

MAIN MENU:

CALENDAR

SYLLABUS

DISCUSSION

ADMINISTRATION

NOTICES:

Digital Trademarks I: Introduction - Federal Trademark Law

READINGS

Part 1

The Basics: A Quick Look at Trademark Law

In this section, we'll discuss the basics of Trademark law, focusing especially upon infringement and dilution.

Mark Radcliffe, *Overview of Trademark Law*, FindLaw.com (2001).

17 U.S.C. § 1052 (Supp. 1999) (*Trademarks registrable on principal register; concurrent registration*).

15 U.S.C. § 1114 (Supp. 1999) (*Remedies; infringement; innocent infringement by printers and publishers*).

15 U.S.C. § 1125 (Supp. 1999) (*False designations of origin, false descriptions, and dilution forbidden*).

Part 2

Domain Name Disputes, Phase 1: Federal Trademark Law Approaches

First, some introduction to the scope of the domain name issue:

THE PROBLEM OF SOVEREIGNTY IN CYBERSPACE

An Example: Internet Domain Names and Legal Trademark Rights

In exploring the practical and theoretical issues of structuring Internet institutions, it is useful to consider the problem of domain names.[8] Domain names are addresses. In fact, domain names are simply overlays for addresses—a means by which the complexity of the Internet networking protocols are separated from the user. Domain names require registration, but that registration requirement developed from a need for coordination, rather than a desire to limit the use of the "resource." Communication could not take place—at least not without massive confusion—without coordination to ensure that no two computers have the same address.

The "story" of domain names can be described in evolutionary terms. When the Domain Name System ("DNS") was instituted in the early-to-mid 1980s, the Internet was a non-commercial research and communication tool, originally supported by DARPA and administered by a loose network of researchers and academics. The original concept of the domain name system was as a name-space commons, not as a system of property rights.[9] As in all commons, the "first-come, first served" concept governed use rights-in fact, this continues today, with "first-come, first-served" being the registration policy for second-level domain names.[10] The designers of the DNS were creating a method of administering the name-space commons for the convenience of all, not a method of selling names as private property.[11] It was not necessary to give serious thought to rights or ownership, or even what might happen if Joe tried to take Mary's domain name. Since Joe could easily (and prior to 1994, freely) get his own domain name that would, given noncommercial purposes, be as good as the one he could take from Mary, there seemed to be enough and as good left in common after Mary appropriated hers.

Demand for domain names until the mid-1990s was comparatively low: Network Solutions International ("NSI"), the corporation presently charged with registering the majority of domain names, reports that in October 1995, there were 156,961 total domain names registered.[12] There was (and is) little possibility of actually "stealing" a domain name: the technological barriers of the DNS system precluded out-and-out theft.[13] These technological and social circumstances meant that enforceable property rights were not worth the price of implementing them.

Then a few years passed, and the world changed. The Internet came to be understood as a commercial infrastructure of very great potential power. Individual domain names started to look both scarce and very valuable. They started to look scarce not because of the numbers of them available, but because of the much smaller numbers of them that Internet entrepreneurs came to deem desirable.[14] They started to look very valuable because there is monetizable value in commercial names in a way that there is not in noncommercial names.[15] Demand mushroomed, as did registration.[16] As simple economics would predict, a trade in names grew up; and the expenses of exclusion became worthwhile. Conflicts developed over domain names.[17] Businesses and individuals began advertising domain names for sale; it was rumored that domain names changed hands for sums on the order of \$3 million.[18]

In these circumstances, a clear property rights regime, with clear enforcement mechanisms, seemed to be needed to avoid the costly free-for-all economists predict when non-commercial commons resources suddenly become commercially very valuable. Cyberspace has developed its own form of questionable speculation in the absence of clear property rights, called "cybersquatting" or "domain name grabbing." Domain name grabbing refers to the practice of registering a domain name that the registrant speculates will be of value. The typical case involves the registering of a domain name corresponding to a major corporation or product (almost always a recognized trademark). The domain name grabber, who can effectively block the corporation from the domain name, then offers to sell the domain name to the corporation.[19]

In July 1995, NSI, in response to several cases of domain name disputes leading to legal action (including against NSI), promulgated the Domain Name Dispute Policy. Broadly speaking, the Policy (which has been amended three times since) allows trademark holders to file a complaint with NSI regarding violations of "legal rights" by a domain name. After receiving a proper complaint, NSI will encourage the domain-holder to relinquish the domain name. The domain-holder then has the burden of proving ownership of its own trademark corresponding to the domain name within 30 days to avoid a "hold" status. If the disputing parties cannot reach a resolution, NSI will place the domain name on "hold" pending further action. When a lawsuit is filed over the allocation of a domain name, the NSI will deliver allocation authority to the court.[20] Whether the Policy is a good one is open to serious question. The policy allows trademark registration from foreign jurisdictions to trump senior use rights under U.S. law. It allows trademark holders to get the equivalent of an injunction before the merits have been heard. In practice, it may be making matters worse rather than better.[21]

There has been a great deal of debate about the merits or demerits of the Dispute Policy. At least it is evident from an evolutionary point of view that some such policy would be expected to come into existence when it did. It is also important to bear in mind that evolution doesn't stop. This point is logically anterior to arguing the pros and cons of the NSI approach. History could move on from here, changing the social, technological and economic parameters, and cause the perceived need for property rights in domain names to subside.

One thing that seems likely to happen is that domain names are going to become relatively less valuable. The demand for them could ease: more TLDs could be formed,[22] and/or competitors to NSI could become viable.[23] Or the importance of domain names could subside: sophisticated search engines, "smart browsers," agent applications, or other technological innovations may perhaps render them largely irrelevant.[24]

It has been tempting for the various players in the commercial transformation of the Internet to consider domain names a species of mutant trademark. A domain name that matches a trademark does have at least one similar function: to identify the service or product of the owner. And it can have value to the owner in the same way that the goodwill attaching to any other commercial name can have value: the value is the goodmodified propensity of customers to choose the named product over competing products. Moreover, trademarks are in a sense appropriated out of the commons of language just as domain names are appropriated out of domain name space.[25] An additional advantage of a domain name is that it can be valuable both in the sense of trademark-type "recognition" (conceptual location) and address implementation (operational location). The consumer can choose products based on the value of the mark, and use the mark to find information about the product.

Trademarks in the U.S. traditionally have been territorially-based, meaning that the property right is only good in the territory in which the user's rights have been established, so owners located in different territories could use the same mark. Moreover, trademarks in the U.S. traditionally have been compartmentalized, meaning that the property right is only good in the industry in which the user's rights have been established, so that owners engaged in different lines of business could use the same mark. But fully-qualified domain names are unique: there is only one Internet, one ".com" TLD, and one IP address corresponding to any given name in that domain. Therefore, under the current regime, different companies in different places cannot share the same name.[26] Domain names are unterritorialized and non-compartmentalized. If Apple Computer is the first to claim "apple.com," then Apple Records must yield.

Additionally, trademark law expressly reserves large portion of the commons of language-it does not allow the registration of "merely descriptive" terms.[27] "Computer" cannot be a registered mark for a computer product. In contrast, domain name space has no such limitations-therefore, the most valuable domain names are clearly the most generic.[28] Moreover, trademarks that become generic can lapse back into commons, but an appropriated domain name (as long as the servers supporting it are maintained) cannot.

Traditional trademark law is in flux right now. There is pressure to "unterritorialize" it-harmonize national regimes and make it possible to have worldwide rights. At the same time there is pressure to "decompartmentalize" it-eliminate industry compartmentalization and make it possible to have comprehensive rights over a name for all products.[29] Because the concept of dilution tends towards unterritorialization, it is no accident that many domain names cases in this country so far have relied on the new federal anti-dilution statute, the Federal Trademark Dilution Act of 1995.[30] This statute does decompartmentalize, but only for "famous" trademarks.[31] The Act thus creates a hierarchy: "famous" marks can exclude all others from duplicating their names, whereas others can exclude only those in their own and related product markets. Owners of "famous" marks can use this statute to capture the domain name they want, even if someone else got it first, but owners of non-famous marks seem to be out of luck.[32]

If trademark law were to go all the way toward unterritorialization and de-

compartmentalization, then it would clearly be less procrustean for application to domain names. It's unlikely, however, that this could happen. It would require both unterritorialized scope of validity of trademarks and an unterritorialized background legal system to enforce them. That, of course, brings us back to the question of sovereignty.

from Margaret Jane Radin & R. Polk Wagner, *The Myth of Private Ordering: Rediscovering Legal Realism in Cyberspace*, 73 Chi-Kent L. Rev. 1295 (1999).

Also see the following:

Submerged Ideas, Top 50 Domain Name Sales (2001)

Submerged Ideas, Statistics on the Domain Names Trade (2001)

Read the following cases applying Federal Trademark Law to domain name disputes:

Panavision v. Toepfen, 141 F.3d 1316 (9th Cir. 1998) (pdf, 28 kb, edited)

Bally Total Fitness Holding Corp. v. Faber, 29 F. Supp 2d 1161 (C.D. Cal. 1998). (pdf, 32 kb, edited)

Hasbro v. Clue Computing, 66 F.Supp. 2d 117 (D. Mass. 1999) (pdf, 52 kb, edited)

People for the Ethical Treatment of Animals v. Doughney, 2001 U.S. App. LEXIS 19028 (4th Cir., Aug. 23, 2001). (pdf, 24 kb, edited)

List for yourself the theories upon which the claims of trademark infringement are predicated. Do any seem especially applicable or inapplicable to the online world? Are any likely to have adverse policy effects?

Patent, Trademark, and Trade Secret Law

TRADEMARK LAW

Trademarks and service marks are words, names, symbols, or devices used by manufacturers of goods and providers of services to identify their goods and services, and to distinguish their goods and services from goods manufactured and sold by others.

Example: The trademark Wordperfect is used by the Wordperfect Corporation to identify that company's word processing software and distinguish that software from other vendors' word processing software.

For ease of expression, we will use "trademark" in this book to refer to both trademarks (used on goods) and service marks (used for services).

For trademarks used in commerce, federal trademark protection is available under the federal trademark statute, the Lanham Act. (We will refer to this statute as the Lanham Act in this book.) Many states have trademark registration statutes that resemble the Lanham Act, and all states protect unregistered trademarks under the common law (nonstatutory law) of trademarks.

Types of Works Protected

Examples of words used as trademarks are Kodak for cameras and Burger King for restaurant services. Examples of slogans used as trademarks are Fly the Friendly Skies of United for airline services and Get a Piece of the Rock for insurance services. Examples of characters used as trademarks are Pillsbury Dough Boy for baked goods and Aunt Jemima for breakfast foods.

Sounds can be used as trademarks, such as the jingle used by National Public Radio. Product shapes and configurations - for example, the distinctively shaped bottle used for Coca-Cola - can also serve as trademarks.

Standards

Trademark protection is available for words, names, symbols, or devices that are capable of distinguishing the owner's goods or services from the goods or services of others. A trademark that merely describes a class of goods rather than distinguishing the trademark owner's goods from goods provided by others is not protectible.

Example: The word "corn flakes" is not protectible as a trademark for cereal because that term describes a type of cereal that is sold by a number of cereal manufacturers rather than distinguishing one cereal manufacturer's goods.

A trademark that so resembles a trademark already in use in the U.S. as to be likely to cause confusion or mistake is not protectible. Geographically descriptive marks - "Idaho" for potatoes grown in Idaho - are not protectible trademarks for products that originate in the geographical area (all Idaho potato growers should be able to use "Idaho" in connection with selling their potatoes).

Procedure for Getting Protection

The most effective trademark protection is obtained by filing a trademark registration application in the Patent and



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Trademark Office. Federal law also protects unregistered trademarks, but such protection is limited to the geographic area in which the mark is actually being used.

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Federal Protection

Federal registration is limited to trademarks used in interstate commerce (or intended for use in interstate commerce). Before November, 1989, a trademark application could be filed only after the trademark's owner had actually used the trademark in commerce. Under current law, a person who has a "bona fide" intention to use a trademark in commerce may apply to register the trademark.

For federally registered marks, the use of notice of federal registration is optional. A federal registrant may give notice that his or her trademark is registered by displaying with the trademark the words "Registered in U.S. Patent and Trademark Office" or the symbol .

State Protection

State trademark protection under common law is obtained simply by adopting a trademark and using it in connection with goods or services. This protection is limited to the geographic area in which the trademark is actually being used.

State statutory protection is obtained by filing an application with the state trademark office. Those relying on state trademark law for protection cannot use the federal trademark registration symbol, but they can use the symbol "TM" (or, for a service mark, "SM").

Exclusive Rights

Trademark law in general, whether federal or state, protects a trademark owner's commercial identity (goodwill, reputation, and investment in advertising) by giving the trademark owner the exclusive right to use the trademark on the type of goods or services for which the owner is using the trademark. Any person who uses a trademark in connection with goods or services in a way that is likely to cause confusion is an infringer. Trademark owners can obtain injunctions against the confusing use of their trademarks by others, and they can collect damages for infringement.

Example: Small Multimedia Co. is selling a line of interactive training works under the trademark Personal Tutor . If Giant Multimedia Co. starts selling interactive training works under the trademark Personal Tutor , purchasers may think that Giant's works come from the same source as Small Multimedia's works. Giant is infringing Small's trademark.

One of the most important benefits of federal registration of a trademark is the nationwide nature of the rights obtained. For the registrant, federal registration in effect reserves the right to start using the mark in new areas of the U.S.

Example: Small Multimedia Co., a California corporation, obtained a federal trademark registration on the trademark Abra for videogames. Small Multimedia Co. did not begin using the trademark on videogames in New York until two years after it obtained its federal registration. In the meantime, Giant Co. had started using Abra on videogames in New York. Because Small Multimedia Co.'s federal registration gives Small a right to use Abra that is superior to Giant Co.'s right to use Abra , Small Multimedia Co. can stop Giant Co. from using Abra on videogames in New York - even though Giant started using Abra on videogames in New York before Small did.

A trademark owner's rights under state trademark law (and the rights of an unregistered trademark owner under federal law) are generally limited to the geographical area in which the owner has used the trademark.

Example: (For this example, we changed just one fact from the previous example.) Small Multimedia Co. did not get a federal trademark registration. Now Giant's right to use Abra on videogames in New York is superior to Small Multimedia Co.'s right to use Abra on videogames in New York, because Giant was the first to actually use the trademark on videogames in New York.

Duration

A certificate of federal trademark registration remains in effect for 10 years, provided that an affidavit of continued use is filed in the sixth year. A federal registration may be renewed for any number of successive 10-year terms so long as the mark is still in use in commerce. The duration of state registrations varies from state to state. Common law rights endure so long as use of the trademark continues.

Limitations of the Exclusive Rights

Trademark law does not give protection against use of the trademark that is unlikely to cause confusion, mistake, or deception among consumers, but dilution laws may provide such protection.

Example: Western Software has a federal registration for the use of Flash on multimedia development tool software. If Giant Co. starts using Flash on desktop publishing software, Giant Co. may be infringing Western Software's trademarks **because consumers may think the desktop publishing software and the multimedia development tool software come from the same source.** If Giant Co. starts using Flash on fire extinguishers, though, Giant Co. is probably not infringing Western's trademark. Consumers **are unlikely to think that the Flash software and the Flash fire extinguishers come from the same source.**

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Sec. 1052. Trademarks registrable on principal register; concurrent registration

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it -

- (a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute; or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after one year after the date on which the WTO Agreement (as defined in section 3501(9) of title 19) enters into force with respect to the United States.
- (b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.
- (c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.
- (d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: Provided, That if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter; (2) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (3) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Director when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Director shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons.
- (e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them, (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 of this title, (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, (4) is primarily merely a surname, or (5) comprises any matter that, as a whole, is functional.
- (f) Except as expressly excluded in subsections (a), (b), (c),
 - () Except as expressly excluded in subsections (a), (b), (c), shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Director may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made. Nothing in this section shall prevent the registration of a mark which, when used on or in connection with the goods of the applicant, is primarily geographically deceptively misdescriptive of them, and which became distinctive of the applicant's goods in commerce before December 8, 1993. A mark which when used would cause dilution under section 1125(c) of this title may be refused registration only pursuant to a proceeding brought under section 1063 of this title. A registration for a mark which when used would cause dilution under section 1125(c) of this title may be canceled pursuant to a proceeding brought under either section 1064 of this title or section 1092 of this title.

Sec. 1114. Remedies; infringement; innocent infringement by printers and publishers

- (1) 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; or
 - (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of 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 in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

As used in this paragraph, the term "any person" includes the United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, or other persons acting for the United States and with the authorization and consent of the United States, and any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, and any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.
- (2) Notwithstanding any other provision of this chapter, the remedies given to the owner of a right infringed under this chapter or to a person bringing an action under section 1125(a) or (d) of this title shall be limited as follows:
 - (A) Where an infringer or violator is engaged solely in the business of printing the mark or violating matter for others and establishes that he or she was an innocent infringer or innocent violator, the owner of the right infringed or person bringing the action under section 1125(a) of this title shall be entitled as against such infringer or violator only to an injunction against future printing.
 - (B) Where the infringement or violation complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication as defined in section 2510(12) of title 18, the remedies of the owner of the right infringed or person bringing the action under section 1125(a) of this title as against the publisher or distributor of such newspaper, magazine, or other similar periodical or electronic communication shall be limited to an injunction against the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodicals or in future transmissions of such electronic communications. The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.
 - (C) Injunctive relief shall not be available to the owner of the right infringed or person bringing the action under section 1125(a) of this title with respect to an issue of a newspaper, magazine, or other similar periodical or an electronic

communication containing infringing matter or violating matter where restraining the dissemination of such infringing matter or violating matter in any particular issue of such periodical or in an electronic communication would delay the delivery of such issue or transmission of such electronic communication after the regular time for such delivery or transmission, and such delay would be due to the method by which publication and distribution of such periodical or transmission of such electronic communication is customarily conducted in accordance with sound business practice, and not due to any method or device adopted to evade this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter or violating matter.

- (D)
 - (i)
 - (I) A domain name registrar, a domain name registry, or other domain name registration authority that takes any action described under clause (ii) affecting a domain name shall not be liable for monetary relief or, except as provided in subclause
 - (i)
 - (I) A domain name registrar, a domain name registry, or regardless of whether the domain name is finally determined to infringe or dilute the mark.
 - (II) A domain name registrar, domain name registry, or other domain name registration authority described in subclause (I) may be subject to injunctive relief only if such registrar, registry, or other registration authority has -
 - (aa) not expeditiously deposited with a court, in which an action has been filed regarding the disposition of the domain name, documents sufficient for the court to establish the court's control and authority regarding the disposition of the registration and use of the domain name;
 - (bb) transferred, suspended, or otherwise modified the domain name during the pendency of the action, except upon order of the court; or
 - (cc) willfully failed to comply with any such court order.
 - (ii) An action referred to under clause (i)(I) is any action of refusing to register, removing from registration, transferring, temporarily disabling, or permanently canceling a domain name -
 - (I) in compliance with a court order under section 1125(d) of this title; or
 - (II) in the implementation of a reasonable policy by such registrar, registry, or authority prohibiting the registration of a domain name that is identical to, confusingly similar to, or dilutive of another's mark.
 - (iii) A domain name registrar, a domain name registry, or other domain name registration authority shall not be liable for damages under this section for the registration or maintenance of a domain name for another absent a showing of bad faith intent to profit from such registration or maintenance of the domain name.
 - (iv) If a registrar, registry, or other registration authority takes an action described under clause (ii) based on a knowing and material misrepresentation by any other person that a domain name is identical to, confusingly similar to, or dilutive of a mark, the person making the knowing and material misrepresentation shall be liable for any damages, including costs and attorney's fees, incurred by the domain name registrant as a result of such action. The court may also grant injunctive relief to the domain name registrant, including the reactivation of the domain name or the transfer of the domain name to the

domain name registrant.

- (v) A domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this chapter. The court may grant injunctive relief to the domain name registrant, including the reactivation of the domain name or transfer of the domain name to the domain name registrant.
- (E) As used in this paragraph -
 - (i) the term "violator" means a person who violates section 1125(a) of this title; and
 - (ii) the term "violating matter" means matter that is the subject of a violation under section 1125(a) of this title.

Sec. 1125. False designations of origin, false descriptions, and dilution forbidden

- (a) Civil action
 - (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -
 - (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
 - (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.
 - (2) As used in this subsection, the term "any person" includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.
 - (3) In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.
- (b) Importation

Any goods marked or labeled in contravention of the provisions of this section shall not be imported into the United States or admitted to entry at any customhouse of the United States. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this chapter in cases involving goods refused entry or seized.
- (c) Remedies for dilution of famous marks
 - (1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to -
 - (A) the degree of inherent or acquired distinctiveness of the mark;
 - (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
 - (C) the duration and extent of advertising and publicity of the mark;
 - (D) the geographical extent of the trading area in which the mark is used;
 - (E) the channels of trade for the goods or services with which the mark is used;
 - (F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;
 - (G) the nature and extent of use of the same or similar marks by third parties; and
 - (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

- (2) In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief as set forth in section 1116 of this title unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity.
 - (3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.
 - (4) The following shall not be actionable under this section:
 - (A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.
 - (B) Noncommercial use of a mark.
 - (C) All forms of news reporting and news commentary.
- (d) Cyberpiracy prevention
- (1)
 - (A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person
 - (i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and
 - (ii) registers, traffics in, or uses a domain name that -
 - (I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;
 - (II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or
 - (III) is a trademark, word, or name protected by reason of section 706 of title 18 or section 220506 of title 36.
 - (B)
 - (i) In determining whether a person has a bad faith intent described under subparagraph (A), a court may consider factors such as, but not limited to -
 - (I) the trademark or other intellectual property rights of the person, if any, in the domain name;
 - (II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;
 - (III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;
 - (IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;
 - (V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;
 - (VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;
 - (VII) the person's provision of material and misleading false

contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

- (VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and
- (IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of this section.
 - (ii) Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.
- (C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.
- (D) A person shall be liable for using a domain name under subparagraph (A) only if that person is the domain name registrant or that registrant's authorized licensee.
- (E) As used in this paragraph, the term "traffics in" refers to transactions that include, but are not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration.

- (2)

- (A) The owner of a mark may file an in rem civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located if -
 - (i) the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c) of this section; and
 - (ii) the court finds that the owner -
- (I) is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action under paragraph (1); or
- (II) through due diligence was not able to find a person who would have been a defendant in a civil action under paragraph (1) by -

- (aa) sending a notice of the alleged violation and intent to proceed under this paragraph to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar; and

(bb) publishing notice of the action as the court may direct promptly after filing the action.

- (B) The actions under subparagraph (A)(ii) shall constitute service of process.
- (C) In an in rem action under this paragraph, a domain name shall be deemed to have its situs in the judicial district in which -
 - (i) the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or
 - (ii) documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.
- (D)
 - (i) The remedies in an in rem action under this paragraph shall be limited to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the

mark. Upon receipt of written notification of a filed, stamped copy of a complaint filed by the owner of a mark in a United States district court under this paragraph, the domain name registrar, domain name registry, or other domain name authority shall -

- (I) expeditiously deposit with the court documents sufficient to establish the court's control and authority regarding the disposition of the registration and use of the domain name to the court; and
- (II) not transfer, suspend, or otherwise modify the domain name during the pendency of the action, except upon order of the court.
 - (ii) The domain name registrar or registry or other domain name authority shall not be liable for injunctive or monetary relief under this paragraph except in the case of bad faith or reckless disregard, which includes a willful failure to comply with any such court order.
 - (3) The civil action established under paragraph (1) and the in rem action established under paragraph (2), and any remedy available under either such action, shall be in addition to any other civil action or remedy otherwise applicable.
 - (4) The in rem jurisdiction established under paragraph (2) shall be in addition to any other jurisdiction that otherwise exists, whether in rem or in personam.



Top Domain Name Sellers

See [Top Sales](#) page for explanation of this table.
The information on this chart is current as of June 30, 2001.

Name	Amount	Transaction Type	Date	Source / Notes
100best.com	30,000	SALE	2001	Greatdomains.com
1stbandwidth.com	800,000	SALE	March 2000	
acne.com	Confidential	SALE	2001	Greatdomains.com
act.com	5000	SALE	Before 2000	Arizona Republic 4/8/01 yahoo auction
act.com	500,000	SALE	2000	Arizona Republic 4/8/01(sold to Interact Commerce on greatdomains.com)
addresses.com	85,000	SALE	2001	Greatdomains.com
afterhourstrading.com	500,000 (ask)	SALE	1999	The Capital (Annapolis, MD)
airline.com	400,000 (min bid)	AUCTION	June 2000	Greatdomains.com
alliant.com	125,000	SALE	2001	Greatdomains.com
altavista.com	3,350,000	SALE	Jul. 1999	Arizona Republic 4/8/01
alzheimers.com	Confidential	SALE	2001	Greatdomains.com
america.com	30,000,000 (ask)	□	□	
10,000,000 (bid)	SALE	June 2000	□	PR Newswire
americanradio.fm	450,000	SALE	□	May 1999
annapolis.com	35,000	SALE	1999	Greatdomains.com (asking price was 150,000)
architecture.com	190,000	SALE	March 28, 2000	Greatdomains (Bought by The Royal Institute of British Architects)
art.com	450,000	SALE	1999	New York Times
arthritis.com	Confidential	SALE	2001	Greatdomains.com
asseenontv.com	5,000,000	SALE	Jan. 18, 2000	Business Wire Owned by ONTV, Inc.
attorney.com	1,000,000 (ask)	AUCTION	Nov. 1999	Sacramento Bee
autos.com	2,200,000	SALE	Dec. 1999	Business Wire
banquets.com	100,000 (min bid)	AUCTION	June 2000	Greatdomains
bbc.com	300,000	SALE	Sep. 1999	Sunday Mirror (bought from Boston Business Computing)
beauty.cc	1,000,000	SALE	June 13, 2000	Greatdomains
beauty.com	800,000	SALE	Oct. 2000	AAP Newsfeed
bingo.com	1,000,000	SALE	2000	The Independent (London)
birdie.com	90,000	SALE	2001	Greatdomains.com
biz.com	625,000	SALE	June 2000	Greatdomains.com
blackjack.com	460,000	SALE	1999	Asian Wall Street Journal
blond.com	Confidential	SALE	2001	Greatdomains.com
Bondtrader.com	500,000 (min bid)	AUCTION	April 2000	Business Wire / Hitdomains
bradpitt.com	20,000 (ask)	AUCTION	1999	BPI Entertainment News
britain.com	2,000,000	SALE	2000	The Independent (London)
london.com				
england.com				
brokeragefirm.com	500,000 (min bid)	AUCTION	April 2000	Business Wire / Hitdomains
Burgerking.co.uk	25,000 (ask)	AUCTION	1999	Sunday Times (London)
business.com	150,000	SALE	1997	Newsbytes
business.com	7,500,000	SALE	Dec. 1, 1999	Business Wire
Candidates.com	580,000 (list)	AUCTION	March 2000	Greatdomains
capital.com	750,000	SALE	1999	PR Newswire (Greatdomains.com states that amount was

				"confidential")
carnet.com	50,000	SALE	2001	Greatdomains.com
cash.com	500,000 (min bid)	AUCTION	April 2000	Business Wire / Hitdomains
celebrities.com	2,000,000	SALE	April 2000	
celebrity.com	1,000,000 (min bid)	AUCTION	June 2000	Greatdomains
cheaptravel.com	1,000,000 (min bid)	AUCTION	June 2000	Greatdomains
cinema.com	700,000	SALE	Jan. 2000	Greatdomains
commodities.com	Confidential	SALE	2001	Greatdomains.com
computer.com	500,000	SALE	Nov. 1999	The Independent (London)
converge.com	Confidential	SALE	2001	Greatdomains.com
counselors.com	85,000	SALE	2001	Greatdomains.com
coupons.com	2,200,000	SALE	Jan. 2000	Business Wire (bought by valuepass.com)
cybercafe.com	30,000 (ask)	AUCTION	1996	Ottawa Citizen
cyberworks.com	1,000,000	SALE	Aug. 2000	New York Times (sale also included cyberworks.net)
departure.com	100,000 (min bid)	AUCTION	June 2000	Greatdomains
deposit.com	1,500,000 (bid)	SALE	March 2000	American Banker (auctioned on greatdomains.com)
depression.com	Confidential	SALE	2001	Greatdomains.com
diabetes.com	Confidential	SALE	2001	Greatdomains.com
discounttravel.com	300,000 (min bid)	AUCTION	June 2000	Greatdomains
dotnology.com	2,500,000	SALE	April 2000	UNCONFIRMED
drugs.com	823,456	SALE	Aug. 1999	Arizona Republic 4/8/01 (4,000 hits per day reported, sold on greatdomains.com)
ecommerce.com	4,000,000 (list)	AUCTION	June 12, 2000	Greatdomains
eflowers.com	25,000	SALE	1999	Sunday Times (London) (also includes 50 cents in perpetuity on every transaction on eflowers.com and free monthly delivery to seller's wife for life)
eflowers.com	1,000,000	SALE	Feb. 1999	Business Wire
engineering.org	198,985	SALE	2000	Seattle Times, afternic
epilepsy.com	Confidential	SALE	2001	Greatdomains.com
escore.com	100,000	SALE	1999	New York Times
eshow.com	3,000,000	SALE	1999	UNCONFIRMED
esweepstakes.com	22,500	SALE	2001	Greatdomains.com
express.com	2,000,000	SALE	Dec. 1999	Business Wire
feedback.com	1,200,000	SALE	Feb. 2000	Greatdomains.com
fertility.com	Confidential	SALE	2001	Greatdomains.com
flights.com	Confidential	SALE	2001	Greatdomains.com
flu.com	1,400,000 (list)	AUCTION	Sept. 2000	Chattanooga Times (owned by Proctor & Gamble)
fly.com	1,500,000	SALE	Feb. 2000	PC Magazine
forsalebyowner.com	835,000	SALE	Jan. 2000	Greatdomains
fruits.com	160,000	SALE	2001	Greatdomains.com
glory.com	115,000	SALE	April 2001	Toronto Star (sold on greatdomains.com)
gogolfing.com	750	SALE	Sep. 2000	Greatdomians
grocery.com	9,000	SALE	1996	Sacramento Bee
happybirthday.com	55,000	SALE	2000	Greatdomains
hardware.com	Confidential	SALE	2001	Greatdomains.com
hell.com	8,000,000 (list)	AUCTION	June 2000	The Times of India
hospitality.com	400,000 (min bid)	AUCTION	June 2000	Greatdomains
hosting.com	Confidential	SALE	2001	Greatdomains.com
ilearning.com	30,000	SALE	2001	Greatdomains.com
image.com	500,000	SALE	2000	Greatdomains.com
in.com	10,000,000 (list)	AUCTION	June 12, 2000	Greatdomains
income.com	2,300,000 (bid)	AUCTION	March 2000	Greatdomains
infertility.com	Confidential	SALE	2001	Greatdomains.com
internet.com	100,000	SALE	1997	National Law Journal

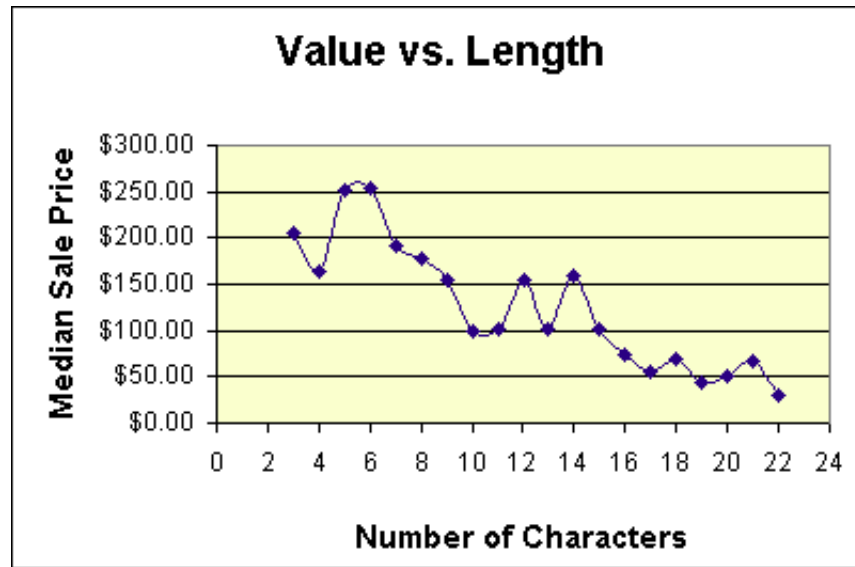
internetinvesting.com	450,000	SALE	Oct. 2000	Business & Industry
internetinvesting.com	500,000 (min bid)	AUCTION	April 2000	Business Wire / Hitdomains
iwanttobepresident.com	100,000 (ask)	AUCTION	1999	PR Newswire (only offered to presidential candidates)
jet.com	400,000 (min bid)	AUCTION	June 2000	Greatdomains
korea.com	5,000,000	SALE	Jan. 2000	PR Newswire
lf.com	1,000,000	SALE	2000	UNCONFIRMED
linux.com	5,000,000 (offer)	UNSOLICITED OFFER	1999	Chattanooga Times
living.com	71,000	SALE	Dec. 8, 2000	Austin American Statesman (bankruptcy sale)
living.com	165,000	SALE	1999	Austin American Statesman (bought from Cal. Board of Realtors)
loans.com	3,000,000	SALE	Jan. 2000	Greatdomains.com Bought by Bank of America
loans4less.com (& .net)	500,000 (min bid)	AUCTION	April 2000	Business Wire / Hitdomains
lowestfare.com	450,000 (min bid)	AUCTION	June 2000	Greatdomains
luggage.com	300,000 (min bid)	AUCTION	June 2000	Greatdomains
madeira.com	50,000	SALE	2001	Greatdomains.com
manners.com	Confidential	SALE	2001	Greatdomains.com
marketingtoday.com	1,500,000	SALE	Nov. 1999	
maytheforcebewithyou.com	10,000,000	BOGUS OFFER	April 13, 1999	Ebay, entertainment weekly (bid was fake) (6,700,000 bid was real)
men.com	15,000	SALE	1999	New York Times
menus.com	25,000	SALE	Feb. 11, 2000	Wash. Bus. Journal
military.com	500,000	SALE	Nov. 1999	UNCONFIRMED
mortgage.com	1,800,000	SALE		Business Wire
motel.com	150,000 (min bid)	AUCTION	June 2000	Greatdomains
motelrooms.com	150,000 (min bid)	AUCTION	June 2000	Greatdomains
movies.com	25,000	SALE	April 1999	Small Business News (sold to Disney)
mp3audiobooks.com	8,000,000	SALE	Feb. 16, 2000	San Diego Union
msdwonline.com	10,000 (offered)	OFFERED TO CYBERSQUATTER	1999	The Guardian (London) (offered by Morgan Stanley)
noloadfunds.com	500,000 (min bid)	AUCTION	April 2000	Business Wire / Hitdomains
orange.com	300,000 - 5,000,000	SALE	Jan. 2001	Baltimore Sun (sold to France Telecom)
panavision.com	13,000	SALE	1996	945 F Supp 1296,1300 (C D Cal 1996)
pay.com	500,000 (min bid)	AUCTION	April 2000	Business Wire / Hitdomains
pcradio.com	25,000	SALE	1996	Ottawa Citizen
perfect.com	94,000	SALE	2001	Greatdomains.com
phonecalls.com	120,000	SALE	2001	Greatdomains.com
physicians.com	Confidential	SALE	2001	Greatdomains.com
postage.com	500,000 (min bid)	AUCTION	April 2000	Business Wire / Hitdomains
program.com	75,000 (ask)	AUCTION	1997	Dallas Morning News
promotion.com	Confidential	SALE	2001	Greatdomains.com
question.com	175,000	SALE	Oct. 1999	Greatdomains
racecars.com	20,000 (ask)	AUCTION	1997	Sacramento Bee
receivables.com	Confidential	SALE	2001	Greatdomains.com
rock.com	1,000,000	SALE	1999	New York Times (sold on greatdomains.com, which states that amount is "confidential")
santas.com	256,000	SALE	June 2000	UNCONFIRMED
savings.com	1,900,000 (BID)	SALE	March 2000	American Banker
search.com	7,000		1998	Business Today
seminars.com	119,000	SALE	2001	Greatdomains.com
sex.com	250,000,000	ESTIMATE (IN LITIGATION)	Aug. 2000	The Business Journal (estimated valuation only)
shopping.com	220,000,000	SALE	1999	Shopping.com (suspect as self-reported)
shoppingmall.com	500,000	SALE	March 2000	Greatdomains

shows.com	250,000 (min bid)	AUCTION	June 2000	Greatdomains
skimania.com	8,500	SALE	Sep. 2000	Greatdomains
sky.com	1,000,000	SALE	Jan. 2000	Daily Telegraph (bought by BskyB)
speaker.com	120,000	SALE	April 2001	Greatdomains, Toronto Star
sportinggoods.com	1,000,000 (ask)	AUCTION	April 2000	Fortune Magazine
stockbrokers.com	500,000 (min bid)	AUCTION	April 2000	Business Wire / Hitdomains
stockexchange.com	500,000 (min bid)	AUCTION	April 2000	Business Wire / Hitdomains
studio.com	450,000 (min bid)	AUCTION	June 2000	Greatdomains
supply.com	7,500,000 (list)	AUCTION	June 12, 2000	Greatdomains
taxes.com	700,000	SALE	Feb. 2000	Straits Time
television.com	50,000 (offered)	UNSOLICITED OFFER	1997	Arkansas-Democratic Gazette
thefriendlyplumber.com	300	SALE	Sep. 2000	Greatdomains
themortgage.com	500,000	SALE	May 2000	London Free Press
the-score.com	5,000	SALE	1997	Sacramento Bee
timeshares.com	700,000 (min bid)	AUCTION	June 2000	Greatdomains
tom.com	2,500,000	SALE	Feb. 2000	South China Morning Post
tower.com	208,000	SALE	2001	Greatdomains.com
trade.com	100,000 (ask)	AUCTION	1998	PR Newswire
travelforless.com	350,000 (min bid)	AUCTION	June 2000	Greatdomains
truefriend.com	3,000	SALE	Sep. 2000	Greatdomains
tv.com	15,000	SALE	1996	Business Today
tycoon.com	150,000	SALE	2001	Greatdomains
university.com	530,000	SALE	1999	Asian Wall Street Journal
wallstreet.com	1,030,000	SALE	April 1999	AP (sold on greatdomains.com, which states that amount was "confidential")
webcity.com	975,000	SALE	1999	UNCONFIRMED
websites.com	975,000	SALE	1999	L.A. Times
weightloss.com	Confidential	SALE	2001	Greatdomains.com
wine.com	3,300,000 - 3,900,00	SALE	Sep. 1999	Business Wire (sold in bankruptcy auction in 2001 for undisclosed amount)
wirelessstocktrading.com	675,000	SALE	Feb. 2000	(raffled off in 2000!)
wisdom.com	475,000	SALE	2000	Greatdomains, Toronto Star
worldwideweb.com	3,500,000 (offer)	UNSOLICITED OFFER	1996	Ottawa Citizen
year2000.com	10,000,000 (fake bid)	FAKE BID	1999	Fortune Magazine

□

Mean Sales Price vs. Domain Name

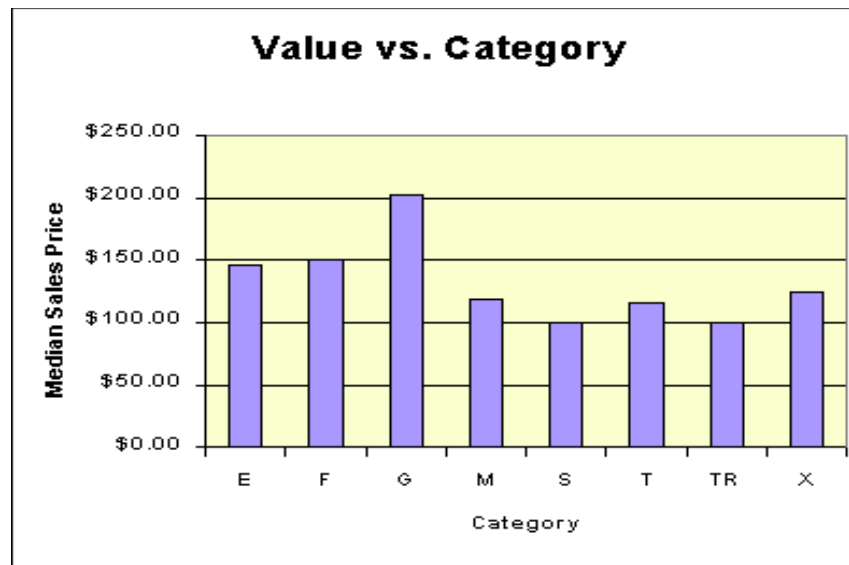
□



This chart shows the mean sales price for domain names of various lengths. The numbers in the X-axis indicate the number of characters in each name, excluding the TLD. As you expect, there is a steady decrease in value as the number of characters increases. What is interesting however, is the pronounced dip that occurs at 4 characters and the plateau from 5-8 characters. When choosing a domain name to register, 5-6 characters is your best bet.

Length Mean Sales Price vs. Domain Name

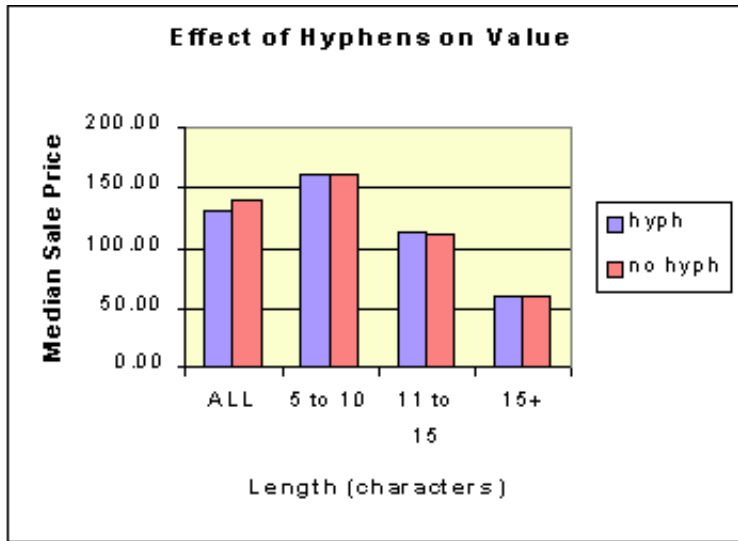
□



E = e-commerce F = financial G = general M = merchandise/services
S = special interest T = technology TR = travel X = adult

This chart shows the mean sales price for domain names broken down by categories. Although there is no single category that shows extraordinary value, it can be seen that names with general applicability (G) are twice as valuable as names relating to special interests (S).

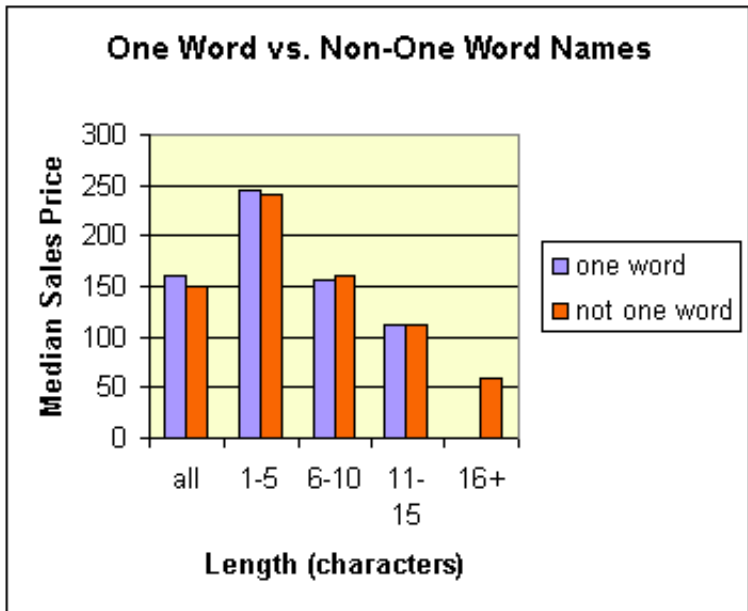
Category Effect of Hyphenation on Domain Name



This chart shows the effect of hyphenated domain names on the median sales price. Unexpectedly, this reveals that there is very little difference in median sales price between hyphenated and non-hyphenated names. So if you find a seemingly great domain name, don't hold back from reserving it just because it's hyphenated!

Value Effect of Multiple Words on Domain Name

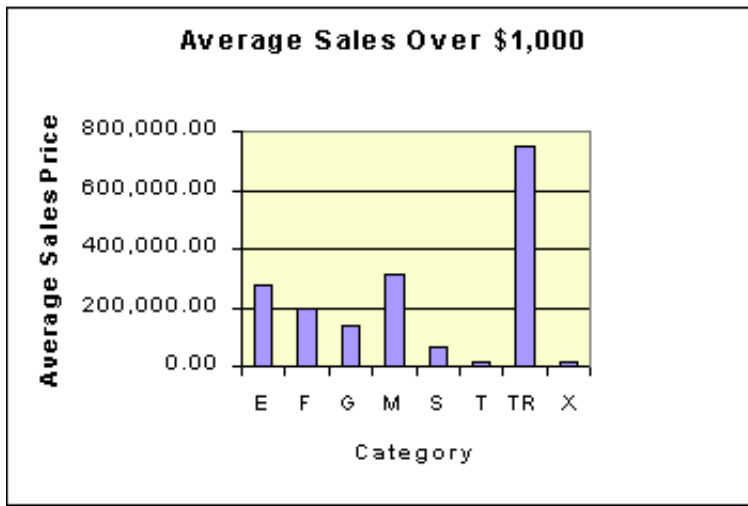
□



This chart shows the mean sales price for one-word domain names versus non one-word domain names, broken down by number of characters. Again, the important thing to learn from this chart is that there is very little distinction between one-word and non one-word domain names in the median price range.

Value Average Sales Price Greater Than \$1,000 vs. Category

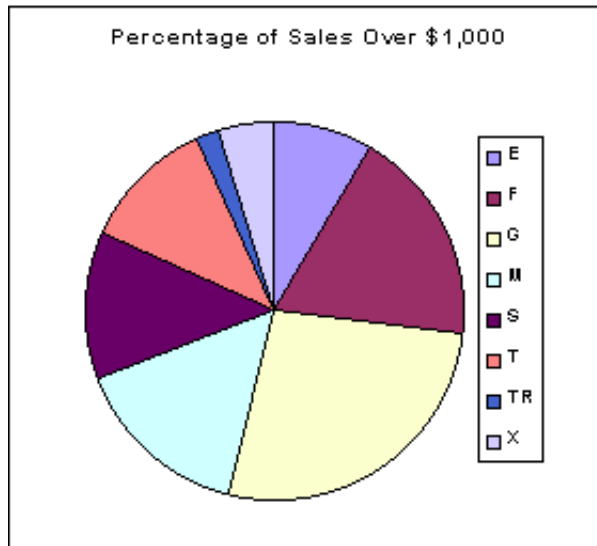
□



This chart shows the average sales price of domain names that have sold for over \$1,000, broken down by category.

Percentage of Sales Greater Than \$1,000 by Category

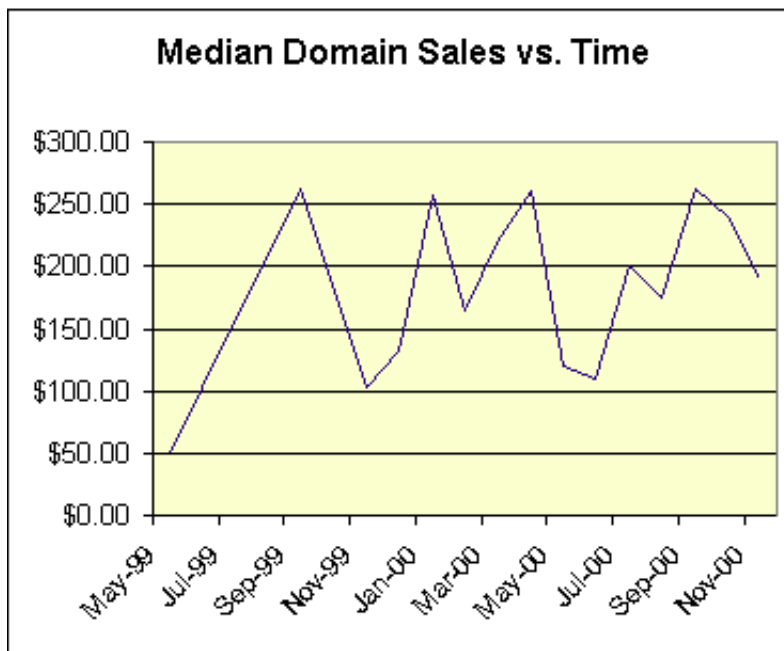
□



This chart shows the percentage of domain names that have sold for over \$1,000, by category. It can be seen that general domain names, once again, represent the dominant category.

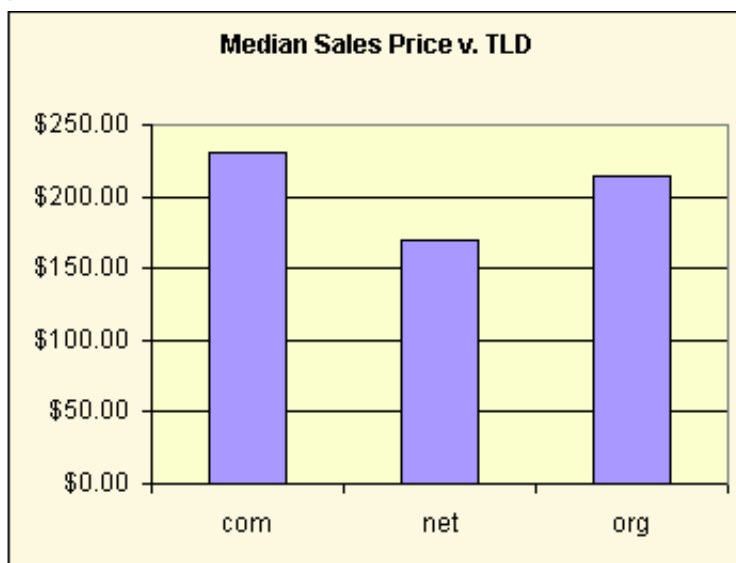
Median Sales Price vs. Time

□



This chart shows the median sales prices for domain names sold in the past 18 months.

Median Sales Price vs. Top Level Domain



This chart shows the difference in median sales price among the three major TLD's. Although .org sales appear unexpectedly high, this may be due to "self-selection." That is, most .org names in the secondary market tend to relate to subject matter specifically of interest to organizations. There are relatively few .org names on the market that are of general or commercial interest.

Median Sales Price vs. Domain Name Prefix Relative Sales Volume vs. Time

This chart shows the median sales prices for many popular prefixes. *find = find, search and seek. Notice that unconventional prefixes such as v, www, and z have relatively low resale values.

141 F.3d 1316, *; 1998 U.S. App. LEXIS 7557, **;
46 U.S.P.Q.2D (BNA) 1511; 98 Cal. Daily Op. Service 2846

[edited version]

PANAVISION INTERNATIONAL, L.P., a Delaware Limited Partnership, Plaintiff-Appellee, v. DENNIS TOEPPEN; NETWORK SOLUTIONS, INC., a District of Columbia Corporation, Defendants-Appellants.

No. 97-55467

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

141 F.3d 1316; 1998 U.S. App. LEXIS 7557; 46 U.S.P.Q.2D (BNA) 1511; 98 Cal. Daily Op. Service 2846; 98 Daily Journal DAR 3929

March 3, 1998, Argued, Submitted, Pasadena, California

April 17, 1998, Filed

Before: Melvin Brunetti, David R. Thompson and Thomas G. Nelson, Circuit Judges. Opinion by Judge Thompson.

name consisting of the company name, Pepsi, and .com, the "top level" domain designation: Pepsi.com. [**4] n1

OPINION

THOMPSON, Circuit Judge:

. . .Panavision accuses Dennis Toeppen of being a "cyber pirate" who steals valuable trademarks and establishes domain names on the Internet using these trademarks to sell the domain names to the rightful trademark owners.

. . .We [] conclude Panavision was entitled to summary judgment under the federal and state dilution statutes. Toeppen made commercial use of Panavision's trademarks and his conduct diluted those marks.

I

BACKGROUND

The Internet is a worldwide network of computers that enables various individuals and organizations to share information. The Internet allows computer users to access millions of web sites and web pages. A web page is a computer data file that can include names, words, messages, pictures, sounds, and links to other information.

Every web page has its own web site, which is its address, similar to a telephone number or street address. Every web site on the Internet has an identifier called a "domain name." The domain name often consists of a person's name or a company's name or trademark. For example, Pepsi has a web page with a web site domain

n1 We use the arrow keys () to set out a domain name or a web site. These arrows are not part of the name or the site.

The Internet is divided into several "top level" domains: .edu for education; .org for organizations; .gov for government entities; .net for networks; and .com for "commercial" which functions as the catchall domain for Internet users.

Domain names with the .com designation must be registered on the Internet with Network Solutions, Inc. ("NSI"). NSI registers names on a first-come, first-served basis for a \$ 100 registration fee. NSI does not make [*1319] a determination about a registrant's right to use a domain name. However, NSI does require an applicant to represent and warrant as an express condition of registering a domain name that (1) the applicant's statements are true and the applicant has the right to use the requested domain name; (2) the "use or registration of the domain name ... does not interfere with or infringe the rights of any third party in any jurisdiction with respect to [**5] trademark, service mark, trade name, company name or any other intellectual property right"; and (3) the applicant is not seeking to use the domain name for any unlawful purpose, including unfair competition.

A domain name is the simplest way of locating a web site. If a computer user does not know a domain name, she can use an Internet "search engine." To do this, the user types in a key word search, and the search

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will locate all of the web sites containing the key word. Such key word searches can yield hundreds of web sites. To make it easier to find their web sites, individuals and companies prefer to have a recognizable domain name.

Panavision holds registered trademarks to the names "Panavision" and "Panaflex" in connection with motion picture camera equipment. Panavision promotes its trademarks through motion picture and television credits and other media advertising.

In December 1995, Panavision attempted to register a web site on the Internet with the domain name Panavision.com . It could not do that, however, because Toeppen had already established a web site using Panavision's trademark as his domain name. Toeppen's web page for this site displayed photographs of the [**6] City of Pana, Illinois.

On December 20, 1995, Panavision's counsel sent a letter from California to Toeppen in Illinois informing him that Panavision held a trademark in the name Panavision and telling him to stop using that trademark and the domain name Panavision.com . Toeppen responded by mail to Panavision in California, stating he had the right to use the name Panavision.com on the Internet as his domain name. Toeppen stated:

If your attorney has advised you otherwise, he is trying to screw you. He wants to blaze new trails in the legal frontier at your expense. Why do you want to fund your attorney's purchase of a new boat (or whatever) when you can facilitate the acquisition of 'PanaVision.com' cheaply and simply instead?

Toeppen then offered to "settle the matter" if Panavision would pay him \$ 13,000 in exchange for the domain name. Additionally, Toeppen stated that if Panavision agreed to his offer, he would not "acquire any other Internet addresses which are alleged by Panavision Corporation to be its property."

After Panavision refused Toeppen's demand, he registered Panavision's other trademark with NSI as the domain name Panaflex.com . Toeppen's web page [**7] for Panaflex.com simply displays the word "Hello."

Toeppen has registered domain names for various other companies including Delta Airlines, Neiman Marcus, Eddie Bauer, Lufthansa, and over 100 other marks. Toeppen has attempted to "sell" domain names for other trademarks such as intermatic.com to Intermatic, Inc. for \$ 10,000 and americanstandard.com to American Standard, Inc. for \$ 15,000.

Panavision filed this action against Toeppen in the District Court for the Central District of California. Panavision alleged claims for dilution of its trademark

under the Federal Trademark Dilution Act of 1995, *15 U.S.C. § 1125(c)*, and under the California Anti-dilution statute, California Business and Professions Code § 14330. Panavision alleged that Toeppen was in the business of stealing trademarks, registering them as domain names on the Internet and then selling the domain names to the rightful trademark owners. The district court determined it had personal jurisdiction over Toeppen, and granted summary judgment in favor of Panavision on both its federal and state dilution claims. This appeal followed.

II DISCUSSION

* * *

B. Trademark Dilution Claims

The Federal Trademark Dilution Act provides:

The owner of a famous mark shall be entitled ... to an injunction against another person's commercial use in commerce of a mark or trade name, [**23] if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark

15 U.S.C. § 1125(c).

The California Anti-dilution statute is similar. *See* Cal. Bus. & Prof. Code § 14330. It prohibits dilution of "the distinctive quality" of a mark regardless of competition or the likelihood of confusion. The protection extends only to strong and well recognized marks. Panavision's state law dilution claim is subject to the same analysis as its federal claim.

In order to prove a violation of the Federal Trademark Dilution Act, a plaintiff must show that (1) the mark is famous; (2) the defendant is making a commercial use of the mark in commerce; (3) the defendant's use began after the mark became famous; and (4) the defendant's use of the mark dilutes the quality of the mark by diminishing the capacity of the mark to identify and distinguish goods and services. *15 U.S.C. § 1125(c)*.

Toeppen does not challenge the district court's determination that Panavision's trademark is famous, that his alleged use began after the mark became famous, or that the use was in commerce. Toeppen challenges the district court's determination that [**24] he made "commercial use" of the mark and that this use caused "dilution" in the quality of the mark.

1. Commercial Use

Toeppen argues that his use of Panavision's trademarks simply as his domain names cannot constitute

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a commercial use under the Act. Case law supports this argument. *See Panavision International, L.P. v. Toeppen*, 945 F. Supp. 1296, 1303 (C.D. Cal. 1996) ("Registration of a trademark as a domain name, without more, is not a commercial use of the trademark and therefore is not within the prohibitions of the Act."); *Academy of Motion Picture Arts & Sciences v. Network Solutions, Inc.*, 989 F. Supp. 1276, 1997 U.S. Dist. LEXIS 20806, 1997 WL 810472 (C.D. Cal. 1997) (the mere registration of a domain name does not constitute a commercial use); *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949 (C.D. Cal. 1997) (NSI's acceptance of a domain name for registration is not a commercial use within the meaning of the Trademark Dilution Act).

Developing this argument, Toeppen contends that a domain name is simply an address used to locate a web page. He asserts [*1325] that entering a domain name on a computer allows a user to access a web page, but a domain name is not associated [**25] with information on a web page. If a user were to type Panavision.com as a domain name, the computer screen would display Toeppen's web page with aerial views of Pana, Illinois. The screen would not provide any information about "Panavision," other than a "location window" which displays the domain name. Toeppen argues that a user who types in Panavision.com, but who sees no reference to the plaintiff Panavision on Toeppen's web page, is not likely to conclude the web page is related in any way to the plaintiff, Panavision.

Toeppen's argument misstates his use of the Panavision mark. His use is not as benign as he suggests. Toeppen's "business" is to register trademarks as domain names and then sell them to the rightful trademark owners. He "acts as a 'spoiler,' preventing Panavision and others from doing business on the Internet under their trademarked names unless they pay his fee." *Panavision*, 938 F. Supp. at 621. This is a commercial use. *See Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1230 (N.D. Ill. 1996) (stating that "one of Toeppen's business objectives is to profit by the resale or licensing of these domain names, presumably to the entities who conduct business [**26] under these names.").

As the district court found, Toeppen traded on the value of Panavision's marks. So long as he held the Internet registrations, he curtailed Panavision's exploitation of the value of its trademarks on the Internet, a value which Toeppen then used when he attempted to sell the Panavision.com domain name to Panavision.

In a nearly identical case involving Toeppen and Intermatic Inc., a federal district court in Illinois held that Toeppen's conduct violated the Federal Trademark Dilution Act. *Intermatic*, 947 F. Supp. 1227 at 1241.

There, Intermatic sued Toeppen for registering its trademark on the Internet as Toeppen's domain name, intermatic.com . It was "conceded that one of Toeppen's intended uses for registering the Intermatic mark was to eventually sell it back to Intermatic or to some other party." *Id.* at 1239. The court found that "Toeppen's intention to arbitrage the 'intermatic.com' domain name constituted a commercial use." *Id.* *See also Teletech Customer Care Management, Inc. v. Tele-Tech Co.*, 977 F. Supp. 1407 (C.D. Cal. 1997) (granting a preliminary injunction under the Trademark Dilution Act for use of a trademark as a domain name).

Toeppen's [**27] reliance on *Holiday Inns, Inc. v. 800 Reservation, Inc.*, 86 F.3d 619 (6th Cir. 1996), cert. denied, 136 L. Ed. 2d 715, 117 S. Ct. 770 (1997) is misplaced. In *Holiday Inns*, the Sixth Circuit held that a company's use of the most commonly misdialed number for Holiday Inns' 1-800 reservation number was not trademark infringement.

Holiday Inns is distinguishable. There, the defendant did not use Holiday Inns' trademark. Rather, the defendant selected the most commonly misdialed telephone number for Holiday Inns and attempted to capitalize on consumer confusion.

A telephone number, moreover, is distinguishable from a domain name because a domain name is associated with a word or phrase. A domain name is similar to a "vanity number" that identifies its source. Using Holiday Inns as an example, when a customer dials the vanity number "1-800-Holiday," she expects to contact Holiday Inns because the number is associated with that company's trademark. A user would have the same expectation typing the domain name HolidayInns.com . The user would expect to retrieve Holiday Inns' web page. n4

n4 *See* Carl Oppedahl, *Analysis and Suggestions Regarding NSI Domain Name Trademark Dispute Policy*, 7 Fordham Intell. Prop. Media & Ent. L.J. 73 (1996). Once the domain name system was established, "nobody would have expected xerox.com to map to anything but the Xerox corporation." *Id.* at 95.

[**28]

Toeppen made a commercial use of Panavision's trademarks. It does not matter that he did not attach the marks to a product. Toeppen's commercial use was his attempt to sell the trademarks themselves. n5 Under the [*1326] Federal Trademark Dilution Act and the California Anti-dilution statute, this was sufficient commercial use.

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n5 See *Boston Pro. Hockey Assoc., Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (1975), which involved the sale of National Hockey League logos. The defendant was selling the logos themselves, unattached to a product (such as a hat or sweatshirt). The court stated: "The difficulty with this case stems from the fact that a reproduction of the trademark itself is being sold, unattached to any other goods or services." *Id.* at 1010. The court concluded that trademark law should protect the trademark itself. "Although our decision here may slightly tilt the trademark laws from the purpose of protecting the public to the protection of the business interests of plaintiffs, we think that the two become ... intermeshed" *Id.* at 1011. "Whereas traditional trademark law sought primarily to protect consumers, dilution laws place more emphasis on protecting the investment of the trademark owners." *Panavision*, 945 F. Supp. at 1301.

[**29]

2. Dilution

"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 (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake or deception." 15 U.S.C. § 1127. n6

n6 The Lanham Act, 15 U.S.C. § 1127, provides definitions for the Trademark Dilution Act, 15 U.S.C. § 1125(c).

Trademark dilution on the Internet was a matter of Congressional concern. Senator Patrick Leahy (D-Vt.) stated:

It is my hope that this anti-dilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others.

141 Cong. Rec. § 19312-01 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy). See also *Teletech Customer Care Management, Inc. v. Tele-Tech Co., Inc.*, 977 F. Supp. 1407, 1413 (C.D. Cal. 1997).

To find dilution, a court need not rely on the traditional [**30] definitions such as "blurring" and "tarnishment." n7 Indeed, in concluding that Toeppen's use of Panavision's trademarks diluted the marks, the district court noted that Toeppen's conduct varied from the two standard dilution theories of blurring and tarnishment. *Panavision*, 945 F. Supp. at 1304. The court found that Toeppen's conduct diminished "the capacity of the Panavision marks to identify and distinguish Panavision's goods and services on the Internet." *Id.* See also *Intermatic*, 947 F. Supp. at 1240 (Toeppen's registration of the domain name, "lessens the capacity of Intermatic to identify and distinguish its goods and services by means of the Internet.").

n7 Blurring occurs when a defendant uses a plaintiff's trademark to identify the defendant's goods or services, creating the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff's product. *Ringling Bros.-Barnum & Bailey, Combined Shows, Inc. v. B.E. Windows, Corp.*, 937 F. Supp. 204, 209 (S.D.N.Y. 1996) (citing *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d. Cir. 1994)); Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 24:68 at 24-111 (4th ed. 1997); see also *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Development*, 955 F. Supp. 605, 614-15 (E.D. Va. 1997) (discussing the inadequacies of current definitions of blurring and determining that blurring requires consumers to mistakenly associate a defendant's mark with a plaintiff's famous trademark).

Tarnishment occurs when a famous mark is improperly associated with an inferior or offensive product or service. *McCarthy*, § 24:104 at 24-172 to 173; *Ringling Bros.*, 937 F. Supp. at 209 (citing *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 506 (2d. Cir. 1996)).

[**31]

This view is also supported by *Teletech*. There, *TeleTech Customer Care Management Inc.*, ("TCCM"), sought a preliminary injunction against *Tele-Tech Company* for use of TCCM's registered service mark, "TeleTech," as an Internet domain name. *Teletech*, 977 F. Supp. at 1410. The district court issued an injunction, finding that TCCM had demonstrated a likelihood of success on the merits on its trademark dilution claim. *Id.* at 1412. The court found that TCCM had invested great resources in promoting its servicemark and *Teletech's* registration of the domain name *teletech.com* on the

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Internet would most likely dilute TCCM's mark. *Id.* at 1413.

Toeppen argues he is not diluting the capacity of the Panavision marks to identify goods or services. He contends that even though Panavision cannot use Panavision.com and Panaflex.com as its domain name addresses, [*1327] it can still promote its goods and services on the Internet simply by using some other "address" and then creating its own web page using its trademarks.

We reject Toeppen's premise that a domain name is nothing more than an address. A significant purpose of a domain name is to identify the entity that owns the web site. n8 [**32] "A customer who is unsure about a company's domain name will often guess that the domain name is also the company's name." *Cardservice Int'l v. McGee*, 950 F. Supp. 737, 741 (E.D. Va. 1997). "[A] domain name mirroring a corporate name may be a valuable corporate asset, as it facilitates communication with a customer base." *MTV Networks, Inc. v. Curry*, 867 F. Supp. 202, 203-204 n.2 (S.D.N.Y. 1994).

n8 This point was made in a recent legal periodical:

The domain name serves a dual purpose. It marks the location of the site within cyberspace, much like a postal address in the real world, but it may also indicate to users some information as to the content of the site, and, in instances of well-known trade names or trademarks, may provide information as to the origin of the contents of the site.

Peter Brown, *New Issues in Internet Litigation*, 17th Annual Institute on Computer Law: The Evolving Law of the Internet-Commerce, Free Speech, Security, Obscenity and Entertainment, 471 Prac. L. Inst. 151 (1997).

[**33]

Using a company's name or trademark as a domain name is also the easiest way to locate that company's web site. Use of a "search engine" can turn up hundreds of web sites, and there is nothing equivalent to a phone

book or directory assistance for the Internet. *See Cardservice*, 950 F. Supp. at 741.

Moreover, potential customers of Panavision will be discouraged if they cannot find its web page by typing in "Panavision.com," but instead are forced to wade through hundreds of web sites. This dilutes the value of Panavision's trademark. We echo the words of Judge Lechner, quoting Judge Wood: "Prospective users of plaintiff's services who mistakenly access defendant's web site may fail to continue to search for plaintiff's own home page, due to anger, frustration or the belief that plaintiff's home page does not exist." *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 1998 U.S. Dist. LEXIS 2962, 1998 WL 111676 (D.N.J. 1998) at *22 (Lechner, J., quoting Wood, J. in *Planned Parenthood*, 1997 U.S. Dist. LEXIS 3338, 1997 WL 133313 at *4); *see also Teletech*, 977 F. Supp. at 1410 (finding that use of a search engine can generate as many as 800 to 1000 matches and it is "likely to deter web browsers [**34] from searching for Plaintiff's particular web site").

Toeppen's use of Panavision.com also puts Panavision's name and reputation at his mercy. *See Intermatic*, 947 F. Supp. at 1240 ("If Toeppen were allowed to use 'intermatic.com,' Intermatic's name and reputation would be at Toeppen's mercy and could be associated with an unimaginable amount of messages on Toeppen's web page.").

We conclude that Toeppen's registration of Panavision's trademarks as his domain names on the Internet diluted those marks within the meaning of the Federal Trademark Dilution Act, 15 U.S.C. § 1125(c), and the California Anti-dilution statute, Cal.Bus. & Prof. Code § 14330.

III

CONCLUSION

Toeppen engaged in a scheme to register Panavision's trademarks as his domain names on the Internet and then to extort money from Panavision by trading on the value of those names. . . .

We [] affirm the district court's summary judgment in favor of Panavision under the Federal Trademark Dilution Act, 15 U.S.C. § 1125(c), and the California [**35] Anti-dilution statute, Cal.Bus. & Prof. Code § 14330. Toeppen made commercial use of Panavision's trademarks and his conduct diluted those marks.

AFFIRMED.

[edited version]

**BALLY TOTAL FITNESS HOLDING CORPORATION, Plaintiff, v. ANDREW
S. FABER, Defendant.**

Case No. CV 98-1278 DDP (MANx)

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA*29 F. Supp. 2d 1161; 1998 U.S. Dist. LEXIS 21459; 50 U.S.P.Q.2D (BNA) 1840*

December 21, 1998, Decided

December 21, 1998, Filed

DEAN D. PREGERSON, United States District
Judge.**ORDER GRANTING DEFENDANT'S
MOTION FOR SUMMARY JUDGMENT**

Andrew S. Faber's motion for summary judgment came before the Court for oral argument on November 23, 1998. After reviewing and considering the materials submitted by the parties and hearing oral argument, the Court GRANTS Faber's motion for summary judgment.

BACKGROUND

Bally Total Fitness Holding Corp. ("Bally") brings this action for trademark infringement, unfair competition, and dilution against Andrew S. Faber ("Faber") in connection with Bally's federally registered trademarks and service marks in the terms "Bally," "Bally's Total Fitness," and "Bally Total Fitness," including the name and distinctive styles of these marks. Bally is suing Faber based on his use of Bally's marks in a web site he designed.

Faber calls his site "Bally sucks." The web site is dedicated to complaints about Bally's health club business. When the web site is accessed, the viewer is presented with Bally's mark with the word "sucks" printed across it. Immediately under this, the web site states "Bally Total Fitness Complaints! Un-Authorized."

Faber has several web sites in addition to the "Bally sucks" site. The domain n1 in which Faber has placed his web sites is "www.compupix.com." Faber's other web sites within

"www.compupix.com" include the "Bally sucks" site (URL address "www.compupix.com/ballysucks"); "Images of Men," a web site displaying and selling photographs of nude males (URL address "www.compupix.com/index.html"); a web site [**3] containing information regarding the gay community (URL address "www.compupix.com/gay"); a web site containing photographs of flowers and landscapes (URL address "www.compupix.com/fl/index.html"); and a web site advertising "Drew Faber Web Site Services" (URL address "www.compupix.com/biz.htm").

n1 "Domains" are used to provide organization to the Internet. The domain name is a word or series of words followed by ".edu" for education; ".org" for organizations; ".gov" for government entities; ".net" for networks; and ".com" as the catchall for other Internet users. Within each of these top level domains, there are many different sub-domains. An example of a domain name would be "www.Bally.com." Domain names are licensed to individuals by Network Solutions, Inc. Within any domain, the domain owner may place additional sub-domains and multiple web pages or may merely have one web site.

On April 22, 1998, Bally applied for a temporary restraining order directing Faber to withdraw his web site from the Internet. Bally [**4]

represents that when its application for a TRO was initially filed, the "Bally sucks" site contained a direct link to Faber's "Images of Men" site. In his opposition to the application for a TRO, Faber indicated that this link had been removed. The Court denied Bally's application on April 30, 1998.

Bally brought a motion for summary judgment on its claims of trademark infringement, trademark dilution, and unfair competition which the Court denied on October 20, 1998. In that order, the Court ordered Faber to bring a motion for summary judgment. This motion is now before the Court.

DISCUSSION

I. Faber's Motion for Summary Judgment

A. Legal Standard

Summary judgment is appropriate where "there is no genuine issue as to any material fact and ... the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c). A genuine issue exists if "the evidence is such that a reasonable jury could return a verdict for the nonmoving party," and material facts are those "that might affect the outcome of the suit under the governing law." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, [*1163] 91 L. Ed. 2d 202, 106 S. Ct. 2505 (1986). Thus, the "mere [*5] existence of a scintilla of evidence" in support of the nonmoving party's claim is insufficient to defeat summary judgment. *Id.* at 252. In determining a motion for summary judgment, all reasonable inferences from the evidence must be drawn in favor of the non moving party. *Id.* at 242.

B. Trademark Infringement

The Lanham Act provides the basic protections that a trademark owner receives. To find that Faber has infringed Bally's marks the Court would have to find that Bally has valid protectable trademarks and that Faber's use creates a likelihood of confusion. 15 U.S.C. § 1114(1)(a). Faber asserts that Bally cannot meet this standard as a matter of law.

1. Validity of Bally's marks

Bally has demonstrated that it has invested a substantial amount of money and effort to create valuable trademarks. Bally's marks are registered on the Principle Register of the U.S. Patent and Trademark Office. Additionally, Bally asserts that "since 1990, Bally has spent over \$ 500,000,000.00 (one-half billion dollars) in advertising the Bally

name in the health club industry." Further, "in 1996, Bally spent over \$ 5,000,000 in external signage for its clubs nationwide." Finally, Bally [*6] argues that it is the only business in the health club industry which uses the Bally marks. These facts establish that Bally has valid protectable marks.

2. Likelihood of confusion

In determining whether a defendant's use of a plaintiff's trademarks creates a likelihood of confusion, the courts apply an eight-factor test, including:

- (1) strength of the mark;
- (2) proximity of the goods;
- (3) similarity of the marks;
- (4) evidence of actual confusion;
- (5) marketing channels used;
- (6) type of goods and the degree of care likely to be exercised by the purchaser;
- (7) defendant's intent in selecting the mark; and
- (8) likelihood of expansion of the product lines.

See *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).

The Sleekcraft factors apply to related goods. *Id.* at 348. Bally is involved in the health club industry. Faber is an Internet web page designer who believes that Bally engages in unsatisfactory business practices. Faber operates a web site which is critical of Bally's operations. Bally, however, states that it uses the Internet to communicate with its members and to advertise its services. Consequently, [*7] Bally asserts that the parties have related goods because both parties use the Internet to communicate with current and potential Bally members.

"Related goods are those goods which, though not identical, are related in the minds of consumers." *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1363 (9th Cir. 1985). Several courts have addressed whether goods are related. See *id.* (shirts and pants are related goods); *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 152-53 (9th

Cir. 1963) (beer and whiskey are related goods); *Yale Elec. Corp. v. Robertson*, 26 F.2d 972 (2d Cir. 1928) (locks and flashlights are related goods). The modern rule protects marks against "any product or service which would reasonably be thought by the buying public to come from the same source, or thought to be affiliated with, connected with, or sponsored by, the trademark owner." 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 24:6 at 24-13 (1997).

The Court finds that the goods here are not related. Web page design is a service based on computer literacy and design skills. This service is far removed from the business of managing health clubs. **[**8]** The fact that the parties both advertise their respective services on the Internet may be a factor tending to show confusion, but it does not make the goods related. The Internet is a communications medium. It is not itself a product or a service. Further, Faber's site states that it is "unauthorized" and contains the words "Bally sucks." No reasonable consumer comparing Bally's official web site with Faber's site would assume Faber's site **[*1164]** "to come from the same source, or thought to be affiliated with, connected with, or sponsored by, the trademark owner." Therefore, Bally's claim for trademark infringement fails as a matter of law.

However, even assuming that these goods are related, Bally's claims also fail to satisfy the Sleekcraft factors.

a. Strength of mark

This factor tips greatly toward Bally. Bally owns registered marks. Bally uses these marks extensively throughout the United States and Canada. Bally spends a significant amount of money each year to promote its marks. Finally, Bally asserts that no other company uses these marks in connection with health clubs, and that these marks are arbitrary. These facts demonstrate that Bally has strong marks.

b. Similarity **[**9]** of the marks

Bally argues that the marks are identical. Bally argues that the only difference between the marks is that Faber attached the word "sucks" to Bally's marks. Bally argues that this is a minor difference.

"Sucks" has entered the vernacular as a word loaded with criticism. Faber has superimposed this word over Bally's mark. It is impossible to see

Bally's mark without seeing the word "sucks." Therefore, the attachment cannot be considered a minor change. See *Int'l Ass'n of Machinists & Aerospace Workers v. Winship Green Nursing Ctr.*, 103 F.3d 196, 202-03 (1st Cir. 1996).

This factor cuts against Bally.

c. Competitive proximity of the goods

Bally argues that the goods are in close proximity because both parties use the Internet. Bally uses the Internet to generate revenue and disseminate information to its customers in support of its health clubs. Faber uses his web site to criticize Bally and to provide others with a forum for expressing their opinions of Bally. Faber does not attempt to pass-off his site as Bally's site. Faber states that his site is "unauthorized." Bally asserts that its site offers similar services because it has a complaints section and **[**10]** it provides information about Bally's services and products.

The Court finds that Faber's site does not compete with Bally's site. It is true that both sites provide Internet users with the same service -- information about Bally. These sites, however, have fundamentally different purposes. Bally's site is a commercial advertisement. Faber's site is a consumer commentary. Having such different purposes demonstrates that these sites are not proximately competitive.

Therefore, this factor cuts against Bally.

d. Evidence of actual confusion

Bally does not offer evidence of actual confusion. Instead, Bally states, "consumer confusion is patently obvious in this case because of the strength of the Bally marks, combined with the obvious similarities in appearance and proximity of the marks, although there is no evidence of actual confusion."

Faber's states that his site is "unauthorized" and he has superimposed the word "sucks" over Bally's mark. The Court finds that the reasonably prudent user would not mistake Faber's site for Bally's official site.

Therefore, this factor cuts against Bally.

e. Marketing channels used

Bally argues that both parties use the Internet to reach **[**11]** current and potential Bally members. Bally states that it uses the Internet to disseminate

information and generate revenue. Bally contends that it has spent over \$ 500,000,000 in advertisements including the Internet, television, radio, billboards and signage since 1990. Therefore, Bally has a broad marketing strategy which includes the Internet.

Bally has not shown that Faber uses all of these channels for marketing. Instead, Bally has shown that Faber has one site which offers his services for web design, and this site included a reference to his "Bally sucks" site for some time. However, this site no longer includes this link.

Arguably, listing the "Bally sucks" site as one of many sites Faber has created in order to advertise his web design services is a form of marketing. This fact, however, does not change the primary purpose of the "Bally sucks" site which is consumer commentary. Bally's goods and Faber's goods are not related. [*1165] Therefore, the fact that marketing channels overlap is irrelevant.

This factor is, at best, neutral, and likely cuts against Bally.

f. Degree of care likely to be exercised

Bally argues that individual users may mistakenly access Faber's site [**12] rather than the official Bally site. Bally argues that this may happen when users employ an Internet search engine to locate Bally's site. Bally argues that the search result may list Faber's site and Bally's site. The result, it argues, will be that "prospective users of plaintiff's services who mistakenly access defendant's web site may fail to continue to search for plaintiff's own home page, due to anger, frustration or the belief that plaintiff's home page does not exist." (Bally's Mot. for Sum. Judg. 19:1-3, quoting *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1327 (9th Cir. 1998).) The *Panavision* case, however, concerned an individual who engaged in commercial use of plaintiff's registered mark in his Internet domain name, "Panavision.com." See *Panavision*, 141 F.3d at 1324.

Here, Faber uses the Bally mark in the context of consumer criticism. He does not use Bally in his domain name. He communicates that the site is unauthorized and that it is not Bally's official site. Moreover, Faber's use of the Bally mark does not significantly add to the large volume of information that the average user will have to sift through in performing an average Internet search. [**13] See *Teletech Customer Care Mgmt., Inc. v. Tele-Tech Co.*,

977 F. Supp. 1407, 1410 (C.D. Cal. 1997) (noting that average search can result in 800 to 1000 "hits"). Whether the average user has to sift through 799 or 800 "hits" to find the official Bally site will not cause the frustration indicated in *Teletech* and *Panavision* because Faber is not using Bally's marks in the domain name. Moreover, even if Faber did use the mark as part of a larger domain name, such as "ballysucks.com", this would not necessarily be a violation as a matter of law. n2

n2 The Court notes that there is a distinction between this example and cases like *Panavision* where an individual appropriates another's registered trademark as its domain name. In the "cybersquatter" cases like *Panavision*, there is a high likelihood of consumer confusion - reasonably prudent consumers would believe that the site using the appropriated name is the trademark owner's official site. Here, however, no reasonably prudent Internet user would believe that "Ballysucks.com" is the official Bally site or is sponsored by Bally.

[**14]

Further, the average Internet user may want to receive all the information available on Bally. The user may want to access the official Internet site to see how Bally sells itself. Likewise, the user may also want to be apprised of the opinions of others about Bally. This individual will be unable to locate sites containing outside commentary unless those sites include Bally's marks in the machine readable code n3 upon which search engines rely. Prohibiting Faber from using Bally's name in the machine readable code would effectively isolate him from all but the most savvy of Internet users.

n3 The machine readable code is the hidden part of the Internet upon which search engines rely to find sites that contain content which the individual user wishes to locate. The basic mechanics is that the web page designer places certain keywords in an unreadable portion of the web page that tells the search engines what is on a particular page.

Therefore, this factor cuts against Bally.

g. Defendant's intent in selecting **[**15]** the mark

Here, Faber purposely chose to use Bally's mark to build a "web site that is 'dedicated to complaint, issues, problems, beefs, grievances, grumblings, accusations, and gripes with Bally Total Fitness health clubs.'" Faber, however, is exercising his right to publish critical commentary about Bally. He cannot do this without making reference to Bally. n4 In this regard, Professor McCarthy states:

[*1166] The main remedy of the trademark owner is not an injunction to suppress the message, but a rebuttal to the message. As Justice Brandeis long ago stated, "If there be time to expose through discussion the falsehood and fallacies, to avert the evil by the process of education, the remedy to be applied is more speech, not enforced silence."

5 McCarthy, *β* 31:148 at 31-216.

n4 Bally concedes that Faber has some right to use Bally's name as part of his consumer commentary. However, Bally argues that Faber uses more than is necessary when making his commentary and that he has alternative means of communication. Specifically, Bally argues that Faber could use the name "Bally" or "Bally Total Fitness" in block lettering without using Bally's stylized "B" mark or distinctive script. This argument, however, would create an artificial distinction that does not exist under trademark law. Trademarks are defined broadly to include both names and stylized renditions of those names or other symbols. 15 U.S.C. *β β* 1051, 1127 (1997). Furthermore, the purpose of a trademark is to identify the source of goods. *Id.* *β* 1127. An individual who wishes to engage in consumer commentary must have the full range of marks that the trademark owner has to identify the trademark owner as the object of the criticism. (See *infra* Part I-C.)

[16]**

Applying Bally's argument would extend trademark protection to eclipse First Amendment rights. The courts, however, have rejected this approach by holding that trademark rights may be limited by First Amendment concerns. See *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26 (1st Cir.), cert denied, 483 U.S. 1013, 97 L. Ed. 2d 753, 107 S. Ct. 3254 (1987).

Therefore, this factor is neutral.

h. Likelihood of expansion of the product line

Bally essentially concedes that there is no likelihood that Bally will expand its product lines into the same areas in which Faber operates. However, Bally claims that Faber's intentional acts reduce the significance of this factor. Bally, though, relies on conclusions rejected by the Court. (See *supra* Part I-B-2-g.)

It is apparent that the parties will not expand into the other's line of business. Bally intends to use the Internet as a means of increased communication. However, Bally has not represented that it intends to enter the web design business or that it intends to operate an official anti-Bally site. Further, Faber has not indicated that he intends to operate a health club.

Therefore, this factor also cuts against **[**17]** Bally.

3. Conclusion

Bally owns valuable marks. However, Faber has established that there is no likelihood of confusion as a matter of law. Therefore, the Court grants Faber's motion for summary judgment on trademark infringement.

C. Trademark Dilution

The elements of a dilution claim are that:

- (1) The plaintiff is the owner of a mark which qualifies as a "famous" mark as measured by the totality of the eight factors listed in *β* 43(c)(1),
- (2) The defendant is making commercial use,
- (3) In interstate commerce,
- (4) Of a mark or trade name,
- (5) And defendant's use began after the plaintiff's mark became famous,

(6) And defendant's use causes dilution by lessening the capacity of the plaintiff's mark to identify and distinguish goods or services.

3 McCarthy, β 24:89 at 24-137-38 (footnote omitted). Dilution may be either by blurring or by tarnishment. See *id.* β β 24:69, 24:68, at 24-116-17. Here, Bally argues that Faber has tarnished its mark by associating it with pornography.

Commercial use is an essential element of any dilution claim. Here, Bally argues that Faber has used Bally's mark to demonstrate his skills as a web site [**18] designer and to show current members how to effectively cancel their memberships with Bally. Bally asserts that Faber listed the "Bally sucks" web site on the "Drew Faber Web Site Services" site in an effort to advertise Faber's services.

Bally cites several "cybersquatting" cases in which individuals registered the trademarks of others as domain names for the purpose of selling or ransoming the domain name to the trademark owner. Bally asserts that these cases hold that using another's mark on the Internet is per se commercial use. The mere use of another's name on the Internet, however, is not per se commercial use. See 3 McCarthy, β 24:97.2 at 24-172.

Here, Faber used Bally's marks in connection with a site devoted to consumer product review of Bally's services. In congressional hearings, Senator Orrin Hatch stated that [**1167] the dilution statute "will not prohibit or threaten noncommercial expression, such as parody, satire, editorial and other forms of expression that are not a part of a commercial transaction." 141 Cong. Rec. S 19306-10 (Daily ed. Dec. 29, 1995). Therefore, this exception encompasses both parodies and consumer product reviews. See *Panavision Int'l, L.P. v. [**19] Toepfen*, 945 F. Supp. 1296, 1303 (C.D. Cal. 1996).

Faber has shown that Bally cannot demonstrate that he is using Bally's mark in commerce. Bally argues that Faber's listing of the "Bally sucks" site, among others, in a site listing his available services and qualifications uses the Bally mark to promote a service. This argument is unpersuasive. Faber is not using the Bally mark to sell his services. Faber is not using Bally's mark to identify his goods in commerce. Faber merely listed the "Bally sucks" site as one of several web sites that he has designed so

that those who are interested in his services may view his work. This is akin to an on-line resume.

Further, the courts have held that trademark owners may not quash unauthorized use of the mark by a person expressing a point of view. See *L.L. Bean*, 811 F.2d at 29, citing *Lucasfilm Ltd. v. High Frontier*, 622 F. Supp. 931, 933-35 (D.D.C. 1985). This is so even if the opinion may come in the form of a commercial setting. See 811 F.2d at 33 (discussing Maine's anti-dilution statute). In *L.L. Bean*, the First Circuit held that a sexually-oriented parody of *L.L. Bean's* catalog in a commercial adult-oriented magazine was [**20] non-commercial use of the trademark. See *id.* The court stated:

If the anti-dilution statute were construed as permitting a trademark owner to enjoin the use of his mark in a noncommercial context found to be negative or offensive, then a corporation could shield itself from criticism by forbidding the use of its name in commentaries critical of its conduct. The legitimate aim of the anti-dilution statute is to prohibit the unauthorized use of another's trademark in order to market incompatible products or services. The Constitution does not, however, permit the range of the anti-dilution statute to encompass the unauthorized use of a trademark in a noncommercial setting such as an editorial or artistic context.

Id.

Here, Bally wants to protect its valuable marks and ensure that they are not tarnished or otherwise diluted. This is an understandable goal. However, for the reasons set forth above, Faber's "Bally sucks" site is not a commercial use.

Even if Faber's use of Bally's mark is a commercial use, Bally also cannot show tarnishment. Bally cites several cases such as the "Enjoy Cocaine" and "Mutant of Omaha" cases for the proposition that this site and [**21] its relationship to other sites tarnishes their mark. See *Mutual of Omaha Ins. Co. v. Novak*, 648 F. Supp. 905 (D. Neb. 1986) (discussing both infringement and disparagement), *aff'd* 836 F.2d 397 (8th Cir. 1987) (addressing infringement, but not disparagement); *Coca-Cola v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972).

There are, however, two flaws with Bally's argument. First, none of the cases that Bally cites

involve consumer commentary. In *Coca-Cola*, the court enjoined the defendant's publication of a poster stating "Enjoy Cocaine" in the same script as Coca-Cola's trademark. See *Coca-Cola*, 346 F. Supp. at 1192. Likewise, in *Mutual of Omaha*, the court prohibited the use of the words "Mutant of Omaha" with a picture of an emaciated human head resembling the Mutual of Omaha's logo on a variety of products as a means of protesting the arms race. See *Mutual of Omaha*, 836 F.2d at 398. Here, however, Faber is using Bally's mark in the context of a consumer commentary to say that Bally engages in business practices which Faber finds distasteful or unsatisfactory. This is speech protected by the First Amendment. See *L.L. Bean*, 811 F.2d at 29; *McCarthy*, [**22] § 24:105 at 24-191. As such, Faber can use Bally's mark to identify the source of the goods or services of which he is complaining. This use is necessary to maintain broad opportunities for expression. See Restatement (Third) of Unfair Competition § 25(2), cmt. i (1995) (stating "extension of the antidilution statutes to protect against damaging nontrademark uses raises substantial free speech issues and duplicates other potential [*1168] remedies better suited to balance the relevant interests").

The second problem with Bally's argument is that it is too broad in scope. Bally argues that the proximity of Faber's "Images of Men" site tarnishes the good will that Bally's mark enjoys because it improperly creates an association between Bally's mark and pornography. If the Court accepted this argument it would be an impossible task to determine dilution on the Internet. It is true that both sites are under the same domain name, "Compupix.com." Furthermore, it is also true that at a variety of times there were links between Faber's various sites. However, at no time was any pornographic material contained on Faber's "Bally sucks" site. From its inception, this site was devoted

to consumer [**23] commentary. Looking beyond the "Bally sucks" site to other sites within the domain or to other linked sites would, to an extent, include the Internet in its entirety. The essence of the Internet is that sites are connected to facilitate access to information. Including linked sites as grounds for finding commercial use or dilution would extend the statute far beyond its intended purpose of protecting trademark owners from uses that have the effect of "lessening ... the capacity of a famous mark to identify and distinguish goods or services." 15 U.S.C. § 1127. Further, it is not logical that a reasonably prudent Internet user would believe that sites which contains no reference to a trademark and which are linked to, or within the same domain as, a site that is clearly not sponsored by the trademark owner are in some way sponsored by the trademark owner.

Therefore, the Court grants Faber's motion for summary judgment on the claim of trademark dilution..

III. Conclusion

The explosion of the Internet is not without its growing pains. It is an efficient means for business to disseminate information, but it also affords critics of those businesses an equally efficient means of disseminating critical commentary. Here, trademark infringement and trademark dilution do not provide a remedy for Bally.

The Court GRANTS Faber's motion for summary judgment on the claims of trademark infringement, trademark dilution, and unfair competition.

66 F. Supp. 2d 117, *; 1999 U.S. Dist. LEXIS 13848, **;
52 U.S.P.Q.2D (BNA) 1402

[edited version]

HASBRO, INC., Plaintiff, v. CLUE COMPUTING, INC., Defendant.

CIVIL ACTION NO. 97-10065-DPW

**UNITED STATES DISTRICT COURT FOR THE DISTRICT OF
MASSACHUSETTS**

66 F. Supp. 2d 117; 1999 U.S. Dist. LEXIS 13848; 52 U.S.P.Q.2D (BNA) 1402

September 2, 1999, Decided

DOUGLAS P. WOODLOCK, UNITED STATES
DISTRICT JUDGE.

the Law--The Law of Cyberspace, *112 Harv. L.
Rev.* 1574 (1999).

[*119] MEMORANDUM AND ORDER

September 2, 1999

Plaintiff Hasbro, Inc. brings this suit against Clue Computing, Inc., a Colorado company, for trademark infringement upon and dilution of the CLUE (R) trademark. Hasbro, which owns the CLUE (R) mark corresponding to the game CLUE, alleges that Clue Computing has infringed upon its trademark rights and diluted its famous mark through the use of a World Wide Web site at the address of "clue.com." Clue Computing has moved for summary judgment on all [**2] three counts in the case--a federal trademark infringement claim, a federal trademark dilution claim, and a state trademark dilution claim. Hasbro has moved for summary judgment on the two dilution claims. As to the dilution claims, the parties have consented to have me act as finder of fact on the records presented. For the reasons set forth below, I will grant Clue Computing's motion for summary judgment on the trademark infringement claim and will as finder of fact award judgment for Clue Computing on the dilution claims.

I. BACKGROUND

A general discussion of the Internet and associated legal issues is provided in a previous memorandum and order in this case. *Hasbro, Inc. v. Clue Computing, Inc.*, *994 F. Supp. 34, 36-37 (D. Mass. 1997)*. n1 I include here background information about the parties and this litigation directly relevant to the motions currently before me. Portions of this background section are drawn from the prior memorandum. See *id. at 37-39*.

n1 A provocative general discussion about legal issues involving the Internet is provided in a recent "Developments" Note. Developments in

[**3]

A. Defendant Clue Computing, Inc.

Clue Computing, Inc. is a Colorado corporation located in Longmont, Colorado. It is in the business of computer consulting. Created in 1994 as a partnership, Clue Computing is now owned by Eric Robison. (Def. Clue Computing, Inc.'s Concise Statement of Material Facts as to Which There Is No Genuine Issue ("Def.'s Facts") P 1.) Clue Computing was incorporated in Colorado as Clue Computing, Inc. on May 22, 1996. (Id. P 1.) Robison is the sole full-time employee of Clue Computing. (Id.) According to the defendant, Robison and Dieter Muller, Robison's friend and co-founder of Clue Computing, chose the name Clue Computing for reasons unrelated to the game of CLUE (R). Defendant asserts that the name came about as a joke when Robison and Muller were both employed at another company. When individuals would call themselves "clueless" in conversation, Muller and Robison would hand them a card with the word "clue" on it. (Id. P 9.)

The partnership Clue Computing, predecessor to Clue Computing, Inc., registered the Web domain "clue.com" with Network Solutions, Inc. ("NSI") on June 13, 1994, and the company has used the Web site at that address [**4] ever since. (Id. PP 1, 5; Pl. Hasbro, Inc.'s Statement of Material Facts as to Which There Is No Genuine Issue To Be Tried ("Pl.'s Facts") P 6.) n2 The company uses the Web site to advertise its business, [*120] including Internet consulting, training, system administration, and network design and implementation. The Web site offers the address, phone number, and E-mail address for the company. In addition, those Internet users who view the site can instantly E-mail the company by clicking on the page. (Def.'s Facts P 5, 11; Levin Decl., Ex. C.) Additionally, several individuals use the

"clue.com" site for personal E-mail and Web sites. (Def.'s Facts P 5.)

n2 Clue Computing also owns the domain name "cluecomputing.com" which it acquired when concerned that NSI would shut down the site of "clue.com." (See Levin Decl., Ex. F at 6-7, and Ex. H to Ex. F.)

B. Plaintiff Hasbro, Inc.

Hasbro, Inc. designs, manufactures and markets children's toys and related items. Hasbro owns the CLUE (R) trademark for the CLUE [**5] (R) board game, a murder mystery game where participants attempt to discover which character committed a murder in which room with which weapon. (Pl.'s Facts P 1; Mem. in Supp. of Pl. Hasbro, Inc.'s Mot. for Partial Summary Judgment ("Pl.'s Mem.") at 2.) The game was invented in 1944, and the name CLUE (R) has been registered in the United States as a trademark of Hasbro and predecessor companies since 1950. (Pl.'s Facts P 1; Pl.'s Mem. at 2.)

Hasbro has developed CD-ROM versions of many of its traditional games and is marketing these games on the World Wide Web, e.g. the MONOPOLY (R) game at "monopoly.com," the BATTLESHIP (R) game at "battleship.com," and others. Hasbro has developed a CD-ROM version of the CLUE (R) game as well. (Pl.'s Mem. at 3.) However, in 1996 Hasbro discovered that Clue Computing owned the domain name "clue.com." (Id. at 5.)

* * *

III. DISCUSSION

A. Trademark Infringement

Hasbro claims that Clue Computing infringed its CLUE (R) trademark under 15 U.S.C. β 1125(a), which states in relevant part:

(1) Any person who, on or in [**9] connection with any goods or services ... uses in commerce any word, term, name, symbol, or device ..., which--(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person ... shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Trademark law seeks to prevent one seller from using a "mark" identical or similar to that used by another seller in a way that confuses the public about the actual source of the goods or services in question. *Star Fin. Services, Inc. v. Aastar Mortgage Corp.*, 89 F.3d 5, 9 (1st Cir. 1996). Such confusion may prevent the buyer from obtaining the goods he seeks or may endanger the reputation of the first user of the mark by association with the subsequent user. *DeCosta v. Viacom Int'l, Inc.*, 981 F.2d 602, 605 (1st Cir. 1992), cert. denied, 509 U.S. 923, 125 L. Ed. 2d 725, 113 S. Ct. 3039 (1993). To prevail on a trademark infringement [**10] claim, a plaintiff must show 1) use and therefore ownership of the mark 2) use by the defendant of the same mark or a similar one, and 3) likelihood that the defendant's use will confuse the public, thereby harming the plaintiff. *Id.* The first two components of this test are not in contention in this case; thus the key to Hasbro's infringement claim is the element of confusion. n4

n4 The First Circuit has also set out three prerequisite elements which the plaintiff must satisfy to be entitled to any form of trademark protection, whether on infringement or dilution grounds. These elements are that the "marks (a) must be used in commerce, (b) must be non-functional, and (c) must be distinctive." *I.P. Lund Trading v. Kohler Co.*, 163 F.3d 27, 36 (1st Cir. 1998). Neither party has disputed these prerequisites, but I note that both the plaintiff's trademark and the defendant's domain name are clearly used in commerce and both are in themselves non-functional. Further, as explained in my discussion of strength of the mark, see Section III(A)(8) below, Hasbro's CLUE (R) trademark is either suggestive or descriptive and in any case has secondary meaning. As such, it meets the level of distinctiveness required for trademark protection. See *id.* at 39.

[**11]

With respect to the element of confusion, the First Circuit has held:

We require evidence of a "substantial" likelihood of confusion--not a mere possibility--and typically refer to eight factors in making the assessment: (1) the similarity of the marks; (2) the similarity [**122] of the goods for services; (3) the relationship between the parties' channels of trade; (4) the relationship between the parties' advertising; (5) the classes of prospective purchasers; (6) evidence of actual confusion; (7) the

defendant's intent in adopting the mark; (8) the strength of the plaintiff's mark.

Star, 89 F.3d at 10 (quotation omitted); see also *I.P. Lund Trading v. Kohler Co.*, 163 F.3d 27, 43 (1st Cir. 1998). I will analyze these factors in turn to determine whether there are sufficient facts to create a dispute as to the likelihood of confusion.

1. Similarity of the marks. The marks at issue are essentially identical. Hasbro owns the trademark for CLUE (R), while Clue Computing's web domain is "clue.com." However, "otherwise similar marks are not likely to be confused if they are used in conjunction with clearly displayed names, logos or other source-identifying [**12] designations of the manufacturer." *International Ass'n of Machinists and Aerospace Workers v. Winship Green Nursing Ctr.*, 103 F.3d 196, 204 (1st Cir. 1996) (hereinafter "IAM"). Here, Clue Computing's Web site is clearly headed "Clue Computing," contains a description of Clue Computing's business, and features a logo noticeably different from that of the Hasbro game (even though the logo contains a magnifying glass, as does some of the promotional material for the CLUE game). (See Levin Decl., Ex. C; compare Levin Decl., Ex. B.) These surrounding conditions mitigate somewhat the similarity of the marks, although they do not change the fact that the domain name itself, without necessarily going to the Web page, is identical to Hasbro's mark. "Still, similarity is determined on the basis of the designation's total effect, and infringement 'does not exist, though the marks be identical and the goods very similar, when the evidence indicates no [likelihood of confusion]." *IAM*, 103 F.3d at 203-04 (quoting *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 274) (7th Cir. 1976)) (citation omitted). Ultimately, the similarity [**13] of the marks here will not be decisive if other factors indicate a lack of confusion.

2. Similarity of Goods and Services. I find very little similarity between Hasbro's products and Clue Computing's services. Hasbro's CLUE is promoted, even in its CD-ROM form, as "The Classic Detective Game." (See Larson Sept. 25 Aff., Ex. S.) Clue Computing, according to its Web site, "offers a wide array of computing consulting services for businesses needing dependable, high quality work done at a reasonable price." (Levin Decl., Ex. C.) These products as presented on the Internet--the arena at issue in this case--could scarcely be more different.

Hasbro, however, attempts to show that their product and Clue Computing's product do in fact have substantial overlap. Hasbro provides on-line technical support to users of its CLUE (R) CD-ROM game, (Puffer Decl. P 2), which it alleges is similar to the

support services that Clue Computing provides. (Pl. Hasbro, Inc.'s Mem. in Opp'n to Def.'s Mot. for Summary Judgment ("Pl.'s Opp'n") at 16.) First, it is an extraordinary stretch to assert that Hasbro's technical support to game users is similar in any meaningful way to the "computing consulting [**14] services" provided by Clue Computing. Second, even to the extent that Hasbro may provide similar services, these services are at most a small component of the CLUE product and are entirely subordinate to its nature as a game. CLUE players seeking on-line support services will be seeking Web sites dedicated to the game, not to computer services in general. I do not find Hasbro's argument to be persuasive.

Hasbro also asserts that Clue Computing's inclusion of "The Land of the Faerie, a recently-released album by Darrah Nagle," (Levin Decl., Ex. C at H0067) in their Web site shows that Clue Computing provides entertainment services similar to those at Hasbro's CLUE-related Web sites. "The Land of the Faerie" appears completely irrelevant to this dispute; it is [*123] not prominently featured on Clue Computing's site and in any case has no particular connection to the game CLUE.

Courts have generally required far stronger showings than those present here to find similarity of goods. The First Circuit, for example, found two products dissimilar even though both were cameras because "their appearances are strikingly different so much so that one could not be mistaken for the other." *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 487 (1st Cir. 1981). [**15]

3-5. Channels of Trade; Advertising; Classes of Prospective Purchasers. In accordance with First Circuit precedent, see *IAM*, 103 F.3d at 204; *Star*, 89 F.3d at 10 n.3, I will here consider these three categories together. Clue Computing conducts most of its business, including publicizing its services, through the Internet. (Def.'s Facts P 5.) Hasbro has advertised the game CLUE in many different forums, including promotional trade catalogs, television commercials, and promotional literature included in the packaging of other Hasbro games, (Riehl Deck P 8), n5 and has sold many copies of the game through retail stores, among other outlets. (Riehl Decl., Ex. B.) Hasbro has also in recent years begun advertising and selling its CLUE products over the Internet, creating some overlap with Clue Computing in advertising and channels of trade. (Puffer Decl. PP 2, 4-5.)

n5 The entire declaration of Holly D. Riehl is sealed and confidential. I have cited her declaration as support for several general statements in this memorandum but have not

revealed any specific information from her declaration.

[**16]

However, while Clue Computing does almost all of its business over the internet, Hasbro's documents indicate that Internet advertising and sales make up a very small component of its business involving the game CLUE. (Riehl Decl., Exs. H, D at H000502.) Where products have some overlap in channels of advertising and trade but primarily occupy different channels, courts have not found likelihood of confusion based on this factor. See *Pignons*, 657 F.2d at 488-89 (finding primarily different advertising and channels of trade for two cameras despite some common advertising in photographic magazines and sales in camera stores); cf. *Black Dog Tavern Co. v. Hall*, 823 F. Supp. 48, 55-56 (D. Mass. 1993) (finding "minimal overlap" in channels of trade and advertising even though both products are T-shirts sold primarily in Martha's Vineyard).

Similarly, while Hasbro's prospective purchasers are any people who might want to buy a CLUE game, Clue Computing's prospective purchasers are people seeking Internet and computer consulting services. These groups may have some overlap in the broad category of Internet users, but they also surely have large segments [**17] which do not overlap. In considering whether the class of prospective purchasers will confuse the two products, "a court called upon to assay likelihood of confusion must ponder the sophistication of the class, thereby taking account of the context in which the alleged infringer uses the mark." *IAM*, 103 F.3d at 204. There is no clear indication as to the level of sophistication of those Internet users who may be interested in each product. Hasbro states that many of its customers are unsophisticated about computers. (Pl.'s Opp'n at 9.) n6 Clue Computing originally targeted "clueless" customers, (Def.'s Facts P 9), but now asserts its customers are sophisticated about the Internet. (Def.'s Mem. of Law in Opp'n to Pl.'s Mot. for Partial Summary Judgment at 10.) In any case, these prospective customers are plainly sophisticated enough to know the difference between a game and a computer consulting service, and they make up only a subset of Hasbro's prospective purchasers over all.

n6 See *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 303 (D.N.J. 1998), aff'd, 159 F.3d 1351 (3d Cir. 1998) (observing that "many Internet users are not sophisticated enough to distinguish between the subtle difference in the domain names of the parties").

[**18]

[*124] 6. Actual Confusion. From the more than four years since Clue Computing began using the "clue.com" domain name, Hasbro has produced only a few scraps of evidence of actual confusion between Clue Computing's Web site and Hasbro's trademark. Plaintiff has produced three E-mails, including two sent three minutes apart by the same person, directed to the E-mail address link on Clue Computing's Web site asking about the game CLUE. (Levin Decl., Ex. G.) There is no way to verify the source or authenticity of two of the E-mails, so they are of limited value as evidence. Hasbro has produced an affidavit from the author of the third E-mail saying that she was confused by the defendant's Web site and thought that it was connected to technical support for Plaintiff's CLUE CD-ROM. (Magestro Decl.) Hasbro also submitted an affidavit from one other customer who contacted the company after apparently searching for Hasbro's Web site without success and briefly becoming confused by Clue Computing's "clue.com" site. (Britt Decl.)

The fact that one, two or three people over four years may have expressed confusion between Clue Computing's Web site and Hasbro's game does not constitute the level of [**19] actual confusion necessary to support a general finding of likelihood of confusion. "[A] single misdirected communication is very weak evidence of consumer confusion." *Pignons*, 657 F.2d at 490. Indeed, several cases in this circuit have held similar evidence inadequate to show confusion. See *id.* at 489-91 (finding that a misdirected order for a camera and a deposition suggesting an instance of possible customer confusion over a four year period did not constitute a likelihood of confusion); *Black Dog*, 823 F. Supp. at 56 (finding that, when plaintiff produced evidence of a comment confusing the two products and at least one request to plaintiff for defendant's product in a two year period, "the absence of more evidence of actual confusion weighs against a finding of likelihood of confusion"); *IAM*, 103 F.3d at 205-06 (finding that several alleged inquiries as to whether plaintiffs authored defendants' letter were insufficient and did not change the fact that "no person of ordinary prudence" would have been confused). By contrast, cases in which courts in this circuit found actual confusion contained significantly more [**20] evidence. See *Calamari Fisheries, Inc. v. The Village Catch, Inc.*, 698 F. Supp. 994, 1003-04, 1011 (D. Mass. 1988) (evidence including a newspaper article confusing the plaintiffs' and defendants' restaurants and numerous affidavits from staff people and customers detailing many instances of confusion between the restaurants); *Edison Brothers Stores, Inc. v. National Dev. Group, Inc.*, 1992 U.S. Dist.

LEXIS 2839, 1992 WL 55465, at *3 (D. Mass. Mar. 6, 1992) ("plaintiff has made a strong demonstration by submitting uncontradicted affidavits" with numerous instances of confusion).

Furthermore, to the extent that Ms. Magestro's and Mr. Britt's affidavits show actual confusion, they do not show reasonable confusion, which is required to find infringement. "The law has long demanded a showing that the allegedly infringing conduct carries with it a likelihood of confounding an appreciable number of reasonably prudent purchasers exercising ordinary care. This means, of course, that confusion resulting from the consuming public's carelessness, indifference, or ennuui will not suffice." *IAM*, 103 F.3d at 201 (citations omitted). Considering the vast difference between Clue [**21] Computing's services and Hasbro's game and the explicitness of Clue Computing's Web site as to the nature of its business, any confusion shown by Hasbro seems to fit into the latter category of "carelessness, indifference, or ennuui." n7

n7 Mr. Britt's declaration indicates some genuine effort to find Hasbro's Web site, rather than complete carelessness or indifference. Nevertheless, Clue Computing's evidence suggests that search engines turn up Hasbro's sites at least as easily as they turn up Clue Computing's. (Larson Sept. 25 Aff. PP 6, 7, Ex.s T, U.) Moreover, Britt did realize that "clue.com" was not affiliated with Hasbro--essentially proving Clue Computing's point--and proceeded to contact Hasbro successfully. (Britt Decl. P 6.)

[*125] Finally, the kind of confusion that is more likely to result from Clue Computing's use of the "clue.com" domain name--namely, that consumers will realize they are at the wrong site and go to an Internet search engine to find the right one--is not substantial enough to be [**22] legally significant. "An initial confusion on the part of web browsers ... is not cognizable under trademark law." *Teletech Customer Care Management (Cal.), Inc. v. Tele-Tech Co.*, 977 F. Supp. 1407, 1414 (C.D. Cal. 1997). See also *Jews for Jesus*, 993 F. Supp. at 303 (distinguishing Web sites in which a reading of the defendant's site will eliminate the likelihood of confusion because of the noticeably different content). But see *Interstellar Starship Servs., Ltd. v. Epix Inc.*, 184 F.3d 1107, 1999 U.S. App. LEXIS 16536, 1999 WL 515658 (9th Cir. 1999) (recognizing "a brand of confusion called 'initial interest' confusion which permits a finding of a likelihood of confusion although the consumer quickly becomes aware of the

source's actual identity."); *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1327 (9th Cir. 1998) (finding that, when trademark is used as another entity's domain name, use of search engine to find the Web site sought may be time-consuming and frustrating and may deter customers). Indeed, the parties dispute the ease of finding Hasbro's site for CLUE. (Compare Larson Sept. 25 Aff. PP 6, 7, Ex.s T, U [**23] with Levin Decl., Ex. F at 6 and Britt Decl.) I conclude that, although the need to search for Hasbro's site may rise to the level of inconvenience, it is not sufficient to raise a dispute as to actual confusion. The paucity of evidence of reasonable and actual confusion weighs heavily against Hasbro's ability to show a likelihood of confusion.

7. Intent. Plaintiff has produced no evidence that Clue Computing intended to create confusion among consumers between its services and Hasbro's game. The fact that Clue Computing's founders knew of the existence of the game (Levin Decl., Ex. K at 7, Ex. L at 4) does not in any sense mean that they intended for their company to infringe upon or benefit from Hasbro's mark. See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 955 F. Supp. 605, 620 (E.D. Va. 1997), aff'd, 170 F.3d 449 (4th Cir. 1999) (hereinafter "Ringling I") ("Utah's adoption and use of its mark notwithstanding its knowledge of Ringling's famous mark cannot, without more, demonstrate predatory intent."). Similarly, Hasbro's opinion that Clue Computing chose a logo "suspiciously similar" to the [**24] graphics for the CLUE game is not persuasive in showing intent. (Pl.'s Opp'n at 21; Levin Decl., Ex. E.) Both logos use a magnifying glass, but the word 'clue' has long been associated with detectives and magnifying glasses, independent of Hasbro's game. Hasbro has produced no evidence that gives rise to an inference of intent. I note, however, that the First Circuit recently commented that courts should not give great weight to a finding of lack of intent in determining likelihood of confusion because the presence or absence of intent does not impact the perception of consumers whose potential confusion is at issue. See *Lund*, 163 F.3d at 44.

8. Strength of the Mark. The strongest marks are those which are "arbitrary and fanciful," *Calamari*, 698 F. Supp. at 1006, a category which clearly does not apply to the common word "clue." Neither is the plaintiff's mark "generic," the weakest type of mark, id., despite being a common word. "Generic" terms are those which refer to a category of good or service, without distinguishing the source or origin of the specific product. Id. CLUE (R) clearly does not refer to a general category of goods. [**25] Hasbro's mark may be characterized as "descriptive," meaning that it "portrays a characteristic of the article or service to which it refers" (in this case, a game involving clues and mystery) but it

appears to fit most readily into the category [*126] of "suggestive" marks, which "connote rather than describe a particular product or service and require the consumer's imagination to reach a conclusion as to the nature of the product or service." *Id. at 1006-07*. The mark CLUE suggests mystery or detective work but requires the consumer's imagination to conclude that it refers to a mystery game.

In any case, Hasbro has fully demonstrated that the mark has secondary meaning, which refers to an association by consumers between the trade name and a single provider of the good or service, and which strengthens the mark. See *id. at 1008*. Secondary meaning can be established by evidence of long and exclusive use, the prominence of the plaintiff's enterprise, extensive advertising and promotion of the mark, and recognition of secondary meaning among the public. *Id.*; *Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d 812, 816 (1st Cir. 1987). [**26] Hasbro has provided evidence of all of these factors. (Riehl Decl. PP 3-12, Ex.s A-D.) Thus, while CLUE (R) is not in the most protected category of trademarks, it is clearly a strong mark.

Nonetheless, the strength of a trademark is not decisive in an infringement inquiry. "The muscularity of a mark, in and of itself, does not relieve the markholder of the burden to prove a realistic likelihood of confusion." *IAM*, 103 F.3d at 206. Here, Hasbro has not done so. Hasbro has produced evidence proving similarity of the marks and strength of its mark, but it has failed to produce any adequate evidence indicating intent to confuse, common channels of trade and advertising, common prospective purchasers, and the crucial categories of similarity of the products and actual confusion. Overall, Hasbro has failed to demonstrate, as a matter of law, that there is a likelihood that consumers will confuse Clue Computing's computer consulting Web site with Hasbro's game. Thus, Hasbro has failed to show a genuine issue of material fact on a crucial element of its federal trademark infringement claim, and Clue Computing is entitled to summary judgment on that claim.

B. Federal [27] Trademark Dilution Act**

. . . 2. Analysis Under the FTDA

I now turn to a substantive analysis of Hasbro's federal dilution claim.

"This case requires [me] to interpret and apply the dauntingly elusive concept of trademark [**40] 'dilution' as now embodied in the [FTDA]." *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 450 (4th Cir. 1999) (hereinafter "Ringling 2").

The FTDA states:

The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.

15 U.S.C. § 1125(c)(1). In an action under this statute, the plaintiff has the burden of proof to show (1) that it owns a famous mark, (2) that the defendant is making commercial use of the mark in commerce, (3) that the defendant adopted its mark after the plaintiff's mark became famous, and (4) that the defendant's mark dilutes the plaintiff's famous mark. *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 1999 U.S. App. LEXIS 19954, 1999 WL 635767 (9th Cir. 1999).

Here, defendant does not contest factors 2 or 3, because Clue Computing clearly chose the "clue.com" domain name [**41] for commercial use in commerce after Hasbro's mark had risen to whatever level of fame it has acquired. Nor does defendant contest Hasbro's ownership of the CLUE (R) mark. As a result, I will focus on the questions whether Hasbro's mark is a "famous mark" within the meaning of the statute and whether Clue Computing's use of the "clue.com" domain name dilutes the distinctiveness of the mark. I will also briefly examine an additional element established by the statute, whether "the principles of equity" entitle Hasbro to an injunction. 15 U.S.C. § 1125(c)(1); see *Avery Dennison Corp. v. Sumpton*, 999 F. Supp. 1337, 1339 (C.D. Cal. 1998), rev'd on other grounds, 189 F.3d 868, 1999 U.S. App. LEXIS 19954, 1999 WL 635767 (9th Cir. 1999).

a. Fame of the Mark

The FTDA provides a non-exhaustive list of factors to consider in order to determine whether a mark is "distinctive and famous"

(A) the degree of inherent or acquired distinctiveness of the mark;

(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(C) the duration and extent of advertising and publicity [**42] of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for the goods or services with which the mark is used;

[*131] (F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought;

(G) the nature and extent of use of the same or similar marks by third parties; and

(H) whether the mark was registered....

15 U.S.C. § 1125(c)(1). Review of this list reveals that the "determination whether a mark is famous and distinctive under Section 43(c) [of the Lanham Act, 15 U.S.C. § 1125(c)] is similar to the analysis for strength of the mark for trademark infringement purposes." *Trustees of Columbia Univ. v. Columbia/HCA Healthcare Corp.*, 964 F. Supp. 733, 749 (S.D.N.Y. 1997). However, the First Circuit has made clear that "a great deal more" is required to show fame of the mark than to show the secondary meaning required for infringement protection. See *Lund*, 163 F.3d at 47 (citation omitted). As noted above, Hasbro has used the CLUE (R) mark for [*43] many years and has spent millions of dollars advertising the CLUE game, which has gained widespread recognition in the United States and abroad. (Riehl Decl. PP 3-12, Exs. A-D.) In addition, the CLUE (R) mark was federally registered on the principal register in 1950, (McCann Decl., Ex. A), and has since become incontestable. See 15 U.S.C. § 1065. All of these factors weigh in favor of the mark's fame.

Two of the statutory factors deserve slightly more consideration: the distinctiveness of the mark and third party uses of it. The factors discussed above--the widespread recognition of Hasbro's mark and its longtime use and advertising--suggest "acquired distinctiveness," which is recognized by the FTDA. However, as Clue Computing points out, "clue" is a common word with a variety of meanings, and at least one court has indicated that a mark may not be entitled to protection from dilution by use consistent with that mark's usage as a common word. See *Polo Ralph Lauren L.P. v. Schuman*, 1998 U.S. Dist. LEXIS 5907, 1998 WL 110059, at *12 (S.D. Tex. Feb. 9, 1998) (finding that defendant's use of the word 'Polo' in the name of his adult entertainment club traded on [*44] the plaintiff's mark, rather than on the common meaning of the word). Here, defendant's use of the word 'clue' is entirely consistent with the common usage of the word.

n9 I reject Hasbro's contention that the Supreme Court's decision in *Park 'n Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 205, 83 L.

Ed. 2d 582, 105 S. Ct. 658 (1985), dictates that the distinctiveness of an incontestable mark cannot be challenged. The Court in *Park 'n Fly* held that a defendant in an infringement action cannot assert that the plaintiff's incontestable trademark is invalid because it is descriptive. *Id.* However, as the Fourth Circuit has observed, "the Court did not hold ... that the descriptive nature of a mark may not be considered in the separate likelihood of confusion inquiry." *Petro Stopping Centers, L.P. v. James River Petroleum, Inc.*, 130 F.3d 88, 92 (4th Cir. 1997), cert. denied, 523 U.S. 1095, 118 S. Ct. 1561, 140 L. Ed. 2d 793 (1998). Nor, more importantly for present purposes, did the Court hold that the nature of the mark may not be considered in the separate dilution of a famous mark inquiry.

Similarly, the conclusion above that the plaintiff's mark is sufficiently distinctive to meet the prerequisites for trademark protection is not dispositive here. "Famousness [under the FTDA] requires a showing greater than mere distinctiveness." *Avery Dennison Corp.*, 189 F.3d 868, 1999 WL 635767.

[*45]

In addition, Clue Computing has documented a significant number of trademarks not owned by Hasbro using the word 'clue' or variations. (Larson Aff., Ex. 2 to Def.'s Facts, Ex. C.) This evidence suggests the possibility that "any acquired distinctiveness of the plaintiff's mark ... has been seriously undermined by third party use of the same or similar marks." *Columbia*, 964 F. Supp. at 750. However, "third-party usage a mark similar to the plaintiff [sic] is relevant only when defendants can show that the third-party's marks are actually used, well-promoted or recognized by consumers." *Gilbert/Robinson, Inc. v. Carrie Beverage-Missouri, Inc.*, 758 F. Supp. 512, 525 (E.D. Mo. 1991), aff'd, 989 F.2d 985 (8th Cir. 1993), cert. denied, 510 U.S. 928, 126 L. Ed. 2d 282, 114 S. Ct. 338 (1993). The documentation of similar marks provided by Clue Computing demonstrates that at least some of them are used (many are listed as 'active') and may be well-promoted.

To be sure, some courts appear to have found marks to be famous in situations roughly analogous to this one. See *Lozano Enters. v. La Opinion Publ'g Co.*, 1997 U.S. Dist. LEXIS 20372, 44 U.S.P.Q.2D (BNA) 1764, 1769 [*46] (C.D. (finding that the Spanish phrase "la opinion" is FTDA protection as a famous mark). In *Johnson Co. v. Willitts Designs Int'l, Inc.*, 1998 U.S. Dist. LEXIS 9264, 1998 WL 341618, at *7 (N.D. Ill. June 22, 1998), the court found the relatively common word "ebony" to be a famous mark, noting that "though there

is some evidence of substantial third-party use of marks with the term 'Ebony' or with similar terms, this is not sufficient to overcome other factors indicating that the EBONY mark is famous." Id.

I find more persuasive, however, the opinions of other courts faced with marks consisting of relatively common terms and with use of the same terms by third parties, which have concluded that the contested marks were not sufficiently famous to warrant FTDA protection. See *Columbia*, 964 F. Supp. at 750 (finding that "any acquired distinctiveness" of Columbia University's mark for the name Columbia "in connection with medical or healthcare services has been seriously undermined by third party use of the same or similar marks"); *Sports Authority, Inc. v. Abercrombie & Fitch, Inc.*, 965 F. Supp. 925, 941 (E.D. Mich. 1997) (finding that the Sports Authority's [**47] trademark for "authority" has been diminished by third party use and was "not so famous as to deserve protection under the federal dilution statute"). More importantly, the First Circuit has set out a high standard for district courts to find that a mark is famous for the purposes of the FTDA. In *Lund*, the First Circuit wrote that "courts should be discriminating and selective in categorizing a mark as famous" and noted the "rigorous standard of fame." 163 F.3d at 46-47. Given this high standard, I find Hasbro has failed to establish that its mark, which is a common word that numerous third parties use, is famous and thus entitled to protection from dilution. I will, nonetheless, proceed to the substantive dilution analysis.

b. Dilution of the Mark

1. Per Se Dilution

The FTDA defines dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) the likelihood of confusion, mistake or deception." 15 U.S.C. § 1127. The two kinds of dilution traditionally recognized [**48] are blurring and tarnishment. *Lund*, 11 F. Supp. 2d 112 at 125. Hasbro, however, urges me to join several other courts in recognizing what would be essentially a third, 'per se', category of dilution--use of another's trademark as a domain name. One such court, whose decision was recently reversed, asserted, "Courts presented with the question have held unanimously that it does 'lessen the capacity of a famous mark to identify and distinguish goods or services,' when someone other than the trademark holder registers the trademark name as an Internet domain name." *Avery Dennison Corp. v. Sumpton*, 999 F. Supp. 1337, 1340 (C.D. Cal. 1998), rev'd 189 F.3d 868, 1999 U.S. App. LEXIS 19954, 1999 WL 635767 (9th Cir. 1999) see also *Panavision Int'l.*

L.P. v. Toeppen, 141 F.3d 1316, 1326-27 (9th Cir. 1998); *Lozano*, 44 U.S.P.Q.2D (BNA) at 1769. These courts seem to suggest that simply preventing a plaintiff from using his own famous trademark as a domain name dilutes the plaintiff's ability to identify his goods and services and may frustrate or deter potential consumers. *Avery*, 999 F. Supp. at 1340-41; *Panavision*, [*133] 141 F.3d at 1326-27. [**49] Indeed, Senator Patrick Leahy said in reference to the FTDA, "It is my hope that this anti-dilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others." 141 Cong. Rec. § 19312091 (daily ed. Dec. 29, 1995). Although cited in *Panavision*, 141 F.3d at 1326, in support of something akin to a per se rule, the Leahy quotation suggests a more limited proposition, namely finding dilution only where the use of another's trademark as a domain name is deceptive or intentional. n10

n10 I note that Senator Leahy recently joined Senator Hatch and others in introducing legislation entitled the Domain Name Privacy Prevention Act, S. 1461. This proposed legislation would provide a civil action by the owner of a mark "distinctive at the time of the registration of the domain name" against "any person who with bad-faith intent to profit from the goodwill of a trademark or service mark of another, registers, traffics in, or uses a domain name that is identical to, confusingly similar to, or dilutive of such trademark or service mark, without regard to the goods or services of the parties." Id. at § 3(a) (proposing to amend 15 U.S.C. § 1125 by adding a new subsection (d).) On August 5, 1999, the Senate passed a different bill, the Anticybersquatting Consumer Protection Act, S. 1255, which was amended by Senators Leahy and Hatch to contain almost identical language to that quoted above from S. 1461. See 145 Cong. Rec. S10513-02, S10516 (1999).

[**50]

The statement of the District Court in *Avery* to the contrary notwithstanding, several courts have rejected such a per se rule. In *Lockheed Martin Corp. v. Network Solutions Inc.*, 1997 U.S. Dist. LEXIS 10314, 43 U.S.P.Q.2D (BNA) 1056, 1058 (C.D. Cal. 1997), Judge Pregerson of the Central District of California wrote:

The law does not per se prohibit the use of trademarks or service marks as domain names. Rather, the law prohibits only uses that infringe or dilute a trademark or

service mark owner's mark. Moreover, innocent third party users of a trademark or service mark have no duty to police the mark for the benefit of the mark's owner.

Another court differentiated a cybersquatter who took another's mark as a domain name in order to sell it back to the owner for profit--which the court found to be dilution from "a situation where there were competing uses of the same name by competing parties and a race to the Internet between them," which would not necessarily be dilution. *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1240 (N.D. Ill. 1996).

I join those courts finding that, while use of a trademark as a domain name to extort money [**51] from the markholder or to prevent that markholder from using the domain name may be per se dilution, a legitimate competing use of the domain name is not. Holders of a famous mark are not automatically entitled to use that mark as their domain name; trademark law does not support such a monopoly. If another Internet user has an innocent and legitimate reason for using the famous mark as a domain name and is the first to register it, that user should be able to use the domain name, provided that it has not otherwise infringed upon or diluted the trademark. I reject Hasbro's request for a per se dilution rule and instead turn to whether Clue Computing has diluted Hasbro's CLUE (R) mark under existing dilution standards.

Clue Computing's use of "clue.com" clearly does not fit into the tarnishment category of dilution. A tarnishment claim would require Hasbro to show that Clue Computing is using the mark in an unwholesome manner or for a low quality product which could create a negative association with Hasbro's product. See *Ringling I*, 955 F. Supp. at 614; see also, e.g., *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205 (2d Cir. 1979) [**52] (finding dilution of the Cheerleaders' trademarked uniforms when they were included in a pornographic movie). There is no evidence of tarnishment here. The key question, then, is whether [*134] Clue Computing's use of "clue.com" constitutes blurring.

2. Blurring

A charge of dilution by blurring requires a complex case-by-case factual examination. See *Ringling Bros. Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204, 211 (S.D.N.Y. 1996) (hereinafter "Ringling 3"). "Not every use of a similar mark will blur a famous mark. ... The human mind has the capacity to recognize the distinctiveness of a multiplicity of concepts, ideas and images without confusion or association." *Ringling I*, 955 F. Supp. at 614. The basic idea of blurring is that the defendant's use

of the plaintiff's mark causes the public no longer to think only of the plaintiff's product upon seeing the famous mark, but rather to associate both the plaintiff and the defendant with the mark. See *id.* at 614-15. "Blurring is one mark seen by customers as now identifying two sources." 3 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition [**53] § 24:90.1 (4th ed. 1996). Thus, while actual confusion about the source of the plaintiff's and defendant's products is not required for blurring, something akin to confusion--the mistaken association of both products with the mark--is required.

Judge Sweet, in a widely cited Second Circuit concurring opinion, identified six concrete factors for courts to consider in determining whether the vague concept of 'blurring' applies to a specific case: "(1) similarity of the marks (2) similarity of the products covered by the marks (3) sophistication of consumers (4) predatory intent (5) renown of the senior mark (6) renown of the junior mark." *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, J., concurring). Although this list was initially drafted in the context of a state dilution statute, several courts have accepted Judge Sweet's test for determining dilution by blurring under the FTDA. See, e.g., *Ringling 3*, 937 F. Supp. at 211; *Clinique Lab., Inc. v. DEP Corp.*, 945 F. Supp. 547, 562 (S.D.N.Y. 1996).

The First Circuit, however, recently rejected the "Sweet factors," agreeing [**54] with commentators that these factors "are the offspring of classical likelihood of confusion analysis and are not particularly relevant or helpful in resolving the issues of dilution by blurring." *Lund*, 163 F.3d at 49 (quoting 3 McCarthy § 24:94.1). More specifically, the First Circuit accepted McCarthy's analysis that four of the factors--intent, similarity of the products, sophistication of customers, and renown of the junior mark--"work directly contrary to the intent of a law whose primary purpose was to apply in cases of widely differing goods, i.e. Kodak pianos and Kodak film." *Id.* (citing 3 McCarthy § 24:94.1). The First Circuit noted McCarthy's conclusion that only two of the factors--the similarity of the marks and the renown of the senior mark--are relevant to dilution analysis. *Id.* See also *Ringling 2*, 170 F.3d at 464 (The 4th Circuit agreed with the 1st Circuit and commentators that "by and large, the Mead-factor analysis simply is not appropriate for assessing a claim under the federal Act.")

The First Circuit concluded, "The familiar test of similarity used in the traditional likelihood of confusion test cannot be the guide [**55] [for dilution analysis], for likelihood of confusion is not the test of dilution.' ... Instead, the inquiry is into whether target customers are likely to view the products as essentially the same." 163

F.3d at 50 (quoting 3 McCarthy § 24:90.1). The First Circuit provided no further analysis of the appropriate dilution standard, concluding that a broad reading of dilution would create constitutional problems under the Patent Clause in the context of a trade dress for a product design, which was at issue in *Lund*, and further concluding that the plaintiff had not shown a likelihood of success on its dilution claim under the standard set out in *Lund*. *Id.* I note, however, that the [*135] First Circuit did assert that "the dilution standard is a rigorous one." *Id. at 33.*

Because the First Circuit in *Lund* undertook to provide only limited guidance regarding what the test for dilution ought to be--as opposed to what the test should not be--I look to McCarthy, upon whom the First Circuit heavily relied. McCarthy states that for blurring, "the marks must be similar enough that a significant segment of the target group sees the two marks as essentially the same." n11 3 McCarthy [**56] § 24:90.1. As noted above, he describes blurring as "one mark seen by customers as now identifying two sources." *Id.* Further, "the plaintiff must prove that the capacity of the mark to continue to be strong and famous will be endangered by the defendant's use" even if the defendant's use is too small or minor to actually weaken the plaintiff's mark. *Id.* at § 24:94 (emphasis in original) Finally, McCarthy cautions:

This is a potent legal tool, which must be carefully used as a scalpel, not a sledgehammer. The dilution doctrine in its 'blurring' mode cannot and should not be carried to the extreme of forbidding the use of every trademark on any and all products and services, however remote from the owner's usage.

Id. at § 24:114.

n11 McCarthy's statement appears more precise than the First Circuit's requirement that consumers see the two products as the same.

In analyzing Hasbro's dilution claim, I will begin with the two remaining "Sweet factors." n12 First, as to the [**57] similarity of the marks, I found above that Clue Computing's domain name is identical to Hasbro's mark, but is somewhat differentiated by surrounding materials upon arriving at the web page. Second, as to the renown of the senior mark, Hasbro has provided surveys and other evidence showing that its CLUE (R) mark has gained widespread recognition nationwide. n13 (Riehl Decl. PP 5-6, 12, Ex. C.) These two factors, then, weigh in favor of a finding of dilution.

n12 I note that three of the four discredited Sweet factors would counsel against a finding of dilution. Specifically, the products at issue are very different, there is no evidence of predatory intent by Clue Computing, and Clue Computing does not have any appreciable renown, despite Hasbro's argument that its Web site could potentially reach many people. The fourth discredited factor, the sophistication of the targeted consumers, is ambiguous, but may lean slightly toward a finding of dilution because Hasbro's customers are likely to be of limited sophistication.

n13 I note that any mark found to be famous, a prerequisite for protection from dilution, would presumably also have renown, making this factor largely duplicative.

[**58]

However, while the First Circuit said that these two factors remain relevant to dilution analysis, the court did not hold that these two factors were sufficient to establish dilution. See *Lund*, 163 *F.3d at 49-50*. If courts were compelled to find dilution every time a plaintiff showed that the plaintiff's and defendant's marks were similar and that the plaintiff's mark was famous, several anomalous results would follow. First, in the case of Hasbro's CLUE (R) trademark, were it found to be famous, every third party with a trademark for the word "clue," (see *Larson Aff.*, Ex. 2 to Def.'s Facts, Ex. C), would be engaged in trademark dilution. Indeed, no one other than the mark holder could ever use a trademark similar to one found to be famous. Second, if similarity to a plaintiff's famous mark was sufficient, then I would have to find per se dilution for domain names that use famous marks--a proposition which I have already rejected. These sweeping consequences fly in the face of the First Circuit's assertion of a rigorous standard and McCarthy's call for caution.

Accordingly, I find that more than fulfillment of the two surviving Sweet factors is required to show [**59] dilution. The question then is what additional finding is required. The answer appears to reside in the First Circuit's call for "an inquiry into whether target customers are likely to view the [*136] products 'as essentially the same'", *Lund*, 163 *F.3d at 50*, and in McCarthy's requirement that one mark be "seen by customers as now identifying two sources." 3 McCarthy § 24:90.1. These guidelines seem to require that consumers at least potentially associate the two products with the same mark. The First Circuit, in so requiring, was apparently not referring to a requirement of a

likelihood of confusion, although the two concepts sound similar, because the court took great pains to differentiate dilution from infringement. Rather, the requirement appears to be that consumers associate the two different products with the mark even if they are not confused as to the different origins of these products. n14

n14 The Fourth Circuit, in a carefully crafted opinion, recently endorsed a formulation similar to the one I have outlined, but that court went several steps further. The Fourth Circuit established three requirements for dilution, writing that a plaintiff must show "(1) a sufficient similarity between the junior and senior marks to evoke an 'instinctive mental association' of the two by a relevant universe of consumers which (2) is the effective cause of (3) an actual lessening of the senior mark's selling power, expressed as 'its capacity to identify and distinguish goods or services.'" *Ringling 2*, 170 F.3d at 458. While this standard embodies the rigor that the First Circuit has called for, I will not adopt it wholesale here because the First Circuit in *Lund* made no mention of a requirement of actual lessening of selling power and in fact discredited the district court's requirement that a plaintiff claiming dilution demonstrate a lessening of demand for the plaintiff's product. *Lund*, 163 F.3d at 49.

[**60]

After supplementing somewhat the First Circuit's *Lund* legal analysis, I find that Hasbro's evidence fails to establish that consumers will improperly view the two marks as the same. I further find that Hasbro's evidence is not sufficient to show as a matter of law that consumers will see one mark as identifying two sources or will associate both products with Hasbro's mark. Thus, even if Hasbro is able to prove the fame of its mark, it is unable to prevail because it cannot establish that Clue Computing's domain name dilutes that mark.

The analysis here is different from but similar to infringement analysis, in which Clue Computing was found entitled to summary judgment. There, the crucial factor of a lack of actual confusion, which is not part of the blurring analysis, also weighed in Clue Computing's favor. In addition, to be sure, the dissimilarity of the products, which benefits Clue Computing, takes on much greater significance in infringement analysis because similarity of products can lead to a likelihood of confusion, which is required for infringement but not for

blurring. In the infringement analysis, those crucial factors led me to conclude that Hasbro had not proven [**61] any genuine issue of material fact that would allow a rational factfinder to find for them on confusion. Parallel findings satisfy me as the factfinder under the FTDA that Hasbro has not demonstrated dilution.

3. Equity

Equity is also a relevant consideration for resolution under the FTDA. In describing the cause of action for dilution, the FTDA provides that the owner of a famous mark is entitled to an injunction only "subject to the principles of equity and upon such terms as the court deems reasonable." 14 U.S.C. § 1125. The statute makes equitable considerations a part of the claim itself, rather than merely a consideration affecting the remedy, as Hasbro contends. Indeed, the District Court in *Avery Dennison* included an application of equitable principles as one of the core elements of a dilution claim. *Avery*, 999 F. Supp. at 1339. While I do not, strictly speaking, view such "principles" as core "elements," a distinctive analysis of the principles is appropriate to a full consideration of plaintiff's claim.

Exercising my role as Chancellor and fact finder here, I conclude the equities do not justify an injunction. To be sure, [**62] Hasbro is entitled to protection of its mark, and a proliferation of other companies using [*137] the mark in very public ways may result in a dilution of its uniqueness in exactly the way that Congress hoped to prevent with the FTDA. But I find no calibrated fairness in awarding Hasbro equitable relief through "an anti-dilution injunction granting it a nationwide monopoly in the use of this rather common word" against other companies like Clue Computing legitimately using that word in other contexts. *Viacom Inc. v. Ingram Enterprises, Inc.*, 141 F.3d 886, 890 (8th Cir. 1998). Hasbro has failed to demonstrate equitable considerations sufficient to justify an injunctive judgment against Clue Computing under the FTDA.

* * *

IV. CONCLUSION

For the reasons set forth above, I hereby:

[*138] GRANT defendant's motion for summary judgment as to plaintiff's First Claim, federal trademark infringement; and

Sitting as finder of fact, award judgment for defendant as to plaintiff's Second Claim, federal trademark dilution and Third Claim, state trademark dilution.

[edited version]

PEOPLE FOR THE ETHICAL TREATMENT OF ANIMALS, Plaintiff-Appellee, v. MICHAEL T. DOUGHNEY, an individual, Defendant-Appellant. DIANE CABELL; MILTON MUELLER, Amici Curiae. PEOPLE FOR THE ETHICAL TREATMENT OF ANIMALS, Plaintiff-Appellant, v. MICHAEL T. DOUGHNEY, an individual, Defendant-Appellee.

**UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT
2001 U.S. App. LEXIS 19028
August 23, 2001, Decided**

GREGORY, Circuit Judge:

People for the Ethical Treatment of Animals ("PETA") sued Michael Doughney ("Doughney") after he registered [*2] the domain name *peta.org* and created a website called "People Eating Tasty Animals." PETA alleged claims of service mark infringement under 15 U.S.C. § 1114 and Virginia common law, unfair competition under 15 U.S.C. § 1125(a) and Virginia common law, and service mark dilution and cybersquatting under 15 U.S.C. § 1123(c). Doughney appeals the district court's decision granting PETA's motion for summary judgment and PETA cross-appeals the district court's denial of its motion for attorney's fees and costs. Finding no error, we affirm.

I.

PETA is an animal rights organization with more than 600,000 members worldwide. PETA "is dedicated to promoting and heightening public awareness of animal protection issues and it opposes the exploitation of animals for food, clothing, entertainment and vivisection." Appellee/Cross-Appellant PETA's Brief at 7.

Doughney is a former internet executive who has registered many domain names since 1995. For example, Doughney registered domain names such as *dubyadot.com*, *dubyadot.net*, *deathbush.com*, *RandallTerry.org* (Not Randall Terry for Congress), *bwtel.com* (BaltimoreWashington Telephone Company), *pmrc.org* ("People's Manic Repressive Church"), and *ex-cult.org* (Ex-Cult Archive). At the time the district court issued its summary judgment ruling, Doughney owned 50-60 domain names.

Doughney registered the domain name *peta.org* in 1995 with Network Solutions, Inc. ("NSI"). When registering the domain name, Doughney represented to NSI that the registration did "not interfere with or infringe upon the rights of any third party," and that a "nonprofit educational organization" called "People Eating Tasty Animals" was registering the domain name. Doughney made these representations to NSI despite knowing that no corporation, partnership, organization or entity of any kind existed or traded under that name. Moreover, Doughney was familiar with PETA and its beliefs and had been for at least 15 years before registering the domain name.

After registering the *peta.org* domain name, Doughney used it to create a website purportedly on behalf of "People Eating Tasty Animals." Doughney claims he created the website as a parody of PETA. A viewer accessing the website would see the title [*4] "People Eating Tasty Animals" in large, bold type. Under the title, the viewer would see a statement that the website was a "resource for those who enjoy eating meat, wearing fur and leather, hunting, and the fruits of scientific research." The website contained links to various meat, fur, leather, hunting, animal research, and other organizations, all of which held views generally antithetical to PETA's views. Another statement on the website asked the viewer whether he/she was "Feeling lost? Offended? Perhaps you should, like, exit immediately." The phrase "exit immediately" contained a hyperlink to PETA's official website.

Doughney's website appeared at "*www.peta.org*" for only six months in 1995-96. In 1996, PETA asked Doughney to voluntarily transfer

the peta.org domain name to PETA because PETA owned the "PETA" mark ("the Mark"), which it registered in 1992. See U.S. Trademark Registration No. 1705,510. When Doughney refused to transfer the domain name to PETA, PETA complained to NSI, whose rules then required it to place the domain name on "hold" pending resolution of Doughney's dispute with PETA. n1 Consequently, Doughney moved the website to www.mtd.com/tasty [*5] and added a disclaimer stating that "People Eating Tasty Animals is in no way connected with, or endorsed by, People for the Ethical Treatment of Animals."

n1 When Doughney registered peta.org, he agreed to abide by NSI's Dispute Resolution Policy, which specified that a domain name using a third party's registered trademark was subject to placement on "hold" status.

In response to Doughney's domain name dispute with PETA, The Chronicle of Philanthropy quoted Doughney as stating that, "if they [PETA] want one of my domains, they should make me an offer." Non-Profit Groups Upset by Unauthorized Use of Their Names on the Internet, THE CHRONICLE OF PHILANTHROPY, Nov. 14, 1996. Doughney does not dispute making this statement. Additionally, Doughney posted the following message on his website on May 12, 1996:

"PeTa" has no legal grounds whatsoever to make even the slightest demands of me regarding this domain name registration. If they disagree, they can sue me. And if they don't, well, perhaps [*6] they can behave like the polite ladies and gentlemen that they evidently aren't and negotiate a settlement with me. ... Otherwise, "PeTa" can wait until the significance and value of a domain name drops to nearly nothing, which is inevitable as each new web search engine comes on-line, because that's how long it's going to take for this dispute to play out.

PETA sued Doughney in 1999, asserting claims for service mark infringement, unfair competition, dilution and cybersquatting. PETA did not seek damages, but sought only to enjoin Doughney's use of the "PETA" Mark and an order requiring

Doughney to transfer the peta.org domain name to PETA.

Doughney responded to the suit by arguing that the website was a constitutionally-protected parody of PETA. Nonetheless, the district court granted PETA's motion for summary judgment on June 12, 2000. *People for the Ethical Treatment of Animals, Inc. v. Doughney*, 113 F. Supp. 2d 915 (E.D. Va. 2000). The district court rejected Doughney's parody defense, explaining that only after arriving at the "PETA.ORG" web site could the web site browser determine that this was not a web site owned, controlled or sponsored [*7] by PETA. Therefore, the two images: (1) the famous PETA name and (2) the "People Eating Tasty Animals" website was not a parody because [they were not] simultaneous.

Id. at 921.

II.

We review a district court's summary judgment ruling de novo, viewing the evidence in the light most favorable to the non-moving party. *Goldstein v. The Chestnut Ridge Volunteer Fire Co.*, 218 F.3d 337, 340 (4th Cir. 2000); *Binakovsky v. Ford Motor Co.*, 133 F.3d 281, 284-85 (4th Cir. 1998). Summary judgment is appropriate if "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." [*9] Fed. R. Civ. P. 56.

A. Trademark Infringement/Unfair Competition

A plaintiff alleging causes of action for trademark infringement and unfair competition must prove (1) that it possesses a mark; (2) that the defendant used the mark; (3) that the defendant's use of the mark occurred "in commerce"; (4) that the defendant used the mark "in connection with the sale, offering for sale, distribution, or advertising" of goods or services; and (5) that the defendant used the mark in a manner likely to confuse consumers. 15 U.S.C. §§ 1114, 1125(a); *Lone Star Steakhouse & Saloon v. Alpha of Virginia*, 43 F.3d 922, 930 (4th Cir. 1995). n2

n2 See also *Lone Star Steakhouse & Saloon*, 43 F.3d at 930 n.10 ("the test for trademark infringement and unfair competition under the Lanham Act is essentially the same as that for common law unfair competition under Virginia law").

There is no dispute here that PETA owns the "PETA" Mark, that Doughney used it, and [*10] that Doughney used the Mark "in commerce." Doughney disputes the district court's findings that he used the Mark in connection with goods or services and that he used it in a manner engendering a likelihood of confusion.

1.

To use PETA's Mark "in connection with" goods or services, Doughney need not have actually sold or advertised goods or services on the www.peta.org website. Rather, Doughney need only have prevented users from obtaining or using PETA's goods or services, or need only have connected the website to other's goods or services.

While sparse, existing caselaw on infringement and unfair competition in the Internet context clearly weighs in favor of this conclusion. For example, in *OBH, Inc. v. Spotlight Magazine, Inc.*, the plaintiffs owned the "The Buffalo News" registered trademark used by the newspaper of the same name. 86 F. Supp. 2d 176 (W.D. N.Y. 2000). The defendants registered the domain name thebuffalonews.com and created a website parodying The Buffalo News and providing a public forum for criticism of the newspaper. *Id.* at 182. The site contained hyperlinks to other local news sources and a site owned by the defendants [*11] that advertised Buffalo-area apartments for rent. *Id.* at 183.

The court held that the defendants used the mark "in connection with" goods or services because the defendants' website was "likely to prevent or hinder Internet users from accessing plaintiffs' services on plaintiffs' own web site." *Id.* Prospective users of plaintiffs' services who mistakenly access defendants' web site may fail to continue to search for plaintiffs' web site due to confusion or frustration. Such users, who are presumably looking for the news services provided by the plaintiffs on their web site, may instead opt

to select one of the several other news-related hyperlinks contained in defendants' web site. These news-related hyperlinks will directly link the user to other news-related web sites that are in direct competition with plaintiffs in providing news-related services over the Internet. Thus, defendants' action in appropriating plaintiff's mark has a connection to plaintiffs' distribution of its services. *Id.* Moreover, the court explained that defendants' use of the plaintiffs' mark was in connection with goods or services because it contained a link to the [*12] defendants' apartment-guide website. *Id.*

Similarly, in *Planned Parenthood Federation of America, Inc. v. Bucci*, the plaintiff owned the "Planned Parenthood" mark, but the defendant registered the domain name plannedparenthood.com. 1997 U.S. Dist. LEXIS 3338, 42 U.S.P.Q.2D (BNA) 1430 (S.D.N.Y. 1997). Using the domain name, the defendant created a website containing information antithetical to the plaintiff's views. 42 U.S.P.Q.2D (BNA) at 1435. The court ruled that the defendant used the plaintiff's mark "in connection with" the distribution of services because it is likely to prevent some Internet users from reaching plaintiff's own Internet web site. Prospective users of plaintiff's services who mistakenly access defendant's web site may fail to continue to search for plaintiff's own home page, due to anger, frustration, or the belief that plaintiff's home page does not exist.

Id.

The same reasoning applies here. As the district court explained, Doughney's use of PETA's Mark in the domain name of his website is likely to prevent Internet users from reaching[PETA's] own Internet web site. The prospective users of[PETA's] services who mistakenly access Defendant's [*13] web site may fail to continue to search for [PETA's] own home page, due to anger, frustration, or the belief that [PETA's] home page does not exist.

Doughney, 113 F. Supp. 2d at 919 (quoting *Bucci*, 1997 U.S. Dist. LEXIS 3338, 42 U.S.P.Q.2D (BNA) at 1435). Moreover, Doughney's web site provides links to more than 30 commercial operations offering goods and services. By providing links to these commercial operations, Doughney's use of PETA's Mark is "in connection with" the sale of goods or services.

2.

The unauthorized use of a trademark infringes the trademark holder's rights if it is likely to confuse an "ordinary consumer" as to the source or sponsorship of the goods. *Anheuser-Busch, Inc. v. L&L Wings, Inc.*, 962 F.2d 316, 318 (4th Cir. 1992) (citing 2 J. McCarthy, *Trademarks and Unfair Competition* § 23:28 (2d ed. 1984)). To determine whether a likelihood of confusion exists, a court should not consider "how closely a fragment of a given use duplicates the trademark," but must instead consider "whether the use in its entirety creates a likelihood of confusion." *Id.* at 319.

Doughney does not dispute that the peta.org domain [*14] name engenders a likelihood of confusion between his web site and PETA. Doughney claims, though, that the inquiry should not end with his domain name. Rather, he urges the Court to consider his website in conjunction with the domain name because, together, they purportedly parody PETA and, thus, do not cause a likelihood of confusion.

A "parody" is defined as a "simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark's owner." *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 34 (1st Cir. 1987). A parody must "convey two simultaneous -- and contradictory -- messages: that it is the original, but also that it is not the original and is instead a parody." *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ. Group, Inc.*, 886 F.2d 490, 494 (2d Cir. 1989) (emphasis in original). To the extent that an alleged parody conveys only the first message, "it is not only a poor parody but also vulnerable under trademark law, since the customer will be confused." *Id.* While a parody necessarily must engender some initial confusion, an effective parody will diminish [*15] the risk of consumer confusion "by conveying [only] just enough of the original design to allow the consumer to appreciate the point of parody." *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1486 (10th Cir. 1987).

Looking at Doughney's domain name alone, there is no suggestion of a parody. The domain name *peta.org* simply copies PETA's Mark, conveying the message that it is related to PETA. The domain name does not convey the second, contradictory message needed to establish a parody -- a message that the domain name is not related to PETA, but that it is a parody of PETA.

Doughney claims that this second message can be found in the content of his website. Indeed, the website's content makes it clear that it is not related to PETA. However, this second message is not conveyed simultaneously with the first message, as required to be considered a parody. The domain name conveys the first message; the second message is conveyed only when the viewer reads the content of the website. As the district court explained, "an internet user would not realize that they were not on an official PETA web site until after they had used PETA's Mark to access [*16] the web page'www.peta.org.'" *Doughney*, 113 F. Supp. 2d at 921. Thus, the messages are not conveyed simultaneously and do not constitute a parody. See also *Morrison & Foerster LLP v. Wick*, 94 F. Supp. 2d 1125 (D. Co. 2000) (defendant's use of plaintiffs' mark in domain name "does not convey two simultaneous and contradictory messages" because "only by reading through the content of the sites could the user discover that the domain names are an attempt at parody"); *Bucci*, 1997 U.S. Dist. LEXIS 3338, 42 U.S.P.Q.2D (BNA) at 1435 (rejecting parody defense because "seeing or typing the 'planned parenthood' mark and accessing the web site are two separate and nonsimultaneous activities"). The district court properly rejected Doughney's parody defense and found that Doughney's use of the *peta.org* domain name engenders a likelihood of confusion. Accordingly, Doughney failed to raise a genuine issue of material fact regarding PETA's infringement and unfair competition claims.

AFFIRMED