THE EXTRATERRITORIAL REACH OF TRADEMARKS ON THE INTERNET

The advent of the Internet means incredible opportunity for global interaction. Consumers in Asia can buy from a small business in Louisiana, and businesses can advertise to a much wider market for a fraction of the cost of traditional media. But these benefits come with a dilemma: what to do about trademark infringement on the Internet. In a virtual world with no borders, what (and where) is the law?

The Problem: the Special Case of the Internet

The expansion of the Internet has created an enormous consumers' market where many businesses now advertise their products or services and communicate directly with consumers. Trademark uses specific to the Internet, such as in domain names, meta-tags, hyperlinks and framing, have introduced new means of infringement and new laws, which are outside the scope of this iBrief. Even these Internet-specific means of infringement are still based on traditional types of trademark infringement, such as false designation of origin, sponsorship, dilution and unfair competition. The subject of this iBrief is traditional trademark infringement where a trademark is simply displayed on a website as it would on more traditional forms of advertising, like television or magazine ads.

The fact that the Internet is not in the world of bricks and mortar raises the question of what actually constitutes trademark "use" on the Internet. That question may be more relevant or more problematic when applied to domain names, meta tags, hyperlinks and framing, but when it comes to traditional trademark infringement involving the video and audio appearance of a mark on a web site, the mark is "used in commerce"[1] the same way it is thought to be "used" in more traditional forms of advertising or marketing. Most courts to address the issue have held that whether a trademark on the Internet is being sufficiently "used" to merit a claim under trademark law is determined by whether the website in question maintains personal jurisdiction in that forum.[2] We will see that personal jurisdiction requires a requisite level of contacts, i.e. "use," in the forum state. In effect, the question of trademark "use" spans both personal and subject matter jurisdiction.

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[1] Lanham Act, 15 U.S.C. §§ 1051 (providing that marks must be used in commerce to be registered), 1127 (defining "use in commerce") (1994).

[2] *See, e.g.*, 800 Flowers, Trade Mark Application, 1-800 Flowers Inc. v. Phonenames Ltd., 2001 All E.R. 218 (Eng.); Pro-C Ltd. v. Computer City, Inc., 2001 C34719 (Ct. App. Ontario); Euromarket Designs, Inc. v. Crate & Barrel Ltd., 96 F. Supp. 2d 824 (N.D. Ill. 2000).

The global nature of the medium is the unique aspect of trademark infringement on the Internet. Transmissions over the World Wide Web instantly expose trademarks to millions of Internet users around the world, creating problems since trademarks are protected on a "first in time" to register basis and only in the jurisdiction of the country where they are registered and/or used.[3] In addition, "what may be a perfectly lawful display of the trademark of another in one country may constitute actionable infringement elsewhere."[4] The possibility that a claim would not be actionable in a foreign jurisdiction would encourage forum shopping[5] for more than the sake of convenience and a home court advantage. However, the perceived inadequacy of a foreign forum is exactly the result of a conflict with foreign law, which, if severe enough, could preclude the action altogether.

Trademark holders and trademark users on the Internet may be able to resolve some of these conflicting problems on their own through private contracting. For instance, concurrent use agreements can be arranged between competing users. Competing users of legitimate trademarks may even consider establishing a joint website front page through which users may select the website they wish to access.[6] Measures could also be taken to reduce the risk of foreign courts and regulators asserting jurisdiction over website conduct, or the risk of liability from infringing foreign trademarks. Furthermore, maintaining the content of a website exclusively in a foreign language may serve as a de facto disclaimer to personal jurisdiction, providing evidence that the site is aimed exclusively at a different market and would not raise a likelihood of confusion in other markets.[7]

Private agreements, however, will not likely resolve all trademark conflicts on the Internet. Many trademark holders may not wish to share their marks, particularly if their ultimate

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[3] *See* Byron F. Marchant, *On-Line on the Internet: First Amendment and Intellectual Property Uncertainties in the On-Line World*, 39 How. L.J. 477, 484 (1996).

[4] Ryan Isenberg, *Trademarks and the Internet*, 32 U. West. L.A. L. Rev. 229, 244 (2001).

[5] *See* Euromarket Designs, Inc. v. Crate & Barrel Ltd., 96 F. Supp. 2d 824 (N.D. Ill. 2000) (Denying the defense's motion to stay the trademark infringement action against the defendant's Irish website due to concurrent foreign proceedings because the two proceedings raise different laws and therefore, the U.S. court merely relying on the foreign proceedings would not "provide full justice to litigants.")

[6] *See* Bradley J. Freedman and Robert J.C. Deane, *Trade-marks and the Internet: A Canadian Perspective*, 34 U.B. C. L. Rev. 345, 414 (2001).

[7] *See* America Online, Inc., and ICQ, Inc., v. Chih-Hsien Huang, 106 F. Supp. 2d 848 (E.D. Va. 2000). This trademark infringement claim against a Chinese web site was dismissed for lack of personal jurisdiction. The court reasoned that there was no evidence of contacts in the forum because the defendant web site was in Chinese and obviously aimed exclusively at Asia.

goal is global use of the mark, because of the increased possibility of the likelihood of confusion[8] and the probability that a mark could fall into the public domain.[9] Moreover, for businesses on the Internet, establishing and maintaining a business identity and brand recognition is crucial because the Internet is removing barriers to markets, facilitating new business models, and fostering a global marketplace.[10] To ensure protection of their trademarks, mark holders must be able to rely on accessibility to courts and enforcement of court holdings.

The Questions Raised and the Cases that Raise Them

The questions that this iBrief purports to answer are concerned with the transborder and interjurisdictional nature of trademark use on the Internet. First, does the Lanham Act reach allegedly infringing activities conducted in foreign nations? In *Sterling Drug, Inc. v. Bayer USA*,[11] subject matter jurisdiction arose when an American drug company alleged that a German drug company used the "Bayer" trademark in violation of a contract dividing their concurrent use of the mark. In *Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*,[12] the Court extended

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[8] GOTO.Com, Inc. v. Disney, 202 F.3d 1199, 1207-10 (9th Cir. 2000). This court cites the Ninth Circuit's previous decision in Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036, 1057 (9th Cir. 1999), where the Court reasoned that the Internet, as a marketing channel, is particularly susceptible to a likelihood of confusion since it allows for competing marks to be encountered at the same time, on the same screen. The GOTO court also reasoned that "[w]ith respect to Internet services, even services that are not identical are capable of confusing the public," because all Internet services are essentially related goods. Furthermore, this court pointed to the tendency of Internet businesses to provide a variety of distinct services under a common brand which increases the likelihood of confusion regarding sponsorship or affiliation with respect to unrelated goods and services: "Whereas in the world of bricks and mortar, one may be able to distinguish between an expensive restaurant in New York and a mediocre one in Los Angeles... the Web is a very different world. Our ever-growing dependence on the Web may force us eventually to evolve into increasingly sophisticated users of the medium, but, for now, we can safely conclude that the use of remarkably similar trademarks on different Web sites creates a likelihood of confusion amongst Web users. The ever-growing number of tentacle conglomerates may force us to conclude that even one hundred and one products could all be sponsored by a single consortium." Moreover, this court further pointed out that "the question of this analysis is not how sophisticated web surfers are," but that the standard of care inspired by being able to surf the net by a click of the mouse is not high and therefore evidences a higher likelihood of confusion.

[9] *See* Marchant, *supra* note 3, at 483.

[10] *See* Freedman and Deane, *supra* note 7, at 345.

[11] Sterling Drug, Inc. v. Bayer USA, 14 F.3d 733,746 (2d Cir. 1994).

[12] Playboy Enters., Inc. v. Chuckleberry Publ'g, Inc., 939 F. Supp. 1032, 1039 (S.D.N.Y. 1996). In this case an Italian magazine publisher distributed a magazine entitled Playmen. Playboy filed suit for trademark infringement and received an injunction in 1981 to prevent Playmen from being distributed in the U.S. Playboy attempted to get a similar injunction in Italy, but was unsuccessful. The Italian courts ruled that "lexically" Playboy was a weak mark not entitled to protection in that country. *See* Playboy Enters., Inc. v. Chuckleberry Pub., Inc., 486 F. Supp. 414

jurisdiction in order to enforce a previous injunction, thereby avoiding the question of whether the jurisdictional scope of the Lanham Act may reach infringing activities on a website posted from a foreign nation.

Assuming that jurisdiction under the Lanham Act is extended, how extensive is the scope of a U.S. court enjoining a defendant's foreign activities?[13] The *Playboy* court, in discussing the ramifications of the case, stated that the Internet is a world-wide phenomenon, accessible from every corner of the globe, and the defendant Italian publisher could not be prohibited from operating its site merely because the site was accessible from one country in which the product was banned. To hold otherwise "would be tantamount to a declaration that this Court, and every other court throughout the world, may assert jurisdiction over all information providers on the global World Wide Web."[14]

Could any foreign defendant be subjected to the personal jurisdiction of a U.S. court simply by publishing a website on the Internet? Moreover, if, after jurisdiction was extended and an injunction issued, would a foreign nation in which the defendant resides agree to enforce a U.S. holding against its own citizen, especially if the foreign nation's trademark law conflicted with U.S. law and the defendant had duly registered its trademark in the foreign nation and was maintaining the website wholly in that nation? Although the court in *Playboy* permitted its injunction to be satisfied by merely screening out U.S. users, thereby limiting its interference with Italian law, the U.S. court could not realistically enforce that injunction without the cooperation of the Italian government. Furthermore, if the defendant had not been able to restrict access through passwords, (which most, if not all, websites are unable to do effectively) the same Court would have required the defendant to shut the website down.[15] It is less likely that such an injunction would have been enforced in Italy, since the website was completely legitimate there. Such an injunction would conflict with the *Playboy* court's own reasoning that the defendant cannot be prohibited from operating its site merely because the site is accessible from within one country in which its product is banned.

(N.Y. 1980). In 1996, the Italian publisher posted the Playmen mark on its website, which the New York district court held was in violation of the 1981 injunction.

[13] *See Sterling Drug, Inc.*, 14 F.3d at 746.

[14] Playboy Enters., Inc., 939 F. Supp. at 1039.

[15] *Id.* at 1039-40.

The "Extra-" Territorial Reach of U.S. Trademark Law

Both in the U.S. and internationally, trademark law is essentially "territorial," meaning a mark is exclusively owned by a registrant or user only within each territory.[16] The Paris Convention contains a "National Treatment" tenet in Article 2(1),[17] which has supported a territorial approach to choice of law in trademark cases[18] (as well as copyright and patent cases, which are outside the scope of this iBrief). The territoriality of trademark law is further expressed in the Convention in Article 6(3), which provides that "a mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin."

In effect, the territoriality of trademark law should mean that each nation has its own separate trademark laws that operate exclusively within that nation's borders. Therefore, U.S. trademark law may not apply to actions occurring in foreign nations - actions that would constitute infringement if they occurred in the United States - because the trademark law of the foreign nation governs those actions within its borders. In such a case, those actions may not even constitute infringement in the foreign nation if the complaining mark is simply not registered or protected under that foreign nation's trademark law. Strictly speaking, those actions within foreign borders do not constitute infringement in the U.S. either, for infringement under U.S. law stops at the U.S. border.

A trademark does not cease to exist simply because the product it is attached to finds itself outside the U.S. in a country where the mark is not registered. The question is specifically whether an infringement of the U.S. mark can occur when the mark is outside the U.S. What if the infringement is only problematic in the U.S.? Frequently, activities may have an impact that is difficult to localize to a single nation, particularly when the activity is on the globally

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[16] Timothy H. Hiebert, *Foundations of the Law of Parallel Importation: Duality and Universality in Nineteenth Century Trademark Law*, 80 Trademark Rep. 483 (1990).

[17] "Nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereinafter grant, to nationals; all without prejudice to the rights specially provided for by this Convention. Consequently, they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided that the conditions and formalities imposed upon nationals are complied with." Paris Convention, art. 2 (1); see also TRIPS, art. 3 (1); NAFTA, art. 1703 (1); Berne Convention, art. 5 (1); Universal Copyright Convention, art. II (1).

[18] Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633, 640 (2d Cir. 1956) ("The [Paris] Convention is not premised upon the idea that the trade-mark and related laws of each member nation shall be given extraterritorial application, but on exactly the converse principle that each nation's law shall have only territorial application."); *see also* McCarthy on Trademarks and Unfair Competition 29:25, at 29-46 to 29-47 (4th ed. 1996).

accessible Internet. On the Internet, an infringement can actually take place all over the world, across borders, and in every jurisdiction. U.S. courts recognize the existence of infringement in cases where the activity occurs within foreign borders, but only where the activity either involves "parallel goods" or has substantial effects in the U.S., the latter triggering both "long-arm" personal jurisdiction and an extraterritorial reach of the Lanham Act necessary for federal subject matter jurisdiction.

Universality Theory Stamped Out In Parallel Goods - But the "Territoriality" of Parallel Goods Controls Foreign Parties

"Parallel imports" or "gray market goods" are goods bearing an authentic trademark that are intended for distribution in foreign countries but which are instead imported and sold to the ultimate consumer in a country where the trademark signifies a domestic source.[19] The territoriality theory in the U.S. provides a trademark holder with an exclusive monopoly right in its trademark within the nation's borders, which actually provides the trademark holder with rights against and control over a foreign holder of the same trademark when the foreign holder attempts to bring his mark into the U.S.

If a foreign website viewed in the U.S., presenting a foreign trademark identical to a U.S. registered trademark, is analogized to a form of digital importation, then the website may be subject to the same customs preclusions as parallel goods. However, it seems that the only fair way to determine whether the website is actually being digitally imported is to apply the tests for personal jurisdiction. If such a website is subject to personal jurisdiction, then it certainly is being imported into the U.S. Customs regulation of parallel goods may provide one form of subject matter jurisdiction to such a website.

Personal Jurisdiction

For a court to hear a case, it must have personal jurisdiction over the defendant in accordance with constitutional due process requirements. This may require use of state "long arm" statutes. Initially, in determining whether there were sufficient contacts and activity for establishing personal jurisdiction, courts relied on a medium-specific analysis of the Internet. Distinguishing the Internet from traditional media, those courts held that website advertising was inherently more likely to constitute purposeful availment of the benefits and protections of the

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[19] Beverly Pattishall, David Craig Hilliard, Joseph Nye Welch III, Trademarks and Unfair Competition 325 (Lexis 2000).

forum state.[20] However, the primary consideration in determining whether a website constitutes purposeful availment has become whether the website is "active," rather than "passive." The distinction between active, passive and their intermediate, interactive, websites was illustrated by the court in *Zippo Manufacturing Co. v. Zippo Dot Com, Inc*.[21] The *Zippo* court delineated a three-part "sliding scale" of Internet activity:

> At one end of the spectrum are situations were a defendant clearly does business over the Internet. If the defendant enters into contracts with residents of a foreign jurisdiction that involve the knowing and repeated transmission of computer files over the Internet, personal jurisdiction is proper … at the opposite end are situations where a defendant has simply posted information on an Internet website which is accessible to users in foreign jurisdictions. A passive Web site … is not grounds for the exercise [of] personal jurisdiction .... The middle ground is occupied by interactive Web sites where a user can exchange information with the host computer. In these cases, the exercise of jurisdiction is determined by examining the level of interactivity and commercial nature of the exchange of information that occurs on the website.[22]

The *Zippo* court held that the defendant fell within the first category and exercised jurisdiction over the California defendant who not only advertised on the Internet, but also sold subscription to 3,000 state residents and entered into contracts with Internet service providers in the forum state to download the electronic messages which formed the basis of the suit.[23] The Zippo "sliding scale" has been adopted in several circuits and numerous cases.[24]

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[20] *See* Maritz, Inc. v. Cybergold, Inc., 947 F. Supp. 1328 (E.D. Mo. 1996) (illustrating that the "different nature" of websites would more likely amount to purposeful availment than advertising by direct mail or an "800" telephone number); EDIAS Software Int'l, LLC, v. BASIS Int'l Ltd., 947 F. Supp. 423 (D. Ariz. 1996) (exercising personal jurisdiction over on a non-resident for a defamatory website because information on a website is more accessible than traditional advertising); Inset Systems, Inc. v. Instruction Set, Inc., 937 F. Supp. 161 (D. Conn. 1996) (advertising more likely to constitute purposeful availment because "advertisements over the Internet are available to Internet users continually, at the stroke of a few keys of the computer").

[21] Zippo Manufacturing Co. v. Zippo Dot Com, Inc., 952 F. Supp. 1119 (W.D. Pa. 1997).

[22] *Id.* at 1124.

[23] *Id.* at 1126.

[24] *See, e.g.*, Cybersell, Inc. v. Cybersell, Inc., 130 F.3d 414 (9th Cir. 1997) (holding defendant's use of plaintiff's mark on its Internet website advertising its website construction corporation did not support personal jurisdiction over the Florida defendant in Arizona because the site was passive and lacked additional commercial activity. The court concluded that no court had ever held that an Internet advertisement alone is sufficient to subject a party to jurisdiction in another state without "something more."); Mink v. AAAA Development, LLC, 190 F.3d 333 (5th Cir. 1999) (adopting the Zippo approach and holding that the although the defendant's website had some interactivity in the form of allowing consumers to interact with the defendant company by

Subject Matter Jurisdiction

Like all U.S. courts, federal courts must have, in addition to personal jurisdiction, subject matter jurisdiction in a case they are to hear. For federal courts, that jurisdiction is limited to those types of cases designated by Congress, and in the context of this discussion, all actions covered by the Lanham Act.

The Lanham Act provides a civil right of action against parties misusing (as detailed by the Act) a mark used "in commerce."[25] "Commerce" is defined in the Act as "all commerce which may lawfully be regulated by Congress."[26] Therefore, a U.S. court has subject matter jurisdiction to hear a case under the Lanham Act if the defendant's activities occurred in commerce that may be lawfully regulated by Congress. With the reigning broad interpretation of interstate commerce,[27] the Lanham Act, without reference to extraterritorial powers, clearly controls infringing acts of the defendant which occur at least partly in the U.S., as when the defendant ships infringing goods from a foreign nation to the United States.[28] However, it is when the activity, which would be infringing if occurring in the U.S., occurs solely in foreign countries that the extraterritorial reach of the Lanham Act is raised (and implemented when the foreign activity is held to "affect" U.S. commerce).[29] Essentially, courts have applied the Lanham Act to conduct occurring abroad, even in the absence of infringement within the United States.

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providing an email address and toll-free telephone number posted on the website and including a printable order form, these activities did not constitute doing business in the state); Millenium Enters. v. Millennium Music, 33 F. Supp. 2d 907 (D. Or. 1999) (holding that although the defendant's website was interactive in that one could purchase CDs from it from any state, the website had no personal jurisdiction in Oregon because no one in Oregon had actually purchased a CD from the website and there was evidence that the website was predominately intended for the locals of South Carolina. The court reasoned that it was presumptively unreasonable for the mere foreseeability or potentiality of contact with the forum state to serve as "purposeful availment" for the purposes of personal jurisdiction).

[25] 15 U.S.C. § 1125.

[26] 15 U.S.C. § 1127. *See also* Steele v. Bulova Watch Co., 344 U.S. 280, 283 (1952).

[27] United States v. Lopez, 115 S. Ct. 1624, 1630 (1995) (exercising domestic commerce power requires that the regulated activity merely have a substantial effect on interstate commerce).

[28] Section 1125(b) of the Lanham Act precludes the entry and permits the seizure of goods imported into the U.S. that are "marked or labeled in contravention of the provisions of..." §1125, which section defines trademark infringement.

[29] *See, e.g.*, Steele, 344 U.S. at 283 (selling watches in Mexico was held as effecting U.S. commerce because consumers who had bought the watches in Mexico had brought them to the U.S.); Ocean Garden, Inc. v. Marktrade Co., 953 F.2d 500 (9th Cir. 1991) (shipping infringing canned fish from Mexico to the Far East was held to effect the American foreign trade zone and to divert American foreign sales.); Curtis A. Bradley, *Extraterritorial Application of U.S. Intellectual Property Law: Principal Paper: Territorial Intellectual Property Rights in an Age of Globalism*, 37 Va. J. Int'l L. 505, 529-31 (1997). Professor Bradley reveals that despite the Lanham Act requiring a likelihood of confusion (15 U.S.C. § 1114) for trademark infringement,

Most circuits apply some version of a three-part test that evaluates the effect of the defendant's conduct on U.S. commerce, considers the citizenship, residency, location of business operations, and location of corporate registration of the defendant, and the likelihood of conflict between U.S. and the foreign law implicated by the defendant's activities.[30] The circuits, however, differ on how they apply this test. For example, they differ on the degree of the effect that the defendant's conduct must have on U.S. commerce[31] and on whether to limit the consideration to the three-factored test.[32] The Ninth Circuit applies a complicated balancing test that it developed for the extraterritorial application of antitrust law: (1) There must be some effect on U.S. foreign commerce, (2) "the effect must be substantially great to present a cognizable injury" to plaintiffs under the federal statute, and (3) "the interest of and links to American foreign commerce must be sufficiently strong in relation to those of other nations."[33]

In evaluating the third part of the test, the Ninth Circuit balances seven "comity" factors: the degree of conflict with foreign law or policy, the nationality of allegiance of the parties and the locations of the principal places of business of corporations, the extent to which enforcement by either state can be expected to achieve compliance, the relative significance of effects on the United States as compared to elsewhere, the extent to which there is explicit purpose to harm or effect American commerce, the foreseeability of such effect, and the relative importance to the violations charged of conduct within the United States as compared with conduct abroad.[34] "In other words, for a U.S. court to extend the Lanham Act to reach the foreign activity, the activity must affect commerce between the United States and the foreign nation such that the United

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there "[n]evertheless,... have been a number of decisions applying the Act to the exportation and sale abroad of allegedly infringing merchandise, despite the lack of any showing that the merchandise was likely to reenter the United States or cause any confusion within the United States. Recently, a court even applied it to the performance of services in another country."

[30] *See*, *e.g.*, Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633, 642-43 (2d Cir. 1956).

[31] *Compare* Totalplan Corp. Of Am. v. Colborne, 14 F.3d 824, 830 (2d Cir. 1994) (illustrating "substantial" effect), and Nintendo of Am., Inc. v. Aeropower Co., 34 F.3d 246, 250 (4th Cir. 1994) (also illustrating "significant" effect), *with* American Rice, Inc. v. Arkansas Rice Growers Coop. Ass'n, 701 F.2d 408, 414 n.8 (5th Cir. 1983) (illustrating "some" effect).

[32] *Compare American Rice*, 701 F.2d at 414 (holding the three factors of the above test "will necessarily be the primary elements in any balancing test), *with Vanity Fair Mills*, 234 F.2d at 642-43 (To hold jurisdiction under the Second Circuit's tripartite test, the plaintiff would have to satisfy all three prongs of the test or make a showing of two so strong as to overcome the absence of one; whereas satisfaction of only one of the prongs would be fatal.)

[33] *See*, *e.g.*, Wells Fargo & Co. v. Wells Fargo Express Co., 556 F.2d 406, 428 (9th Cir. 1977) (taking a test from Timberlane Lumber Co. v. Bank of Am. Nat'l Trust and Sav. Ass'n, 549 F.2d 597 (9th Cir. 1976)).

[34] Wells Fargo, 556 F.2d at 428-29.

States would have an interest in resolving the case that is comparatively more significant than the foreign jurisdiction's interest in resolving the case."[35]

A more difficult question of application arises when the infringing acts occur through the sole use across national borders of a website. This issue had not yet been explicitly raised in any U.S. case.[36] Whether an extraterritorial application of the Lanham Act in such a case must be considered at all depends on which real world activity we choose to analogize the Internet.[37] If sales in the U.S. conducted through a website are analogized to the shipment of goods from the foreign nation hosting the website to the U.S., then the extraterritorial analysis is unnecessary (although enforcement of the U.S. holding may rely on extraterritorial application). If, however, the transactions are viewed as the result of consumers traveling to the foreign website and conducting the sale in the foreign country, then the Lanham Act could only reach the defendant's activities through an extraterritorial application. It is unclear how website activity would be treated in such a case. In *Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*,[38] a case involving an Italian website using the mark "playmen," the Court would likely have rejected the traveling analogy in favor of the shipping analogy because that Court rejected the defense's argument that it was not distributing materials in the U.S. However, another court has treated the issue as an extraterritorial matter.[39] Nevertheless, in light of the Supreme Court's advice to other courts to avoid all analogies in considering novel Internet issues in favor of medium-specific treatment of the Internet,[40] it is likely that the Supreme Court will be obliged to resolve this question.

However the Court decides, and despite contentions to the contrary,[41] whether these cases are framed as extraterritorial is irrelevant, since personal jurisdiction, as well as subject matter jurisdiction, must be established in every case. Many websites will not satisfy the requirements of personal jurisdiction. Only foreign websites that can establish personal jurisdiction in the U.S.

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[35] Serge G. Avakian, Comment, *Global Unfair Competition in the Online Commerce Era*, 46 UCLA L. Rev. 905, 923 (1999).
[36] *See* Euromarket Designs, Inc. v. Crate & Barrel Ltd., 96 F. Supp. 2d 824 (N.D. Ill. 2000) (relying on a "use in commerce" test).
[37] Avakian, *supra* note 35, at 920-21.
[38] Playboy Enters., Inc., 939 F. Supp. at 1039.
[39] *See* Mattel, Inc. v. Hasbro, Inc., No 96-7635IH (C.D. Cal. 1997).
[40] *See* Reno v. ACLU, 117 S. Ct. 2329, 2343-44 (1997).
[41] *See* Avakian, *supra* note 38, at 921 (contending that a non-extraterritorial rule would subject all website owners from around the world to jurisdiction in the United States regardless of their impact in the United States leading to excessive litigation against foreign website owners and conflicts of laws).

may fairly be considered as doing business in the U.S. and therefore actually conducting digital importation into the U.S.

International Trademark Laws Provide the Basis for Extraterritorial Enforcement

The Paris Convention for the Protection of Industrial Property serves as the basis for current international trademark law. As already indicated above, the Paris Convention establishes under article 2(1) a "national treatment" tenet to intellectual property in general, and under article 6(3) a territorial approach to trademarks in particular. However, despite the intention to preclude extraterritorial application of individual nations' trademark laws, the Paris Convention's minimum standards imposed on each member nation require certain recognition and interaction with foreign trademarks, which has the effect of providing the authority to enforce remedies extraterritorially. This is a very important tool because it will provide a way to reach even an ISP with operations and assets in a favorable jurisdiction beyond, for example, the clutches of countries like France and Germany with their stringent anti-nazi and anti-pornography enforcement. The ISP has to be somewhere, and wherever it is the French and Germans will have the authority to expect enforcement of their holdings and injunctions. The only glitch may be that if the substantive laws of the country harboring the ISP conflict with French or German laws, the harboring country may refuse to enforce the French/German injunction. Its right to do so is unclear.

Returning to the extraterritorial rules of the Paris Convention—Article 6*bis* requires the prohibition of registration and use "of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods."[42] The mark may be well-known in a country without it being registered there or in use. For example, a mark such as "Nike" would likely be well-known almost anywhere in the world, through its appearance in all forms of the media, even if its products were not actively sold by the trademark holders in those areas.[43] Essentially, this rule provides for the extraterritorial reach of well-known marks, and prevents bad faith registration and use meant to appropriate the goodwill of an otherwise famous mark. In order to attain registerability or eligibility for protection, trademark

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[42] *See also* Article 16 of the TRIPS Agreement, which states that "in determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark."

[43] *See* Roger E. Schechter, Comment, *Extraterritorial Application of U.S. Intellectual Property Law: The Case for Limited Extraterritorial Reach of the Lanham Act*, 37 Va. J. Int'l. L. 619, 638 (1997).

laws in different countries also normally require "use" of the trademark,[44] the purpose of which is to attempt to ensure good faith registration.

Furthermore, not only does the Paris Convention under Article 9(1) require all goods unlawfully bearing a trademark or trade name to be seized on importation into countries where it is entitled to protection, but under Article 9(2) "[s]eizure shall likewise be effected in the country where the unlawful fixation occurred or in the country into which the goods were imported." Article 9(2) provides for extraterritorial enforcement of a remedy to infringement. However, Article 9(2) does not define "unlawful" fixation except that Article 9 shall apply in cases of false designation of source under Article 10, which does not indicate that it shall be the "only" time Article 9 is applied. Article 9 does beg the question of whether the fixation in country A is actually "unlawful" when it would only be unlawful if the fixation occurred in country B, but the goods will be shipped from country A to country B. The language of Article 9(2) is open to the interpretation that if the goods are intended for country B and would be infringing there, then the fixation of the marks in country A is unlawful and the goods bearing those marks on goods intended for country B may be seized under Article 9. This power has the potential to swallow all extraterritorial application of trademark laws unless it is limited to merely providing the authority to expect enforcement of country A's infringement holdings in country B. However, determining whether infringement has occurred in country A is subject to personal jurisdiction and subject matter inquiries. As indicated above, personal jurisdiction inquiries are crucial in determining whether a website can be viewed as digital shipping, i.e., importation, into country B.

Do We Need New Laws?

Sometimes the simplest legal approach is the most effective. As illustrated by the number of issues addressed above, these problems are not simple, and might require a new law created particularly for the Internet, as *Reno v. ACLU* seems to encourage.[45] In order to encompass all of the relevant fact patterns and issues, the new law would have to be quite complex. The simplest approach would be to merely apply the existing legal rules-all of the tools are already present, because as issues arose, they developed a de facto legal system to deal with them. The key in codifying existing principles is to be imaginative enough to acknowledge and draw all of the possible analogies to the Internet. The available domestic and international rules for jurisdictional questions and conflicts, for copyright and for trademarks are presented above.

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[44] *See* Paris Convention Article 6*quinquies* (C)(1), "In determining whether a mark is eligible for protection, all the factual circumstances must be taken into consideration, particularly the length of time the mark has been in use."

[45] Reno v. ACLU, 117 S. Ct. 2329, 2343-44 (1997).

The international rules and applications are there as well, even if they have not been very explicitly and resoundingly applied. The only reason that they have not been so broadly vocalized is because, until the Internet, the issues did not arise very often.

The only real glitch may be that although the U.S. has all of the relevant rules in place, other jurisdictions may not. There is also the additional problem of enforcement between nations. While nations may have all of the relevant rules in place, transborder enforcement may be impeded by conflicts between the substantive laws of the nations. However, transborder enforcement has always been and continues to be a political problem and the subject of treaties. When extraterritorial enforcement of trademark law is stymied by conflicting foreign laws, political figures need to step in and negotiate new treaties if they believe the law is worth negotiation and enforcement.

Current treaties indicate a move among nations toward harmonization of intellectual property laws.[46] The harmonization of formerly conflicting foreign intellectual property laws encourages the extraterritorial application of trademark law. Harmonization removes this last true impediment to enforcement and makes more defensible giving extraterritorial effect to a statute whose language, although ambiguous on the subject of extraterritoriality, covers statutory subject matter on which there is considerable uniformity between countries, and consequently less risk of conflict.[47]

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[46] Schecter, *supra* note 44, at 632 ("With the adoption of the TRIPS Agreement at the end of 1994, 117 states agreed to an unprecedented degree of uniformity on matter relating to intellectual property.")
[47] *See id*.