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DROP THE GOVERNMENT, KEEP THE LAW: NEW INTERNATIONAL BODY FOR DOMAIN NAME ASSIGNMENT CAN LEARN FROM UNITED STATES TRADEMARK EXPERIENCE

I. INTRODUCTION¹

The Internet has become too large, too global and too commercial for any one nation to oversee.² Conceived almost thirty years ago by the United States Department of Defense as a closed conduit for military and academic communications, the Internet has developed into a primarily commercial medium.³ This global system consists of thirty million host computers with an estimated 102 million users.⁴ Users of this system rely on domain names, which are unique Internet addresses, to navigate the Internet.⁵

Trademark disputes may occur when a trademarked name is registered as a domain name by a person other than the trademark owner.⁶ As

1. See *infra* Appendix for a reference to the acronyms used throughout this Comment.

2. See Amy Harmon, *U.S., In Shift, Drops Its Effort to Manage Internet Addresses*, N.Y. TIMES, June 6, 1998, at A1; see also Matt Richtel, *You Can't Always Judge a Domain by Its Name*, N.Y. TIMES, May 28, 1998, at G6; Jon Swartz, *Imminent Domain; Government Ceding Control of Net Addresses at Midnight*, S.F. CHRON., Sept. 30, 1998, at D1.

3. See Harmon, *supra* note 2, at D2.

4. *Id.*

5. See Plaintiff's Memorandum of Law in Support of Its Motion for a Preliminary Injunction at 7, *pgMedia, Inc. v. Network Solutions, Inc.*, 1999 U.S. Dist. 2997 (S.D.N.Y. Mar. 16, 1997) (No. CIV. 97-1946) (on file with the *Loyola of Los Angeles Entertainment Law Journal*). As these internet addresses are difficult to remember, Internet users rely on domain names. These addresses are memorable and sometimes have catchy words corresponding to the address numbers. *Id.* at 1. Specialized computers known as "domain name servers" translate address numbers into the more user-friendly and memorable domain names. See *id.*

6. See Michael B. Landau, *Problems Arising Out of the Use of "www.trademark.com": The Application of Principles of Trademark Law to Internet Domain Name Disputes*, 13 GA. ST. U.L. REV. 455, 480 (1997). Parties can register any domain name with Network Solutions, Inc. ("NSI"), on a first-come, first-served basis, regardless of their legal rights to that name. *Id.*; see also Harmon, *supra* note 2, at D2. For example, recently the parents of a 12 year-old whose nickname was "Pokey" registered the domain name address "pokey.org." *Id.* "Pokey" is actually a registered trademark of the Prema Toy Company, which owns trademarks on the familiar character Gumby, and his horse, Pokey. *Id.* When Prema Toy Company discovered that "pokey.org" had been registered in violation of their trademark ownership, it sued for trademark infringement.

most domain names have been registered to U.S. companies,⁷ the majority of domain name/trademark disputes have been resolved by applying U.S. trademark law and precedent.⁸ As the Internet continues to expand, the number of domain name/trademark disputes will likely increase.⁹

For the last five years, the U.S. government has had a contract with a private company, Network Solutions, Inc. ("NSI"),¹⁰ to register domain names.¹¹ In October 1998, NSI's contract with the U.S. government expired.¹² Currently, governance of the domain name system is being transferred to an international body.¹³ Due to the international character of the Internet, many countries have been concerned about who will step into the U.S. government's shoes to govern the domain name system.¹⁴

Representatives from various countries and Internet organizations have stated that the new group should be a non-profit organization that reflects global interests and is stable, yet flexible.¹⁵ Adhering to these requirements for the new governing body, the U.S. government has recently approved a new organization to take control of the domain name system.¹⁶

Id.

7. Request for Comments on the Enhancement of the .us Domain Space, 63 Fed. Reg. 41,547, 41,548 (1998).

The early availability and extensive use of gTLDs by U.S. companies . . . allowed .us to develop separately . . . [in the United States]. By contrast, other country-code TLDs typically offer second-level domains on a more or less open and unrestricted basis or allow unrestricted third-level domains under a few two-character sector codes, such as .co for commercial or .ac for academic. . . . [N]o other country-code domain is managed under a geopolitically ordered regime similar to .us.

Id.

8. See, e.g., Nike, Inc. v. "Just Did It" Enters., 6 F.3d 1225 (7th Cir. 1993); Panavision, Int'l, L.P. v. Toeppen, 945 F. Supp. 1296 (C.D. Cal. 1996); Intermatic, Inc. v. Toeppen, 947 F. Supp. 1227 (N.D. Ill. 1996); American Standard, Inc. v. Toeppen, No. 96-2147, 1996 U.S. Dist. LEXIS 14451 (C.D. Ill. Sept. 3, 1996); Toys "R" Us, Inc. v. Akkaoui, No. C96-338ICW, 1996 U.S. Dist. LEXIS 17090 (N.D. Cal. Oct. 29, 1996); Hasbro, Inc. v. Internet Entertainment Group, Ltd., No. C96-130WD, 1996 U.S. Dist. LEXIS 11626 (W.D. Wash. Feb. 9, 1996).

9. See Swartz, *supra* note 2, at D1. It is estimated that 100 million domain names will be registered by the year 2000. *Id.*

10. See David Diamond, *Whose Internet Is It, Anyway?*, WIRED, Apr. 1998, at 172; see also *U.S. To Back Down In Domain Name Fracas*, NEWSBYTES, May 27, 1998, at 1, available in LEXIS, News Library, Newsbytes File.

11. Landau, *supra* note 6, at 480.

12. See Harmon, *supra* note 2, at A1; see also Swartz, *supra* note 2, at D1.

13. See Harmon, *supra* note 2, at A1; see also Swartz, *supra* note 2, at D1.

14. See Management of Internet Names and Addresses, 63 Fed. Reg. 31,741 (1998).

15. *Id.* at 31743-45; see Gary Chapman, *Seeing Beyond Borders as Domain Names Go Global*, L.A. TIMES, Aug. 17, 1998, at D4.

16. See Memorandum of Understanding Between the U.S. Department of Commerce and Internet Corporation for Assigned Names and Numbers (visited Feb. 16, 1999) <<http://www.ntia.doc.gov/ntiahome/domainname/icann-memorandum.htm>> [hereinafter *Memo-*

This new international organization is known as the Internet Corporation for Assigned Names and Numbers ("ICANN").¹⁷

This Comment argues that ICANN should incorporate the well-developed U.S. domain name/trademark precedent into its bylaws because the overwhelming majority of disputes involving domain name/trademark conflicts have been raised and resolved in the U.S.¹⁸ Part II explains the domain name system by analyzing the evolution of its management and the problems with the former managing system. This Part also discusses the Internet community's global concerns regarding the newly formed ICANN. Part III examines U.S. trademark statutes and how they have been applied to resolve domain name disputes. This Part also discusses why U.S. precedent should continue to be applied when the domain name system becomes internationally based. Part IV proposes alternatives for resolving domain name/trademark conflicts on an international level. Finally, Part V concludes that in the interest of progressive policy development, those in the international community must move past their fear of U.S. control. The international community should allow ICANN policy to incorporate U.S. precedent into its bylaws and to apply it to all domain name/trademark disputes.

II. THE INTERNET'S DOMAIN NAMING SYSTEM

The idea for hierarchical name space on the Internet developed as the number of Internet users increased.¹⁹ The structure was a hierarchy, with names using "." to distinguish the levels of a name.²⁰ An Internet address can have multiple levels, but most often an address contains two or three. Technically, the letters to the right of the last "." are referred to as top-level domains ("TLDs"), while letters immediately to the left of the last "." are known as second-level domains.²¹

For example, in the Web address <http://www.iol.ie>, "www" identifies the location as a Web address, "iol" is the second-level domain in the address, and "ie" is the country-code top-level domain ("ccTLD") for Ire-

randum of Understanding].

17. *Id.*; see *ICANN Adopted By-laws (As Revised)* (visited Feb. 16, 1999) <<http://www.icann.org/by-laws-pr23nov98.html>>.

18. See Request for Comments on the Enhancement of the .us Domain Space, 63 Fed. Reg. at 41,547; see also *infra* Part III.B.

19. See A. Cooper & J. Postel, *The US Domain* (visited Feb. 16, 1999) <<http://www.isi.edu/in-notes/rfc1480.txt>>.

20. See *id.*

21. See Plaintiff's Memorandum of Law at 7, *PgMedia* (No. CIV. 97-1946).

land.²² Similarly, in the address <http://www.newdom.com>, “www” identifies the location as a Web address, “newdom” is the second-level domain in the address, and “com” is the generic top-level domain. It is the second-level domain name that in the past has been regulated and sold by NSI, and will be regulated by ICANN.²³

Each country will continue to be responsible for the management and sale of the domain names registered within its borders, as indicated by the ccTLD.²⁴ For example, Ireland will be responsible for the ccTLD, “ie.”²⁵ However, when new top-level domains are created in the future, registration in an existing top-level domain will not automatically guarantee ownership of the same name in the new TLD.²⁶ For example, the owner/registrant of the second-level domain name “newdom” cannot prevent use of “newdom” in new TLDs without actually registering the name there as well, or registering the name as a trademark in the countries where they wish to prevent duplicate use.

A. Past Management of the Domain Name System

The U.S. government’s National Science Foundation created the Internet Network Information Center (“InterNIC”) in January 1993, to provide technical oversight of the Internet’s growth and development.²⁷ At its inception, InterNIC delegated the task of registering domain names to NSI.²⁸ NSI was granted a five year, \$5.9 million government contract for exclusive domain name registration rights.²⁹ This monopoly was designed to promote the development of consistent policies and procedures for do-

22. From the beginning, countries have been responsible for registering their own second-level domain names for their individual ccTLDs (e.g., .uk for United Kingdom registrations). See David B. Nash, *Orderly Expansion of the International Top-level Domains: Concurrent Trademark Users Need a Way Out of the Internet Trademark Quagmire*, 15 J. MARSHALL J. COMPUTER & INFO. L. 521, 529 n.77 (1997).

23. See Jeri Clausing, *New Internet Board Could Shake Up Country Domains* (visited Mar. 7, 1999) <<http://search.nytimes.com/search/daily>>.

24. See *id.* Regarding domain name registrations in ccTLDs, Jon Postel’s written policy gave priority to government interests. *Id.* Mike Roberts, interim president of ICANN, insists that no immediate changes are planned to the policy that Postel followed. *Id.*

25. See *id.* According to interim ICANN chairman Esther Dyson, countries may make domain name registration commercial. *Id.* This objective is to create a competitive marketplace. *Id.*

26. See, e.g., *Special Report—Internet and Intranet: Why Princes Went to War Over the Name of Their Domain*, THE DAILY TELEGRAPH (London), Nov. 10, 1998, available in LEXIS, News Library, Major Newspapers File.

27. Landau, *supra* note 6, at 480.

28. *Id.*

29. *Id.*

main name registration.³⁰ NSI was responsible for registering domain names in the generic top-level domains (“gTLDs”).³¹ The most common gTLDs are .com, .org, .net, .gov and .edu.³² Thus, NSI would register a name in whatever TLD the registrant would choose.³³

Domain name registrations have increased dramatically in recent years, from a mere 200 to 300 per month in 1993 to the current average of more than 3,000 per day.³⁴ Because of this, “whoever controls the [domain name system], . . . the holy temple in which all names are based—also controls the [I]nternet.”³⁵

Policies regarding registration and dispute resolution were developed primarily to insulate NSI from liability when trademark disputes arose involving domain names it had assigned.³⁶ In effect, these policies ensured that parties who registered domain names would actually use them, rather than buy them up to be sold for a profit.³⁷ Parties were allowed to register any domain name with NSI, on a first-come, first-served basis, regardless of their legal rights to that name.³⁸ However, the failure to coordinate with trademark registries resulted in numerous lawsuits for trademark violations over pirated names.³⁹ Additionally, registration fees of a mere seventy

30. Landau, *supra* note 6, at 481; see Management of Internet Names and Addresses, 63 Fed. Reg. at 31,741–42 (providing a general background of DNS development and transition).

31. Those TLDs available for registration worldwide, and not affiliated with any specific country are called “generic.” See Plaintiff’s Memorandum of Law at 8, *PgMedia* (No. CIV. 97-1946) at 8.

32. See Landau, *supra* note 6, at 480.

33. *Id.* There are some limitations on the selection of a gTLD. Generally, .edu is limited to educational entities, .gov to government associations, .mil to military branches of the government, and .org to non-profit organizations. See Cooper & Postel, *supra* note 19, at 2.

34. See Diamond, *supra* note 10, at 172.

35. *Id.*; see Plaintiff’s Memorandum of Law at 7, *PgMedia* (No. CIV. 97-1946).

There can be only one root server for the Internet to achieve universal resolvability and for Internet users worldwide to enjoy the benefit of seamless interconnectivity. . . . NSI concedes that ‘[f]or the Internet to be connected and to function, there can be only one ‘dot’ and one set of root servers.’

Id.

36. See Landau, *supra* note 6, at 481.

37. *Id.*; see Madeleine Lyons, *UCD to Shed Role in Internet Domain*, THE IRISH TIMES, Dec. 19, 1997, at 59 (defining “cyber-squatting” as the practice of registering a domain name that has been previously trademarked in the hopes of selling the domain name back to the trademark owner for a profit).

38. See Landau, *supra* note 6, at 480.

39. See *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc.*, 43 F.3d 922 (4th Cir. 1995); *Fujisankei Communications Int’l, Inc. v. Claxton*, No. CIV. 97-4324, 1998 U.S. Dist. LEXIS 1790 (S.D.N.Y. Jan. 23, 1998); *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949 (C.D. Cal. 1997); *Lozano Enters. v. La Opinion Publ’g*, No. CV 96-5969, 1997 U.S. Dist. LEXIS 20372 (C.D. Cal. July 29, 1997); *Cardservice Int’l, Inc. v. McGee*, 950 F. Supp. 737 (E.D. Va. 1997).

dollars served as little deterrence to parties who wanted to buy desirable names to later be sold for a profit.⁴⁰

A comprehensive formal structure for preventing and resolving domain name/trademark disputes has yet to be developed.⁴¹ Coordinating these areas is the most important challenge ICANN must address.

During the past two years, the Internet community has been embroiled in debate regarding the turnover of domain name system ("DNS") management.⁴² At the outset the parties involved with the Internet pursued individual agendas with little compromise.⁴³ Three major events led to the current agreement: (1) the U.S. government's Internet posting of the "White paper,"⁴⁴ (2) the July 1998 International Convention in Geneva,⁴⁵ and (3) the concerted effort of NSI and the Internet Assigned Numbers Authority ("IANA") resulting in the ICANN proposal.⁴⁶

40. See Harmon, *supra* note 2, at D2 (stating that Shopping.com recently paid \$750,000 in cash and stock to buy its domain name from the person who had registered it for \$70).

41. See Peter H. Lewis, *Dropping an Internet Hot Potato*, N.Y. TIMES, June 8, 1998, at D4; see also *Playboy Enters. v. Asiafocus Int'l, Inc.*, No. 97-734-A, 1998 U.S. Dist. LEXIS 10359 (E.D. Va. Feb. 2, 1998). "NSI makes no independent determination of an applicant's right to use the requested domain name." *Id.* at *5. The NSI Registration Agreement provides that "the party requesting registration of [the] name certifies that, to her/his knowledge, the use of [the] name does not violate trademark or other statutes." *Id.* This policy freed NSI from the responsibility of checking requested domain names against registered trademarks, leaving that determination to the domain name applicant. *Id.*

42. See Lewis, *supra* note 41, at D4; see also Karen Kaplan, *Pact Reached on Internet Control; Technology: Plan is Finalized Just Weeks Before Termination of the Government's Role In Operating the Computer Network*, L.A. TIMES, Sept. 18, 1998, at D1. Beginning with the response to the Green Paper, and continuing with the response to the White Paper, the Geneva meeting took place in July 1998. *Id.* Contentious behavior slowed as the ICANN proposal began receiving international acceptance. *Id.* Some protested that ICANN itself was controlled by a small group of engineers who were not open to consensus. *Id.* In response, ICANN amended its bylaws and began holding public meetings. *Id.*

43. See Kaplan, *supra* note 42, at D1. ICANN's proposal caps off more than a year of intense debate among numerous Internet stakeholders. *Id.*

44. Management of Internet Names and Addresses, 63 Fed. Reg. 31,741 (1998).

45. See *IFWP Hosts Meeting on Private Sector Management of Internet Names System; Registration Details Announced for Meeting Set July 24 to 25 in Geneva, Switzerland*, PR NEWSWIRE, July 20, 1998, available in LEXIS, News Library, PRNEWS File [hereinafter *IFWP Hosts Meeting*].

46. See Kaplan, *supra* note 42, at D1. NSI and IANA had previously been at odds over the best way for the Internet to become self-sufficient. *Id.* Ultimately, they joined forces to create the ICANN proposal for the Internet to govern itself. *Id.*

B. The Current Agreement

1. The "White Paper"

On July 1, 1997, President Clinton directed the Secretary of Commerce to privatize DNS management in a manner that would both increase competition and facilitate international participation in its management.⁴⁷ On January 30, 1998, the National Telecommunications and Information Administration ("NTIA"), an agency of the Department of Commerce, issued for public comment the "Green Paper," entitled *A Proposal to Improve the Technical Management of Internet Names and Addresses*.⁴⁸ The Green Paper proposed certain actions designed to privatize the domain name system in a manner allowing for global participation and competition in the area of domain name assignment.⁴⁹ It was posted on the Internet as a "Request for Comment," and encouraged readers to respond on the website, via e-mail or directly to the office of the Clinton Administration's "Internet czar," Ira Magaziner.⁵⁰ Among other shortcomings, the Green Paper did not adequately address the needs of certain special interest groups, nor did it ensure global representation on the proposed new group's managing board.⁵¹

On June 4, 1998, the Department of Commerce published a Statement of Policy known as the "White Paper."⁵² Essentially an updated version of the Green Paper, this policy statement addressed the reform of Internet DNS governance.⁵³ The White Paper proposed that the new domain name managing body would be both private and non-profit, and responsible for: (1) coordination of the DNS;⁵⁴ (2) allocation of groups and numbers to regional number registrars;⁵⁵ (3) coordination of "root servers," computers which handle address inquiries;⁵⁶ and (4) protocols to ensure consistent address allocation.⁵⁷

47. See *Memorandum of Understanding*, *supra* note 16.

48. National Telecommunications and Information Administration ("NTIA"), *Management of Internet Names and Addresses*, (visited June 5, 1998) <http://www.ntia.doc.gov/ntiahome/domain-name/6_5_98dns.htm>.

49. *Id.*

50. See *Management of Internet Names and Addresses*, 63 Fed. Reg. at 31,741.

51. *Id.* at 31,744-45.

52. *Id.* at 31,741.

53. See *id.*

54. *Id.* at 31,742.

55. See *id.*

56. See *Management of Internet Names and Addresses*, 63 Fed. Reg. at 31,742. In order to guarantee universal name consistency on the Internet, there must be a set of authoritative and

The White Paper took into account many criticisms generated by its predecessor, the Green Paper.⁵⁸ While the European Commission backed the White Paper,⁵⁹ it was sharply criticized by the European Union, the Australian government, and other bodies who believed that the plan enabled the U.S. to retain too much control over the DNS.⁶⁰ In response, White House senior policy advisor Ira Magaziner stated that it was always the intention of the U.S. that the Internet be controlled internationally.⁶¹

Another criticism leveled at the White Paper was that, while it suggested that an internationally representative board of directors be nominated to represent the Internet's "stakeholders," it failed to define who qualified as a stakeholder.⁶² Additionally, the White Paper lacked a comprehensive solution to the ever-present issue of domain name/trademark conflicts. Essentially, the new DNS governing entity avoided taking internal responsibility for the reduction of domain name/trademark conflicts. They assigned to the World Intellectual Property Organization ("WIPO")⁶³ the task of researching the practicality of creating a global trademark preclusion checking system.⁶⁴

consistent root-file servers that contain databases listing all TLDs. *Id.* Without such consistency, messages cannot be routed to the intended Internet addresses with certainty. *Id.*

57. *Id.* This is a function similar to that performed by IANA. *Id.* Address allocation of Internet names should be carried out in a manner that will preserve the Internet's stability and interconnectivity. *Id.* at 31,744.

58. See Neil Buckley, *U.S. Bid to Calm Internet Fears*, FINANCIAL TIMES (London), May 27, 1998, at 7.

59. See *Commission Mobilises EU States and Private Sector For Internet Reform*, EUROPEAN REPORT, Aug. 1, 1998, available in LEXIS, News Library, EURRPT File.

60. Buckley, *supra* note 58, at 7.

61. *Id.* According to a senior U.S. government official, these documents represented an effort by the United States government to counter charges that it is trying to perpetuate American domination of Internet management. *Id.*

62. See Chapman, *supra* note 15, at D4. Each of these entities ultimately has a "stake" in how the Internet is run because each will be affected. See *id.* "An increasing number of Internet users reside outside of the U.S., and those stakeholders want to participate in Internet coordination." Management of Internet Names and Addresses, 63 Fed. Reg. at 31,742 (inferring that to be a "stakeholder" one need not be involved in the management or administration of the Internet).

63. David Diamond, *Whose Internet Is It, Anyway; Battle of the Acronyms*, at 7, 8 (visited Mar. 19, 1999) <<http://www.wired.com/wired/archive/6.04/kashpureff.html>>. WIPO is a United Nations-chartered group that negotiates the arbitration of international trade law. *Id.*

64. See David Bicknell, *Hurdles To Be Tackled*, COMPUTER WEEKLY, July 2, 1998, at 30. "WIPO has also been charged by the US government with delivering a workable... dispute resolution system over commercial users' trademarks in domain names." *Id.*; see *supra* Part I.

2. The July 1998 Geneva Meeting

Following the release of the U.S. government's White Paper, an international group convened in Geneva, Switzerland, in July 1998.⁶⁵ The group was determined to reach a consensus regarding the definition and development of a non-profit corporation to take over the DNS.⁶⁶

Country representatives in attendance complained that the proposed structure of Internet management remained too U.S.-centric.⁶⁷ Collectively, those in attendance expressed the opinion that the future success of the Internet depends on the discontinuance of NSI's monopoly.⁶⁸ Ultimately, European countries wanted increased control over the Internet's management. Therefore, they had a strong interest in diffusing the U.S. government's control.⁶⁹ At the Geneva meeting, Ira Magaziner's comments echoed the White Paper when he reiterated that the future of the Internet would be in the hands of "stakeholders," a group still undefined.⁷⁰

Jon Postel, the former head of the DNS managing company, Internet Assigned Numbers Authority ("IANA"),⁷¹ shared Magaziner's opinion that the new group should only manage domain names and not attempt to resolve domain name/trademark disputes.⁷² He also agreed with the proposition that the new management group should work closely with WIPO, or some similarly situated group, to set up an international system to check for trademark preclusion of requested domain names.⁷³ Consequently, collaborative efforts are essential to develop a system that will alleviate expensive and time-consuming future litigation stemming from such disputes.

65. See *IFWP Hosts Meeting*, *supra* note 45.

66. *Id.* To encourage the broadest possible participation at the Geneva meeting, there was no mandatory charge for attendance and full participation. *Id.*

67. See Chapman, *supra* note 15, at D4.

68. See *id.*

69. See Amy Harmon, *We, the People of the Internet: Cybercitizens Debate How to Form On-Line Union, Perfect or Otherwise*, N.Y. TIMES, June 29, 1998, at D1.

70. See Chapman, *supra* note 15, at D4.

71. IANA, an overseer of Internet Protocol allocations, is funded predominantly by the U.S. government and is chartered by the FNC and ISOC. Diamond, *supra* note 63, at 7, 8.

72. See Chapman, *supra* note 15, at D4.

73. See *id.*

3. NSI-IANA Joint Proposition: Internet Corporation for Assigned Names and Numbers

The most recent plan caps off more than a year of intense debate worldwide and is co-authored by NSI and IANA,⁷⁴ two groups who have previously been at odds over the best way for the Internet to become self-sufficient.⁷⁵ The plan calls for a new managing corporation, called the Internet Corporation for Assigned Names and Numbers ("ICANN"), to coordinate Internet addresses, oversee the system that directs computers to the specific Internet sites they are seeking, and maintain universal connectivity within the Internet.⁷⁶

ICANN will be strictly non-political.⁷⁷ No government officials may serve on the proposed nineteen member permanent board, and no more than half of the board members may come from any single geographic area.⁷⁸ The plan also ensures public involvement and access to the internal workings of the new administrative body by making the dates of annual meetings and financial statements publicly available.⁷⁹ Nonetheless, some criticize this plan, arguing that more input should come from groups not formerly associated with domain name assignment.⁸⁰

NSI will continue to assign Internet addresses, but will also compete with private companies, both domestic and international.⁸¹ By merely paying a fee, competitors can now sell domain names in the gTLDs .com, .org, .net, .gov and .edu.⁸² Because the sale of domain names will be competitive, registration fees are likely to drop.⁸³

74. See Kaplan, *supra* note 42, at D1. IANA's root system and DNS databases are gradually being transferred from the U.S. government to ICANN. *Id.*

75. *Id.* The collaboration of NSI and IANA is indicative of the global cohesiveness that increased as the time before the turnover waned. Amy Harmon, *Seeking Compromises On Internet Domain*, N.Y. TIMES, Sept. 7, 1998, at C3 (quoting Ira Magaziner, who was optimistic about an ultimate compromise, stating that, "In any negotiation, if you get things down to two factions you can lock them in a room and push them to have an agreement.").

76. See Kaplan, *supra* note 42, at D1.

77. *Id.*

78. See *id.*; see also *ICANN Adopted By-laws (As Revised)*, *supra* note 17, at 6.

79. See Kaplan, *supra* note 42, at D1.

80. See *U.S. To Back Down In Domain Name Fracas*, *supra* note 10. European concerns that the White Paper gave too little influence to other countries resulted in major U.S. concessions. *Id.*

81. See Swartz, *supra* note 2, at D1.

82. *Id.*; see Karen Kaplan, *Technology: More On Tech; Domain Name Requirements Finalized*, L.A. TIMES, Mar. 5, 1999, at C3. ICANN has finalized the requirements for companies who want to compete with NSI for domain name registrations. *Id.* Potential competitors can submit applications to ICANN beginning March 15, 1999. *Id.*

83. See Swartz, *supra* note 2, at D1.

The U.S. government has reserved the right to overrule whatever choices the private sector (post-contract NSI and other private businesses) might make regarding ICANN's policies on the DNS.⁸⁴ While repeatedly professing the desire to extract itself from Internet oversight, the U.S. government has retained the right to remain involved well into the year 2000.⁸⁵

Due to the rapidly increasing number of situations where trademarked names have been used in Internet domain names, ICANN, the U.S. Department of Commerce, and WIPO consider the implementation of a system to address such conflicts to be both practical and urgent.⁸⁶ WIPO has been assigned the task of developing recommendations regarding the operation of an enhanced searchable database to store domain name registration statistics.⁸⁷ This database must have the capacity to maintain information for the gTLDs formerly controlled and registered exclusively by NSI: .com, .org, .net, .gov and .edu.⁸⁸ Ultimately, the goal is that this database will deter registration clashes by cross-referencing major trademark registries worldwide.⁸⁹ Within sixty days after publication of WIPO's recommendations, NSI will provide the Department of Commerce with recommendations for how, and under what conditions, the database might be designed and implemented.⁹⁰ WIPO initiated this endeavor by coordinating a Standing Committee on the Law of Trademarks, Industrial Designs, and Geographical Indications, which is attempting to harmonize substantive trademark laws of different countries.⁹¹ It seems likely that WIPO's rec-

84. See Lewis, *supra* note 41, at D4; see also Kaplan, *supra* note 42, at D1. Another agreement will have to be signed before the U.S. government completely turns over authority to ICANN. See Karen Kaplan, *1st Step Taken in Transfer of Internet Name System*, L.A. TIMES, Nov. 26, 1998, at C2. This is expected to happen no later than Oct. 1, 2000. *Id.*

85. See Swartz, *supra* note 2, at D1 (quoting Ira Magaziner's statement that, "It's not as if everyone turns into a pumpkin at midnight We want to set something up that lasts decades. If that takes a few more days or weeks, so be it."); Stuart McCarthy, *Domain Made in TV-Land: Canadian Set to Turn Tiny South Pacific Island Nation into Internet Power*, OTTAWA SUN, Oct. 13, 1998, at 43. The U.S. government recently extended NSI's contract for two years, and stipulated that NSI must begin sharing the market with competitors no later than March 31, 1999. *Id.*

86. See Bicknell, *supra* note 64, at 30.

87. See *Network Solutions, Inc., Special Award Conditions NCR-9218742, Amendment No. 11*, (visited Oct. 7, 1998) <<http://www.iana.org>>, at 2.

88. *Id.* at 1.

89. *Id.*

90. *Id.* at 2.

91. See Bicknell, *supra* note 64, at 30. In August 1998, NetNames International, the leading global domain registry, launched Global Recovery Service, "an affordable option to recover infringing domain names anywhere in the world." See *NetNames Launches Global Domain Name Legal Recovery Service*, M2 PRESSWIRE, Aug. 12, 1998, available in LEXIS, News Library, M2PW File. The DNS managers would have to apply this type of check in the reverse, checking trademark registries internationally rather than registered domain names as NetNames does. See *id.*

ommendations will be the vehicle for implementing an international system for global trademark preclusion checks.⁹²

III. DNS AND TRADEMARK CONFLICTS

Companies have traditionally trademarked distinguishing elements and/or designs in conjunction with their names.⁹³ Familiar trademarks include the golden arches and name of "McDonalds," the name "Toys-R-Us," with the "R" backward, and the "MTV" logo, with "TV" superscripted and overlaying the larger "M." In the on-line world, domain names consist of only numbers and letters: symbols have not yet been incorporated into addresses.⁹⁴ As U.S. companies have registered the majority of domain names in gTLDs, most trademark conflicts have been resolved in U.S. courts applying U.S. trademark law.⁹⁵

A. U. S. Trademark Statutes

1. Trademark Registration Under the Lanham Act

The Lanham Act, passed in 1946, provides federal trademark protection.⁹⁶ Section 43(c) of the Lanham Act⁹⁷ addresses unfair competition that results from the use of a protectable mark by a person other than the mark's senior user.⁹⁸ This protection is provided because trademark users expect

92. See Bicknell, *supra* note 64. Among other issues on the agenda, the Singapore meeting will include a discussion of WIPO recommendations regarding the resolution of domain name/trademark conflicts. See *ICANN March 2-4 Singapore Meeting Tentative Agenda* (visited Feb. 16, 1998) <<http://www.icann.org/singapore.html>>.

93. See Landau, *supra* note 6, at 462.

94. *Id.* at 462-63.

95. *But see Special Report - Internet and Intranet: Why Princes Went to War Over the Name of Their Domain*, *supra* note 26. A U.K. court ruled that a U.S. based company's senior trademark registration of a name in the U.S. did not have preclusive effect over a U.K. based company's domain name registration of the same name in the .com gTLD. *Id.* The American company then brought suit in U.S. district court to again challenge the English company's domain name registration, but eventually dropped the lawsuit. *Id.* The domain name registrant lost the equivalent of nearly \$150,000 fighting for the right to his domain name, which he ultimately retained. *Id.*

96. 15 U.S.C. §§ 1051-1127 (1994).

97. *Id.* § 1125(a).

98. *Id.* § 1114(1). This statute states:

Any person who shall, without the consent of the registrant: (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable [for trademark infringement].

to have sole use of their marks and to be able to develop product and business recognition with the public in connection with those marks.⁹⁹

The Act includes a "Principal Register"¹⁰⁰ in which names and marks are recorded. Trademarks,¹⁰¹ service marks,¹⁰² and collective marks¹⁰³ are recorded on the Principal Register. Registration is considered "prima facie evidence of the validity of the registered mark and . . . of the registrant's ownership of that mark . . ." ¹⁰⁴ Additionally, registration "has been held to be prima facie evidence that the mark is not confusingly similar to other registered marks,"¹⁰⁵ Although registration is not required for a mark to be protected, once an application for a trademark is filed, all other parties are placed on nationwide "constructive notice" of the trademark owner's rights in the mark.¹⁰⁶ However, concurrent registrations of the same or similar marks by more than one person may be allowed if it is determined that confusion, mistake, or deception is not likely to occur.¹⁰⁷

2. Trademark Enforcement Under the Lanham Act

Proper registration enables, but is not necessary to ensure, trademark infringement relief.¹⁰⁸ A senior trademark user challenging unauthorized use of their mark has the burden of proving the mark's protectability.¹⁰⁹ Trademark law allows similar or same trademarks to be registered by different users if the goods or services connected with the trademarks are substantially different to avoid confusion.¹¹⁰ This liberal granting of trademarks does not carry over well to domain name registration where only a name is listed, and no variation is available via font style, size, or spacing. The traditional use of a lone trademark (without alphanumeric modifiers specifying either geographic markets or identifying goods and services in-

Id.; see *Panavision Int'l v. Toeppen*, 945 F. Supp. 1296, 1302 n.4 (C.D. Cal. 1996).

99. See *Cardservice Int'l, Inc. v. McGee*, 950 F. Supp. 737, 741 (E.D. Va. 1997).

100. 15 U.S.C. §§ 1051-72.

101. *Id.* § 1052.

102. *Id.* § 1053.

103. *Id.* § 1054.

104. *Id.* § 1057(b).

105. See *Nash*, *supra* note 22, at 530 (quoting J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS § 19.05 (4th ed. 1996)).

106. See 15 U.S.C. § 1072 (1994).

107. See *id.* § 1052(d).

108. See *Cardservice Int'l*, 950 F. Supp. at 740. "Holders of *valid* trademarks are protected from infringements of that trademark . . ." *Id.* (emphasis added).

109. See *Landau*, *supra* note 6, at 466.

110. *Id.* at 470.

corporated into the domain name) will not be applicable to domain names.¹¹¹

For the senior user¹¹² of a trademark, the strongest argument for infringement under the Lanham Act is the "likelihood of confusion" test for unfair competition.¹¹³ As pertinent to domain names, likelihood of confusion results from the unauthorized use or representation of a name in a false or misleading way, which is likely to cause confusion or mistake, or to deceive those perceiving it as to affiliation, connection, association or approval of the name.¹¹⁴ In the domain name setting, confusion about company names and domain names can result in a potential customer reaching the site of a company other than the one originally sought. The issue of unfair competition may arise when the site reached is not the original trademark registrant's, but a competitor's. In such a situation the consumer may or may not realize the difference between the site sought and the site reached. However, if the consumer remains at the site retrieved by the "pirated" domain name, the original registrant has lost potential business.

3. The Federal Trademark Dilution Act

One commentator has argued that, "The Federal Trademark Dilution Act is probably the strongest weapon against unauthorized use of a trademark in a domain name"¹¹⁵ The purpose of the Act is to protect owners of famous trademarks.¹¹⁶ "Famous" is not defined in the Act, but some factors used in its determination refer to the extent of use and the degree of recognition associated with the mark.¹¹⁷ "Dilution" refers to the impairment of a famous mark's capacity to provide identification and distinguish goods and services.¹¹⁸ Unlike traditional trademark infringement claims, dilution does not require the plaintiff to prove actual confusion.¹¹⁹

111. *Id.* at 472.

112. *See* Data Concepts, Inc. v. Digital Consulting, Inc., 150 F.3d 620, 623 (6th Cir. 1998). "Senior user" refers to the user registered in either location first. *Id.* at 623-24.

113. *See* Landau, *supra* note 6, at 472. A person believing oneself to be damaged by such unfair competition may pursue civil remedies. *See* 15 U.S.C. § 1114(1) (1994).

114. *See* Landau, *supra* note 6, at 472 (citing 15 U.S.C. § 1125(a) (1994)).

115. Landau, *supra* note 6, at 478.

116. *See* Nash, *supra* note 22, at 532.

117. *See* Nash, *supra* note 22, at 532 n.122.

118. *See* Nash, *supra* note 22, at 532 n.107 (citing 15 U.S.C. § 1127 (1994)); *see also* *Panavision Int'l*, 945 F. Supp., at 1304. "As a result of the current state of Internet technology, [defendant] was able not merely "to lessen the capacity of a famous mark to identify and distinguish goods or services," . . . but to *eliminate* the capacity of the [plaintiff's] marks to identify and distinguish . . . goods and services on the Internet." *Id.*

119. *See* Nash, *supra* note 22, at 532; *see also* *Panavision Int'l*, 945 F. Supp., at 1303-04.

The legislative history behind the Federal Trademark Dilution Act indicates that one of its purposes was to deter the use of deceptive Internet addresses by those who choose marks associated with the products and reputations of others.¹²⁰ Registrants, companies and individuals who have put time and effort into creating a trademark and earning a good reputation should be protected from theft of their trademark via unauthorized use.

Relief for dilution traditionally comes in the form of a simple injunction and possibly damages.¹²¹ Unfortunately, a finding of dilution alone may not be enough to require transferring control of a domain name to the original trademark registrant unless other factors are set forth.¹²² Applying the concept of dilution internationally will be a challenge for ICANN, but prior international treaties have laid the foundation for cooperative enforcement and implementation.¹²³

B. Application of U.S. Trademark Statutes

From the outset, Americans have registered domain names primarily in the gTLDs.¹²⁴ When registration for domain names began, there was no standard method.¹²⁵ Domain name registration occurred on a first-come, first-served basis.¹²⁶ As domain names increasingly clashed with registered and unregistered trademarks, the need to address this problem became more apparent.¹²⁷

Dilution is defined . . . as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of . . . competition . . . or likelihood of confusion, mistake, or deception The precise scope of the conduct included within the definition of "dilution" as used in the federal Dilution Act has not yet been established.

Id.

120. Landau, *supra* note 6, at 478, n.89 (citing *Intermatic, Inc. v. Toeppen*, 40 U.S.P.Q. 2d (BNA) 1412, 1421 (N.D. Ill. 1996) (quoting remarks of Sen. Patrick J. Leahy in the U.S. Senate, Dec. 29, 1995, Cong. Rec. S. 19312 (104th Cong. 1995)); *see also Panavision Int'l*, 945 F. Supp., at 1301.

121. *See infra* Part III.B.1.

122. *See* Nash, *supra* note 22, at 532.

123. *See* David W. Maher, *A Cyberspace Perspective On Governance, Standards, and Control: Trademark Law on the Internet—Will It Scale? The Challenge to Develop International Trademark Law*, 16 J. MARSHALL J. COMPUTER & INFO. L. 3 (1997). "Until recently, the dilution concept has not been part of the law of many countries other than the United States." *Id.* at 14. "This situation is now changing as a result of certain international treaties that require signatory nations to afford dilution protection to trademark owners." *Id.*

124. *See* Request for Comments on the Enhancement of the .us Domain Space, 63 Fed. Reg. at 41,548.

125. *See* Landau, *supra* note 6, at 457–58.

126. *See* Landau, *supra* note 6, at 457.

127. *Id.*

Most disputes arise with domain names in the .com generic top-level domain where parties with no legal rights to a trademark have included another entity's trademark in their domain without the owner's permission and/or knowledge.¹²⁸ As no existing public policy favored one organization over the other, the only solution available was for one applicant to settle for a less favorable domain name. This created the basis for trademark disputes.¹²⁹ The Lanham and Federal Trademark Dilution Acts have both been applied to resolve domain name/trademark disputes.¹³⁰

C. *U. S. Case Precedent*

1. Trademark Holders Generally Win The Right to Use a Domain Name

Courts have generally given relief to trademark holders, validating the legitimacy of their complaints and recognizing the Internet as a predominantly commercial arena.¹³¹ When a company registers a trademark, it expects that there will be legal recourse for any unauthorized use.¹³²

The willingness of courts to grant trademark relief for unauthorized use of a registered trademark is demonstrated by the district court decision in *Lozano Enterprises v. La Opinion Publishing Co.*¹³³ The plaintiff, who had used his trademarked name in his business for eighty years, sued the defendant for registering a domain name identical to the plaintiff's trademarked business name.¹³⁴ The court decided in favor of the plaintiff, a senior trademark holder who had a registered trademark for the name "La Opinion."¹³⁵

128. See Landau, *supra* note 6, at 462.

129. See *id.*

130. See *supra* Part III.A. Though not specifically tailored to address the advent of domain name/trademark conflicts, both the Lanham Act and FTDA provide guidance toward resolution of these issues. *Id.* Also, the FTDA specifically addresses domain naming conflicts as one its target areas of application. *Id.*

131. See *Fujisankei Communications Int'l, Inc. v. Claxton*, No. Civ. 97-4324, 1998 U.S. Dist. LEXIS 1790 (S.D.N.Y. Jan. 23, 1998); *Lozano Enters. v. La Opinion Publ'g*, No. CV 96-5969, 1997 U.S. Dist. LEXIS 20372 (C.D. Cal. July 29, 1997); *Cardservice Int'l, Inc. v. McGee*, 950 F. Supp. 737 (E.D. Va. 1997).

132. See *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1290 (9th Cir. 1992); *Cardservice Int'l*, 950 F. Supp. 737; *Playboy Enters. Inc. v. Asiafocus Int'l, Inc.*, No. 97-734-A, 1998 U.S. Dist. LEXIS 10359 (Feb. 2, 1998); *Panavision Int'l v. Toeppen*, 945 F. Supp. 1296 (C.D. Cal 1996).

133. *Lozano*, 1997 U.S. Dist. LEXIS 20372, at *18-19.

134. *Id.* at *7-8.

135. *Id.* at *19-21.

Applying the Federal Lanham Act, the court held the Act: (1) was designed to protect consumers against the likelihood of confusion, whether deceptive or not,¹³⁶ (2) required the junior registrant¹³⁷ to avoid all likelihood of confusing its product with the senior registrant's; and (3) resolved the question in favor of the senior user whenever the issue of confusion was in doubt.¹³⁸ Additionally, the court differentiated between the protection afforded to domain names and traditional trademarks by forbidding the mere addition of a geographical reference to distinguish the domain name.¹³⁹

The *Lozano* court applied both an eight factor test used previously in the Ninth Circuit to determine likelihood of confusion,¹⁴⁰ and the Federal Trademark Dilution Act's standards¹⁴¹ for determining trademark dilution.¹⁴² The eight factor test includes: (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 degree of care likely to be exercised by the purchaser; (7) a defendant's intent in selecting the mark; and (8) likelihood of expansion of the product line.¹⁴³

The court found the plaintiff's mark, "La Opinion," to be both strong and distinctive based on both its use as the name for a daily newspaper since 1926, and the fact that the mark had been federally registered.¹⁴⁴ As

136. *Id.* at *7. "Traditional trademarks may be used and even registered by multiple parties in connection with different goods and services, provided that the goods and services are different enough as to not be likely to cause confusion or mistake." *Id.*

137. *Id.* at *8. The junior user is the second registered trademark user, as opposed to the first trademark registrant. *Id.*

138. *Id.*

139. *See Lozano*, 1997 U.S. Dist. LEXIS 20372, at *8-9. The court here contrasted domain names, holding that use of a domain name precludes use of that domain name by any other entity. *Id.*

140. *Id.* at *11-12 (citing *Dr. Seuss Enters., L.P., v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1404 (9th Cir. 1997); *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979)).

141. "[T]he owner of a famous mark is entitled to an injunction against another person's commercial use . . . if such use begins after the mark has become famous and causes dilution of the distinctive quality of the famous mark." *Lozano Enters.*, 1997 U.S. Dist. LEXIS 20372, at *15 (citing 15 U.S.C. § 1125 (c) (1994)).

142. *Id.* at *11-12.

143. *Id.* at *11. *But see Playboy Enters.*, 1998 U.S. Dist. LEXIS 10359 (applying a seven factor test developed in the Fourth Circuit, including: 1) the strength or distinctiveness of the mark; 2) the similarity of the two marks; 3) the similarity of the goods/services the marks identify; 4) the similarity of the facilities the two parties use in their businesses; 5) the similarity of the advertising used by the two parties; 6) the defendant's intent; and 7) actual confusion). *Id.* In their application, these two tests accomplish the same objective of protecting the mark's senior user.

144. *Lozano Enters.*, 1997 U.S. Dist. LEXIS 20372, at *12.

the plaintiff and the defendant's products are both available on the Internet, proximity of goods is not a measurable factor here. Regarding similarity of the marks, the court found that the plaintiff's registered name was the same as the name the defendant used as his Internet domain name, company name, and product name.¹⁴⁵ Along those lines, the defendant's use of the plaintiff's mark caused confusion because the marketing channel, a website, was reached by using the 'pirated' domain name.¹⁴⁶ The court also found evidence of actual confusion.¹⁴⁷ Because the plaintiff and defendant provide related goods, in this case newspapers, there is the heightened probability of consumer confusion.¹⁴⁸ Finally, the *Lozano* court presumed that La Opinion Publishing Company intended to deceive the public because they had adopted the plaintiff's trademarked name.¹⁴⁹

Using the above test as a guideline, the *Lozano* court held that La Opinion Publishing Company had violated federal trademark infringement and dilution laws.¹⁵⁰ Though the defendant's infringement was not found to have been "malicious, fraudulent, deliberate or willful[,]"¹⁵¹ the court required him to surrender his registered domain names that conflicted with registered trademarks held by the plaintiff.¹⁵²

The district court decision in *Cardservice International, Inc. v. McGee*¹⁵³ confirmed that trademark statutes trump any private company policy, and found for the senior registrant.¹⁵⁴ Defendant McGee advertised merchant card services through a domain name which was indistinguishable from the trademarked name of the plaintiff.¹⁵⁵ He stated that because his business name inserted a space between "card" and "service," he therefore was not in violation of trademark laws.¹⁵⁶ He explained that "cardservice.com" was one word because spaces are not allowed in domain

145. *Id.* at *12.

146. *Id.* at *13.

147. *Id.* at *12.

148. *Id.* (citing *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1290 (9th Cir. 1992)).

149. *Id.* at *14 (citing *Academy of Motion Picture Arts and Sciences v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1456 (9th Cir. 1991) ("When one party knowingly adopts a mark similar to another's, reviewing courts presume that the defendant will accomplish its purpose, and that the public will be deceived.")).

150. *Lozano*, 1997 U.S. Dist. LEXIS 20372, at *17.

151. *Id.* (distinguishing the present case from one involving malice, fraud or deliberately willful infringement).

152. *Id.* at *19-21.

153. *Cardservice Int'l*, 950 F. Supp. 737.

154. *Id.* at 740, 742.

155. *Id.* at 741.

156. *Id.* at 738-39.

names.¹⁵⁷ The plaintiff was forced to register the domain name "cardsvc.com" though their trademarked name was "Cardservice International."¹⁵⁸

The plaintiff alleged violations of the Lanham Act's trademark infringement and unfair competition sections.¹⁵⁹ The court ultimately issued a permanent injunction against the defendant's use of the domain name that conflicted with the plaintiff's registered trademark name.¹⁶⁰ The defendant countered that he was entitled to the domain name, citing NSI's first-come, first-served policy.¹⁶¹

The court found that minor differences between the registered mark and the unauthorized use of the mark do not preclude liability under the Lanham Act when the unauthorized use is likely to cause confusion.¹⁶² The court specifically stated that a policy such as NSI's first-come, first-served cannot trump federal law.¹⁶³

This holding reinforces precedent that domain names will be subject to preclusion by prior registered trademark names.¹⁶⁴ Further, the inability of the domain name system to allow spaces between letters or between upper and lower case letters will not excuse violations of trademark.¹⁶⁵

2. NSI Was Not Required to Check Domain Names for Trademark Preclusion

Courts have yet to impose on the domain registrar, such as NSI, the responsibility to check for senior trademark preclusion of a domain name

157. *Id.* at 739.

158. *Id.*

159. *Cardservice Int'l*, 950 F. Supp. at 739.

160. *Id.* at 742.

161. *Id.* at 740.

162. *Id.* at 741 (citing from *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc.*, 43 F.3d 922 (4th Cir. 1995)).

163. *Id.* at 740. "If trademark laws apply to domain names, anyone who obtains a domain name under Network Solutions' 'first-come-first-served' policy must do so subject to whatever liability is provided for by federal law." *Id.*

164. Senior trademark registrant's right to use trademark in a domain name have been upheld in: *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc.*, 43 F.3d 922 (4th Cir. 1995); *Fujisankei*, 1998 U.S. Dist. LEXIS 1790; *Lozano Enters.*, 1997 U.S. Dist. LEXIS 20372; *Cardservice Int'l*, 950 F. Supp. 737.

165. *Cardservice Int'l*, 950 F. Supp. at 741. "A customer who is unsure about a company's domain name will often guess that the domain name is also the company's name. For this reason, 'a domain name mirroring a corporate name may be a valuable corporate asset, as it facilitates communication with a customer base.'" *Id.* (citing *MTV Networks v. Curry*, 867 F. Supp. 202, 203-04, n.2 (S.D.N.Y. 1994)).

before allowing its registration and use.¹⁶⁶ Despite this fact, courts continue to take senior-registered trademarks into consideration. In *Lockheed Martin Corp. v. Network Solutions, Inc.*¹⁶⁷ the plaintiff accused NSI of violating federal trademark law by accepting registrations for Internet domain names which were very similar to the plaintiff's registered trademark.¹⁶⁸ NSI accepted the junior registrations and failed to comply with Lockheed's demands to cancel them.¹⁶⁹ In addition, Lockheed asserted that NSI was contributing to trademark infringement.¹⁷⁰ The court ruled that NSI could not be liable for direct infringement or unfair competition, nor could they be held liable for contributory infringement.¹⁷¹ Although NSI requires domain name applicants to state the purpose of their domain name registration, the court held that even in cases where the domain name is identical to a senior trademark, NSI could not reasonably presume infringement would be likely to occur.¹⁷²

The court's decision to shield domain name registrant NSI from any responsibility herein was partly explained in their conclusion. The court pointed out that the Internet's addressing functions operate on antiquated technologies, which are inadequate to facilitate the rapidly growing Internet.¹⁷³ The court emphasized that trademark law cannot address the multiple use of similar domain names in one or more TLDs.¹⁷⁴ The court also addressed the need to develop new technology in order to relieve pressure on domain names.¹⁷⁵ The court then noted that the solution could only occur with cooperative technical innovation throughout the Internet, and specifically within the domain name registration system.¹⁷⁶ The efficient de-

166. See *Playboy Enters.*, 1998 U.S. Dist. LEXIS 10359, at *4-5 (explaining that NSI requires registrants to complete a registration agreement at time of registration). In the agreement, the party requesting registration certifies that to their knowledge the use will not violate trademark or other statutes. *Id.* at *5. NSI makes no independent determination of an applicant's right to use the requested domain name. *Id.*

167. *Lockheed*, 985 F. Supp. 949.

168. *Id.* at 950.

169. *Id.*

170. *Id.*

171. *Id.*

172. *Id.* at 963.

173. *Lockheed*, 985 F. Supp. at 967.

174. One example of this is the right of a party who has registered a domain name in one gTLD to preclude, by that registration, any other party's registration of the same name in a different gTLD (e.g., whether registering "lmu" in the gTLD ".edu" would preclude any other party from registering "lmu" in any remaining gTLD).

175. *Lockheed*, 985 F. Supp. at 968.

176. *Id.*

velopment of Internet technology requires that involved groups take responsibility for effects of their functions which are felt globally.¹⁷⁷

If the registrar does not perceive a conflict, a plaintiff can pursue claims for trademark infringement, trademark dilution and unfair competition through the legal system.¹⁷⁸ Courts have consistently upheld trademark laws¹⁷⁹ and will generally grant the plaintiff a preliminary injunction against a defendant's continued use of the trademarked name.¹⁸⁰ An injunction generally results in cancellation of the defendant's Internet domain name, and the defendant must notify NSI of the injunction.¹⁸¹

Registrars are the applicant's first contact in the domain name application process.¹⁸² Thus they are most logically the ones who should coordinate initial checks of possible trademark preclusion. The registrar's involvement at an earlier stage can eliminate the need for much litigation by ensuring that using a requested domain name will not thwart the commercial viability of a previously registered trademark.

3. DNS Policy Development Has Been Guided by Trademark Law

Courts as a whole have been extremely deferential to trademark rights, and appear to have accepted the Internet as a commercial medium.¹⁸³ Courts recognize that when companies began using the Internet for marketing, they generally wanted to acquire a domain name that was an amalgamation of their company's name and could therefore be easily found by potential clients searching the Web.¹⁸⁴ Businesses actively promote domain names in advertising, and famous entities may well be damaged if they do not own the main .com address consisting of their names.¹⁸⁵

As evidenced in the cases above, trademark law can be applied to domain name registration. Courts have stretched to mold the application around the distinctive qualities of the domain naming system and have occasionally found it necessary to alter the application.¹⁸⁶ Utilization of

177. *Id.*

178. *Fujisankei*, 1998 U.S. Dist. LEXIS 1790, at *1.

179. *See id.*

180. *See id.* at *2.

181. *See id.*

182. *See Cooper & Postel, supra* note 19 (describing the domain name registration process).

183. *See Richtel, supra* note 2, at G6.

184. *See Nash, supra* note 22, at 527-28.

185. *See Willoughby & Partners, The Future of the Domain Name System—Up For Grabs?*, MONDAQ BUS. BRIEFING, Aug. 28, 1998, available in LEXIS, News Library, Europe File, MONDAQ Folder.

186. *See* Part III.C.

trademark law has been essential to afford protection to trademark holders against a domain naming system that completely lacked protocols to prevent such conflicts. This domestic law will continue to apply inside the U.S.; in the interest of efficiency and progress, the new DNS administration should apply this precedent in the development of its new protocols and procedures on an international level.

IV. PREVENTING DOMAIN NAME/TRADEMARK CONFLICTS ON AN INTERNATIONAL SCALE

A. Introducing Additional gTLDs

One way to accommodate the demand for domain names is to expand the number of gTLDs in which domain names can be registered.¹⁸⁷

1. Proposal for New gTLDs

Originally, the international top-level domains were: .arpa, .nato, .int, .com, .edu, .net, .org, .gov and .mil.¹⁸⁸ Today, the top-level domains in the DNS are .edu, .com, .gov, .mil, .org, .int, .net, and all of the two-letter country-codes from the list of countries in ISO-3166.¹⁸⁹

The International Ad Hoc Committee ("IAHC") proposes adding seven new TLDs: .firm, .store, .web, .arts, .rec, .info, and .nom. However, companies that have already staked claims over one or more of the existing TLDs have heavily criticized this proposal.¹⁹⁰ They claim that adding more TLD options would reduce the demand for each TLD, and consequently decrease the competition for, and registration value of, each name.¹⁹¹ Even so, Ira Magaziner expects several new domain names (.store and .firm are frequently mentioned) to be added to the mix fairly soon.¹⁹²

Companies with strong brand names have protested the creation of new domain names because it will increase their need to watch for possible trademark violations.¹⁹³ As NSI's CEO Gabriel Battista has stated,

187. To prevent international domain name/trademark conflicts, the domain name owner should register their domain name with the trademark office in his or her country.

188. See *Ontology* (visited Feb. 9, 1999) <<http://www.newdom.com/issues/ontology/>>.

189. See Cooper & Postel, *supra* note 19, at 2.

190. See *International Ad Hoc Committee, Final Report of the International Ad Hoc Committee: Recommendations for Administration and Management of gTLDs* (Feb. 4, 1997) <<http://www.iahc.org/draft-iahc-recommend-00.html>>.

191. See *id.*

192. See Swartz, *supra* note 2, at D1.

193. See *Netbenefit: Commerce Department to Release Policy Statement on the Internet*

“[d]omain names are brands. It has become the way people can be found in cyberspace.”¹⁹⁴ On the other hand, small businesses and individuals support the creation of more TLDs because it would increase their odds of being able to obtain their preferred addresses.¹⁹⁵

2. Recommendation for Managing New gTLDs

New gTLDs will be managed in the same manner as existing gTLDs.¹⁹⁶ Registrar companies will compete for the right to sell domain names within each separate top-level domain.¹⁹⁷ Many entrepreneurs, motivated by the potential for profit, are intent on registering domain names.¹⁹⁸

It is likely that registrants will be required to submit proposed domain names to trademark preclusion checks before registration will be confirmed.¹⁹⁹ It is less clear whether using a domain name in one gTLD will prevent a junior registrant from using the same domain name in a different gTLD.²⁰⁰ A likely solution for guaranteeing exclusive use of a name would be for the holder to register it with the trademark office in his or her country. Unless treaties are developed to dissuade possible foreign infringement, it would be prudent for a business desiring exclusive international use of its name to register for trademarks in more than one country.²⁰¹

Domain Name System, M2 PRESSWIRE, June 8, 1998, available in LEXIS, News Library, M2PW File.

194. See Toh Han Shih, *Boosting International Branding In Cyberspace*, BUS. TIMES (Singapore), Aug. 12, 1998, at *18, available in LEXIS, News Folder, Major Newspapers File.

195. See Harmon, *supra* note 69, at D10.

196. See *ICANN Adopted By-laws (As Revised)*, *supra* note 17, § 3(a)(ii).

The Domain Name Supporting Organization [“(DNSO)”] shall be composed of; entities that are users of the Internet and others . . . as determined by the [DNSO]. The [DNSO] shall create a Names Council to make recommendations regarding TLDs, including operation, assignment and management of the domain name system and other related subjects. . . .

Id.

197. See Harmon, *supra* note 2, at D2.

198. See Harmon, *supra* note 69, at D10. However, just as many domain democrats would rather see registration be strictly a non-profit enterprise. *Id.*

199. See *supra* Part III.C.1. In light of the increasing number of domain name/trademark disputes, this is an extremely important issue which has been contemplated. *Id.*

200. For example, would registration of “lmu.com” preclude another user from registering “lmu” in the .net gTLD? See *supra* note 174 and accompanying text for further discussion.

201. See *ICANN Adopted By-laws (As Revised)*, *supra* note 17, art. VII, § 3 (a). There shall be a Governmental Advisory Committee to represent national governments, multinational governmental organizations and treaty organizations, each of which may have one representative on the committee. *Id.* This committee will consider and provide advice on ICANN’s activities as they relate to interaction between it’s internal policies and various laws and international agreements. *Id.*; see *Memorandum of Understanding*, *supra* note 16. ICANN has pledged to work with WIPO concerning: (i) developing a uniform approach to resolving domain name/trademark

B. Incorporation of .us as a Country-Code Top-Level Domain Name

Although the new administrative body will gradually assume various responsibilities for the DNS that are presently being carried out by the U.S. government, the authority to manage and establish policy for country-code top-level domains ("ccTLDs") will remain with the individual countries and their governments.²⁰² The early availability and extensive use of gTLDs, such as .com and .org, by U.S. companies allowed the ccTLD .us "to develop separately under a hierarchical geopolitical structure."²⁰³ Because organizations in the U.S. originally registered primarily in the .edu and .com domains, very little use has been made of the .us domain.²⁰⁴ It would be the responsibility of the U.S. government to manage and establish a policy for incorporating .us into U.S. domain name addresses as a country-code top-level domain name.²⁰⁵

1. Using the .us ccTLD to Expand TLD Name Space

Country-code TLDs are administered by each individual country, not by NSI.²⁰⁶ Many countries using ccTLDs have created second-level domains "that provide groupings similar to the international" gTLDs (e.g., in the United Kingdom .co.uk corresponds to .com).²⁰⁷ Many in the Internet community agree that pressure for unique identifiers in the .com gTLD could be relieved if commercial use of the .us space was encouraged.²⁰⁸ In other words, using the .us ccTLD would reduce congestion in the present gTLDs such as .com and .net.

By using the ccTLD .us and pushing gTLD identifiers such as .com and .net to a second-level, company names could be registered as third-level domain names. A company would have the alternative of registering their trademarked name as a second-level domain name at .us. Using an identifier (such as .com, .net, .gov, .mil) as the second-level domain name would be the most efficient because it allows for more available space.

disputes; (ii) developing a process to protect famous trademarks in the gTLDs; and (iii) considering the effects of adding new gTLDs and related dispute resolution procedures. *Id.*

202. See Request for Comments on the Enhancement of the .us Domain Space, 63 Fed. Reg. at 41,548.

203. See *id.*

204. See Cooper & Postel, *supra* note 19, at 3-4. The article notes that any computer in the U.S. may be registered in the .us domain. *Id.*

205. See *id.*

206. See Management of Internet Names and Addresses, 63 Fed. Reg. at 31,742.

207. See Nash, *supra* note 22, at 529.

208. See Request for Comments on the Enhancement of the .us Domain Name Space, 63 Fed. Reg. at 41,547.

For example, two different companies with identical names could register in different second-level domain identifiers, and therefore have completely distinguishable addresses. To illustrate, "army.mil.us" could be used as the address for the Army's branch of the U.S. military, and "army.com.us" could be the distinguishable address for a commercial business named "Army."

Evolution of the .us domain is supported by many in the Internet community as a more attractive way to expand commercially usable name space.²⁰⁹ Expanding use of the .us ccTLD could alleviate some of the pressure for new gTLDs, and reduce potential conflicts between U.S. registrants and others competing for the same domain name.²¹⁰

2. No Need for Global Trademark Preclusion Checks Within .us

Because the ccTLD .us denotes a U.S. organization, only domestically registered trademarks need to be checked for preclusion. Similarly, a company registered in another country's ccTLD, denoting that it is based in that country, should be required to check for trademark preclusion of a name solely within that country's borders.²¹¹ In the case of international companies, the solution is to either: 1) register a trademark in all countries where business is transacted and where they wish to preclude competitive use of their trademarked name, or 2) register in a gTLD and go through global trademark preclusion checks.²¹²

209. See Management of Internet Names and Addresses, 63 Fed. Reg. at 31,741.

210. See Request for Comments on the Enhancement of the .us Domain Space, 63 Fed. Reg. at 41,547.

211. In the European Union, even though each country will retain its unique ccTLD, the Union may agree that before a name can be registered in an individual country, trademark preclusion must be checked throughout the Union to ensure no confusion with, or actual use of, trademarked names will result.

212. See *Special Report—Internet and Intranet: Why Princes Went to War Over the Name of Their Domain*, *supra* note 26. Even if a company goes through global trademark preclusion checks for a gTLD, a separate company may register the same trademarked name in a different country, where the name had not been trademarked by the original company. *Id.* Such a registration is not considered junior, and registration of a domain name in that ccTLD will not be precluded by the original gTLD registration. See *id.*

C. Recommendations for Regulatory Procedures to Reduce Trademark Disputes

1. Global Trademark Preclusion Check

The addition of .us may reduce congestion and competition between companies and countries for the same second-level name in a gTLD.²¹³ Although trademark preclusion checks raise less concern in the ccTLDs,²¹⁴ they are absolutely necessary where gTLDs are concerned.

Due to the fact that any person in any country can register a second-level domain name in a gTLD, the potential for both intentional and non-intentional use of trademarked names as second-level domain names is very high. Though most challenges to unauthorized use of trademarks as domain names have occurred in the U.S., the exponential growth and expansion of the Internet promises that these domain name/trademark name disputes will also become more frequent in the international arena.

Employing a system to alleviate conflicts prior to domain name registration is the most sensible solution. Along those lines, working in concert with ICANN, WIPO suggests "a global process to develop recommendations for the use of trademarks as Internet domain names."²¹⁵ WIPO has proposed that it manage an arbitration and settlement system for trademark disputes in the new system, and strongly supports developing new treaties on global trademark protection for electronic transactions.²¹⁶

2. Applying U.S. Trademark Law in International Domain Name/Trademark Disputes

E-commerce, comprised mostly of local and domestic businesses, is growing rapidly.²¹⁷ The World Trade Organization ("WTO") estimates that by 2001, \$300 billion worth of goods and services will trade within this

213. See Request for Comments on the Enhancement of the .us Domain Space, 63 Fed. Reg. at 41,547.

214. See *supra* Part IV.B.

215. *Intellectual Property Watchdog to Deal With Internet Domain Names*, AGENCE FRANCE PRESSE, July 27, 1998, available in LEXIS, News Library, AFP File (eluding to the fact that comprehensive, global trademark preclusion checks will be required before domain names will be released for registration).

216. See Bruno Giussani, *International Alphabet Soups Seek to Regulate Internet and E-Commerce*, N.Y. TIMES, Mar. 31, 1998, at 1.

217. *Id.* "E-commerce" indicates business transactions which are completed electronically, including the sale of goods and services over the Internet. *Id.*

medium.²¹⁸ It is estimated that international trade over the Internet may comprise twenty-percent (or \$60 billion) of this figure, most of which will be generated from the United States.²¹⁹ Independent, unilateral and uncoordinated regulation of the Internet by national governments would potentially slow the development of e-commerce.²²⁰ However, industry experts agree that if the U.S. government abruptly abdicated its DNS management oversight, the Internet would be plunged into chaos.²²¹

Oversight of the transition to international management should include not merely maintaining the status quo, but improving the system's comprehensive efficiency. One of the most reasonable ways to develop policy for the new internationally controlled DNS is to draw from the experiences of the last five years. Although trademark law was not considered by the original DNS, many lawsuits resulted from domain name/trademark conflicts. The international DNS administrative system can develop policies based on U. S. case law to avoid future conflicts.

United States courts have conceded that trademarked names should not be indiscriminately available for registration as domain names.²²² In fact, trademarking a name should preclude its future registration as a domain name by anyone other than the trademark holder. These realities, brought to light only over time and through experience, should be incorporated into the new DNS regulations. Doing so will promote efficiency and prevent legal confrontations between trademark owners and domain name registrants.

V. CONCLUSION

When the U.S. government conceived of the Internet in the 1960s it was not possible to forecast the extent to which it would be utilized commercially, nor the scope to which it would expand globally. Therefore, policies governing Internet domain name/trademark conflicts developed on an as-needed basis.

In the interest of parity, all involved countries must participate in the further development of ICANN's legal standards and policies. In addition, countries that are not yet appreciably connected with the Internet must not

218. *Id.* at 1.

219. *Id.* (insinuating that because most international trade on the Internet is spawned by the U.S., U.S. laws should carry authority when disputes arise in the international forum).

220. *Id.* (indicating that the new international governing body should be strongly influenced by U.S. case law because of both the history and volume of e-commerce therein).

221. See Swartz, *supra* note 2, at D1.

222. See *supra* Part III.C.

be overlooked; ICANN's policy development must take into consideration their eventual involvement.

Progressive and efficient policy development will depend on ICANN striking a balance between international fears that the U.S. will retain too much influence over the system and the distinct need to apply the extensive legal precedent that has been developed by U.S. courts regarding domain name/trademark conflict.

APPENDIX

ccTLD (Country-code Top-Level Domain) – A two letter TLD identifying the country where the domain name is registered. From the beginning of Internet development, countries have been responsible for registering their own second-level domain names for their individual ccTLDs (i.e., .uk for United Kingdom registrations, .ie for Ireland registrations).

DNS (Domain Name System) – The system for assigning and registering second- and third-level domain names. This was previously the responsibility of NSI in the TLDs .com, .org, .net, .gov, and .edu.

gTLD (Generic Top-Level Domain) – Those TLDs available for registration worldwide (i.e. .com, .net, .org, .edu and .gov).

IAHC (International Ad Hoc Committee) – A body formed in 1996 by ISOC to propose changes in the DNS.

IANA (Internet Assigned Numbers Authority) – An overseer of IP allocations, largely funded by the U.S. government and chartered by the FNC and ISOC. (IANA's root system and DNS databases are gradually being transferred from the U.S. government to ICANN).

ICANN (Internet Corporation for Assigned Names and Numbers) – The new corporation proposed by NSI and IANA to take over management of the DNS.

ISOC (Internet Society) – A non-profit, non-governmental international professional membership organization for global cooperation and coordination of the Internet and its technologies and applications.

NSI (Network Solutions, Inc.) – A company that registered the majority of domain names for the last five years under a registry known as InterNIC, via a contract with the U.S. government. That contract expired in October 1998.

TLD (Top-Level Domain) – The letters to the right of the right-most period in an Internet address (includes generic and country-code TLDs).

WIPO (World Intellectual Property Organization) – A group chartered by the United Nations that negotiates the arbitration of international trade law. In conjunction with the privatization of the DNS, WIPO is responsible for setting up a global trademark preclusion system.

*Angela Proffitt**

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