters of domain names claimed to be too close to valuable marks. Trademark litigants have insisted that because Internet search engines index sites according to all of the words that they contain, use of a trademarked word anywhere on a site, or even in the meta tags to a site, constitutes infringement and dilution. The idea, here, is that if a customer seeking, say, PLAYBOY® ONLINE, types the word "playboy" into a search engine, and receives a list of links including a page maintained by someone who used to be a Playboy Playmate, and another by someone who insists the erotic pictures at the site are better than Playboy's, that Playboy's mark is thereby infringed and diluted.<sup>71</sup> Even worse, Playboy complains, on top of the list is a paid banner ad from some pornographic business that isn't Playboy's.<sup>72</sup>

In fact, Playboy isn't winning many of these cases, although it's winning some. The real trouble is that lots of threatened sites choose to close down or to conform their page to lawyers' demands rather than be dragged into court. And we have now put into place a couple of different sets of fancy new tools designed to let trademark owners oust alleged infringers or diluters more quickly and efficiently, but not necessarily more fairly. This is bringing

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<sup>68</sup> *Id.* at \*22 -\*27.

<sup>69</sup> See Jessica Litman, *Electronic Commerce and Free Speech*, 1 J. Ethics & Information Technology #4 (forthcoming 1999).

<sup>70</sup> See *id.*

<sup>71</sup> See *Playboy v. Welles*, 7 F. Supp. 2d 1098 (SD Cal. 1998); *Playboy Enterprises v. Asia Focus*, 1998 WL 724000 (ED Va 1998); *Playboy Enterprises v. Calvin Designer Label*, Civil Action No. 97-3204 CAL (filed 9/27/97).

<sup>72</sup> See *Playboy Enterprises v. Netscape Communications*, 1999 U.S. Dist. LEXIS 9638 (C.D. Cal.).

us perilously close to conceding that ownership of a trademark gives one the exclusive right to use the word on the Internet.

So, what's to be done? I'm enough of a stick-in-the-mud to wish that we had simply solved this problem the same way we solved the analogous 1-800- number problem, with trademark law to prevent, or at least avenge, the sort of uses that are actually likely to cause confusion. The courts have recently been pretty astute in dealing with these claims -- the 9<sup>th</sup> Circuit's decision in *Avery-Dennison*,<sup>73</sup> for example, is a sensible application of standard trademark principles. Unfortunately, it is probably too late for that solution. The ICANN mandatory dispute resolution policy and the new federal cyberpiracy law are now facts of cyber-life. But now that trademark owners have mandatory arbitration and a new federal cause of action for cybersquatting, the limits imposed by the courts under standard trademark principles may not have much practical effect. I think the best course, although it is a fiendishly difficult one to achieve politically, is to go back to the plan to add a whole bunch of new generic top level domains.<sup>74</sup> I think we should make a commitment to the idea that the owner of a trademark ought to be able to get a domain in the form of trademark-dot-something, but that other trademark owners and people who aren't trademark owners ought to be able to occupy domains in the form trademark-dot-something-else. Initially, consumers who are used to assuming that whatever business they are looking for is sure to be at whatever-business-dot-com, may find it confusing. (Not very confusing, I think, since all the businesses they already visit on the web will have the same addresses they always have.) There is no way to defend the principle that domain name space is not some subset of trademark space, however, without confusing at least those consumers who have come to believe that it is. I'm confident that the confusion will be fleeting: we can count on consumers to learn that, just as we have lots of different Acme trademarks out here in meat space, there can be lots of different acme-dot domains in cyberspace. With that principle established, we can concentrate on designing a domain name system that makes sense from technical and Internet policy vantage points rather than one that elevates today's marketing plans into the rationale for the architecture of the Internet.

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<sup>73</sup> *Avery Dennison v. Sumpton*, No. 99-55810 (9<sup>th</sup> Cir. 8/23/99), URL: <http://www.ce9.uscourts.gov/web/newopinions.nsf/f606ac175e010d64882566eb00658118/04a35134bff267ca882567d60065ee63?OpenDocument>.

<sup>74</sup> See Interim Report of Working Group C of the Domain Name Supporting Organization, Internet Corporation for Assigned Names and Numbers (10/23/99), URL: <http://www.dns0.org/dns0/notes/19991023.NCwgc-report.html>.

