

# **SENSIBLE AGNOSTICISM: AN UPDATED APPROACH TO DOMAIN-NAME TRADEMARK INFRINGEMENT**

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## ABSTRACT

*The Internet era has brought a new battlefield to U.S.-trademark-law disputes: domain names. Trademark owners have vigorously challenged the registration of domain names that consist of—or merely include—their trademarked terms, suing these domain-name registrants in U.S. courts for trademark infringement. During the early years of the Internet, courts often found consumer confusion—and thus trademark infringement—in these cases. As Internet use has developed, however, many courts have not recognized the growing sophistication of online consumers. This Note proposes that U.S. courts adapt their analyses to recognize evolving consumer behavior and expectations. This updated analysis, based on a 2010 Ninth Circuit opinion, will promote trademark law’s historical focus on accuracy by encouraging courts to recognize the right of domain-name registrants to engage in accurate, nonconfusing speech.*

## INTRODUCTION

Defendants Farzad and Lisa Tabari operated their auto-broker business, Fast Imports, from two different URLs: “buy-a-lexus.com” and “buyorleaselexus.com.”<sup>1</sup> As entrepreneurial auto brokers, the Tabaris were “personal shoppers of the automotive world,” contacting authorized dealers on behalf of customers to find “the best

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1. *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1174–75, 1181 (9th Cir. 2010).

combination of location, availability and price.”<sup>2</sup> Although the Tabaris were not specifically authorized to conduct this business by Toyota, the distributor of Lexus automobiles, they sold consumers authentic Lexus vehicles.<sup>3</sup> The Tabaris’ website contained no photographs of Lexus vehicles or images of the Lexus logo.<sup>4</sup> Rather, it contained a disclaimer in large font at the top of the page stating: “We are not an authorized Lexus dealer or affiliated in any way with Lexus. We are an Independent Auto Broker.”<sup>5</sup> Nevertheless, Toyota brought a trademark-infringement lawsuit challenging not the legality of the Tabaris’ business model, but the legality of their choice of domain names.<sup>6</sup>

“Lexus,” as a word that identifies and distinguishes a vehicle brand, falls under the definition of a trademark, which includes “any word, name, symbol, or device, or any combination thereof” used in commerce to identify and distinguish goods and services.<sup>7</sup> In this example, the trademarked term, “Lexus,” appeared in the domain names from which the Tabaris conducted their business. These uses were not licensed or authorized by the trademark owner, but appeared to reference the trademark owner’s company. Although the Internet has developed rapidly over the last several decades, the state of the law surrounding domain-name trademarks remains unclear. As trademark-law commentator Professor Eric Goldman stated in 2010, “I still have no idea when businesses outside a manufacturer’s authorized channel can legally include the manufacturer’s trademark in their name[s]. Each case seems to be *sui generis*.”<sup>8</sup> This legal uncertainty discourages website creators from using any trademarked

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2. *Id.* at 1174.

3. *Id.* at 1174–75.

4. *Id.* at 1175. The website had been revised since Toyota’s initial contact with the Tabaris. *Id.* at 1175, 1181.

5. *Id.* at 1181–82.

6. *Id.* at 1175.

7. 15 U.S.C. § 1127 (2006) (“The term ‘trademark’ includes any word, name, symbol, or device, or any combination thereof—(1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”).

8. Eric Goldman, *Funky Ninth Circuit Opinion on Domain Names and Nominative Use—Toyota v. Tabari*, TECH. & MARKETING L. BLOG (July 14, 2010, 1:08 PM), [http://blog.ericgoldman.org/archives/2010/07/funky\\_ninth\\_cir.htm](http://blog.ericgoldman.org/archives/2010/07/funky_ninth_cir.htm).

terms in their domain names even though some such uses may be legal, thereby creating a “classic chilling effect.”<sup>9</sup>

This Note approaches the modern problem of domain-name conflicts through the lens of trademark law’s historical focus on accuracy. Because most domain-name cases rely on outdated conceptions of Internet user behavior,<sup>10</sup> this Note analyzes the new framework offered by the 2010 Ninth Circuit case *Toyota Motor Sales, U.S.A., Inc. v. Tabari*.<sup>11</sup> *Tabari* provides an updated understanding of the twenty-first century’s more sophisticated consumer behavior, and it presents a theory of “sensible agnosticism” toward online consumer expectations.<sup>12</sup> The Ninth Circuit’s approach raises the bar for consumer confusion in trademark cases, focusing on the most relevant—not the most inept—consumers.<sup>13</sup> This Note ultimately recommends the adoption of *Tabari*’s updated analysis in future domain-name cases.

This analysis proceeds in three Parts. Part I outlines a brief history of trademark law, focusing on its purposes. Part II explores the application of trademark law to domain names and discusses the field’s overlap with cybersquatting law. Part III proposes a new framework for trademark-infringement analysis in domain-name cases and examines the challenges of applying this framework to future cases.

## I. HISTORICAL PURPOSES OF TRADEMARK LAW

Despite the recent vintage of domain-name disputes, it is important to explore the historical underpinnings of trademark law before applying it to modern domain-name cases. Understanding the values underlying trademark law helps to clarify the types of behavior that trademark-infringement actions should protect and those that they should prevent. These values thus serve as a useful guide for evaluating the types of domain names that should qualify as trademark infringements. This Part first explores the purposes behind trademark law and the common themes that can be derived from

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9. William McGeeveran, *Rethinking Trademark Use*, 94 IOWA L. REV. 49, 52 (2008).

10. See, e.g., *infra* notes 94–106 and accompanying text.

11. *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171 (9th Cir. 2010).

12. *Id.* at 1179.

13. See *id.* at 1176 (explaining the importance of focusing on the reasonably prudent consumer, as opposed to the unreasonable, imprudent consumer).

those purposes. It then tracks the history of trademark law as federal law in the United States.

A. *Purposes of Trademark Law*

Trademark law is generally thought to serve three main purposes: protection of consumers from confusion, goodwill protection of a trademark owner's property, and promotion of fair competition.<sup>14</sup> This Section first examines historic trademark purposes and the prevailing scholarly theories of trademark protection and then synthesizes the common themes within those theories, including their particular focus on accuracy.

1. *Historic Trademark Purposes.* Long before Coca-Cola and McDonald's created their distinctive brand names, trademarks existed in a variety of forms.<sup>15</sup> Originally, trademarks were symbols used to identify a product's owner or origin.<sup>16</sup> Owners branded their cattle to differentiate them from neighboring herds, and potters identified their creations with unique marks.<sup>17</sup> As more sellers began marking their products, the marks' primary purpose became identifying the origin of defective products.<sup>18</sup> For example, fifteenth-century English law required vendors to mark the swords and armor they sold so that consumers could easily report sellers of defective weapons.<sup>19</sup> Trademarks thus developed a consumer-protection role, allowing consumers to hold product and service providers accountable for defects. Consumers could notify their peer consumers of the defects and avoid defective purchases in the future.

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14. See, e.g., *Chas. D. Briddell, Inc. v. Alglobe Trading Corp.*, 194 F.2d 416, 418 (2d Cir. 1952) (“[T]he common law favors competition; and it is of the essence of competition that competitors copy and undersell the product of an originator. The competitors do not lose their favored common-law position merely because someone chooses to call them ‘free riders.’”); *Zippo Mfg. Co. v. Rogers Imps., Inc.*, 216 F. Supp. 670, 694–95 (S.D.N.Y. 1963) (“The law of unfair competition . . . [promotes] the policy of encouraging competition from which the public benefits.” (footnotes omitted)); 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:2 (4th ed. 2010) (listing trademark law's purposes as both protecting consumers from confusion and protecting a trademark owner's goodwill).

15. 1 MCCARTHY, *supra* note 14, § 5:1.

16. *Id.*

17. Daniel Devoe, Note, *Applying Liability Rules to Metatag Cases and Other Instances of Trademark Infringement on the Internet: How To Get to “No Harm, No Foul,”* 90 B.U. L. REV. 1221, 1227 (2010).

18. 1 MCCARTHY, *supra* note 14, § 5:1.

19. *Id.*

2. *Competing Theories of Trademark Protection.* The Chicago school of law and economics explains trademark law's purpose as "trying to promote economic efficiency."<sup>20</sup> This theory, first propounded in the 1980s, has become the common understanding of trademark law in the United States.<sup>21</sup> According to proponents of this theory, trademark law serves two functions: "First, trademarks lessen consumer search costs by making products and producers easier to identify in the marketplace, and second, trademarks encourage producers to invest in quali[t]y by ensuring that they, and not their competitors, reap the reputation-related rewards of that investment."<sup>22</sup> The Chicago school's approach contends that the United States has developed economically efficient trademark laws to fulfill these functions.<sup>23</sup> Both functions aim to protect the interests of consumers, rather than the interests of producers, as they ensure low search costs and high-quality products for consumers.

In contrast to the Chicago school's account of the development of trademark law, Professor Mark P. McKenna argues that early English and American courts were more concerned about property rights than economic efficiencies.<sup>24</sup> McKenna accuses the Chicago school of imposing its "normative agenda" on courts that did not traditionally recognize these economic-efficiency goals.<sup>25</sup> In particular, McKenna criticizes the "claim that improving the quality of information in the marketplace is the only legitimate goal and that deviations from that goal are unjustified."<sup>26</sup> Based on his examination of early English and American case law, McKenna argues that these

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20. William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 265–66 (1987).

21. See Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621, 623–24 (2004) ("The Chicago School of law and economics has long offered a totalizing and, for many, quite definitive theory of American trademark law. . . . It has been adopted at the highest levels of American law. No alternative account of trademark doctrine currently exists." (footnote omitted)); Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1844 (2007) ("It would be difficult to overstate the level of consensus among commentators that the goal of trademark law is—and always has been—to improve the quality of information in the marketplace and thereby reduce consumer search costs."). For the Supreme Court's acceptance of this analysis, see, for example, *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 163–64 (1995).

22. Beebe, *supra* note 21, at 623.

23. *Id.* at 623–24.

24. McKenna, *supra* note 21, at 1848.

25. *Id.* at 1842.

26. *Id.* at 1847.

cases had an overwhelming concern for producers' property rights, rather than for consumer protection.<sup>27</sup>

Professor McKenna also finds that likelihood of consumer confusion was not a determining factor in early trademark cases; he argues that courts actually allowed genuinely confusing uses if "the plaintiff could not show that the defendant's actions were likely to divert customers who otherwise would have gone to the plaintiff."<sup>28</sup> McKenna differentiates these historic cases from the twentieth-century expansion of trademark law, which removed the requirement of direct competition between parties.<sup>29</sup> He attributes this change to a decision among courts to recognize "the possibility of consumer confusion as an evil in itself."<sup>30</sup>

3. *Understanding the Multiple Functions of Trademark Law.* Many scholars believe that trademark law should be guided by a focus on both consumers and producers. As Professor Robert G. Bone notes in a 2006 article, early judges and commentators actually expressed concerns about protecting both sellers and the public from deceptive practices.<sup>31</sup> These dual concerns "make[] it very difficult for the historian who wishes to determine whether nineteenth century courts cared mostly about protecting sellers or mostly about protecting consumers."<sup>32</sup> Professor Bone further argues that early courts had "no need to draw a sharp distinction" because "the two goals were mutually consistent and reinforcing—trademark law gave remedies to sellers and in so doing helped both sellers and consumers."<sup>33</sup>

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27. *See id.* at 1848 ("In reality, 'traditional' American trademark law was unapologetically producer-oriented. . . . Trademark law primarily sought to regulate the relationship between competitors; any benefits to consumers were secondary.").

28. *Id.* at 1841 (noting that courts historically focused on consumer deception only as it contributed to unfair competition because they were concerned primarily with protecting producers).

29. *Id.* at 1843; *see also* 4 MCCARTHY, *supra* note 14, § 24:14.

30. McKenna, *supra* note 21, at 1843.

31. Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 560 (2006) ("Nineteenth century jurists frequently referred to both goals in the same passage without sharply distinguishing between them.").

32. *Id.* at 561 n.59 ("The problem with a project like Professor McKenna's is similar to interpreting an Escher print. Everything depends on what one sees as the foreground (protecting consumers or protecting sellers) and what one sees as the background—and both perspectives are necessary to fully appreciate the whole.").

33. *Id.* at 560–61.

Similarly, leading trademark scholar Professor J. Thomas McCarthy concludes that both goals are vital to historical and modern trademark law:

[T]o select as paramount either protection of the trademark property or protection of consumers would be to oversimplify the dual goals of trademark law, both historical and modern. Trademark law serves to protect both consumers from deception and confusion over trade symbols *and* to protect the plaintiff's infringed trademark as property.<sup>34</sup>

Understanding both views of trademark law reveals the many different functions of the law—from achieving potential economic efficiencies to fostering fair competition. It is a mistake to emphasize one perspective unduly over another, and it is necessary to recognize the commonalities among, and conflicts between, the different values that trademark law protects.

Inherent in both the consumer-protection and property-rights conceptions of trademark law is a desire to promote accuracy in the marketplace and to prevent falsity and deceit.<sup>35</sup> Although the goals of promoting accuracy and avoiding confusion may seem like two sides of the same coin, courts have drawn distinctions between the two, tolerating confusion when accurate information is given to consumers.<sup>36</sup> Focusing on accuracy holds disseminators of false or misleading information accountable while at the same time giving more leeway to good-faith uses of trademarks that happen to result in confusion.

### *B. United States Federal Trademark Law*

Unlike patent and copyright law, trademark law is not grounded in the U.S. Constitution.<sup>37</sup> The Supreme Court affirmed this fact in

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34. 1 MCCARTHY, *supra* note 14, § 2:2.

35. *See, e.g., Bone, supra* note 31, at 554 (stating that trademark law's "core mission" should be "to ensure the efficient and honest communication of product quality information to consumers"); *Devoe, supra* note 17, at 1236 ("[T]here is a general consensus that the primary purpose of trademark protection is to supply consumers with accurate information regarding the source of the good.").

36. *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 123 (2004) (holding in a comparative-advertising case that "fair use can occur along with some degree of confusion").

37. *Trade-Mark Cases*, 100 U.S. 82, 93–94 (1879). Patent and copyright laws were established in the U.S. Constitution's Progress Clause. *See* U.S. CONST. art. I, § 8, cl. 8 (granting Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for

1879 when it declared unconstitutional Congress's first trademark law, just nine years after the law was passed.<sup>38</sup> In reaching that decision, the Court explained that the clause in the Constitution authorizing limited exclusive rights for "inventions and discoveries" pertains to patents and copyrights, but not to trademarks.<sup>39</sup> It explained that "[a]ny attempt . . . to identify the essential characteristics of a trade-mark with inventions and discoveries in the arts and sciences, or with the writings of authors, will show that the effort is surrounded with insurmountable difficulties. The ordinary trade-mark has no necessary relation to invention or discovery."<sup>40</sup> Instead, the Court declared, the only potential authorization for federal trademark laws is within the Commerce Clause.<sup>41</sup>

In the decades following this decision, Congress passed limited statutes authorizing the registration of trademarks used in commerce abroad and with Native American tribes.<sup>42</sup> Then, in 1905, Congress passed a broader act that authorized the registration of trademarks used in interstate commerce. This statute, however, still contained numerous restrictions that prevented Americans from registering.<sup>43</sup> Moreover, foreign jurisdictions often refused to register trademarked terms without proof of prior trademark registration in the owner's native country, so the act's limitations prevented Americans from registering their potential trademarks abroad as well.<sup>44</sup> Over the next few decades, Congress attempted to address the act's weaknesses by enacting "a crazy quilt of modifications and amendments."<sup>45</sup>

While the United States was limiting trademark rights more than its foreign counterparts, the country's rapid commercial growth and developments in advertising gave new significance to trademark ownership.<sup>46</sup> After the Civil War, several factors combined to expand commerce beyond local and regional markets and into national

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limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries").

38. *Trade-Mark Cases*, 100 U.S. at 99; 1 MCCARTHY, *supra* note 14, § 5:3.

39. *Trade-Mark Cases*, 100 U.S. at 93–94.

40. *Id.*

41. *Id.* at 94–95.

42. 1 MCCARTHY, *supra* note 14, § 5:3.

43. *Id.*

44. *Id.*

45. *Id.*

46. Bone, *supra* note 31, at 575–77.

markets.<sup>47</sup> First, growth in population, urban areas, and per capita income created a national consumer base, and technology increased productivity to meet these new demands.<sup>48</sup> Next, to connect producers and consumers, transcontinental railroad construction made mail-order service possible across the country.<sup>49</sup> Accordingly, marketing increased to attract national audiences, and advertisers began to recognize the need for brand recognition to retain repeat customers.<sup>50</sup> As product and service providers relied more heavily on consumer association of their goods and services with their trademarks, federal law “remained inadequate to cope with the realities of twentieth century commerce and brand names.”<sup>51</sup>

In response to this growing need for trademark protection, Congress enacted comprehensive trademark protection, establishing both substantive and procedural rights in the 1946 Lanham Act.<sup>52</sup> Looking at the Act’s legislative history, the Supreme Court, in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*,<sup>53</sup> identified the Act’s two goals as preventing consumer confusion and protecting trademark owners’ goodwill:

[B]latant trademark infringement inhibits competition and subverts both goals of the Lanham Act. By applying a trademark to goods produced by one other than the trademark’s owner, the infringer deprives the owner of the goodwill which he spent energy, time, and money to obtain. At the same time, the infringer deprives consumers of their ability<sup>54</sup> to distinguish among the goods of competing manufacturers.

The text of the Lanham Act, however, requires only proof of a plaintiff’s ownership of a mark and proof that a defendant’s infringing use of the mark creates a likelihood of consumer confusion, thus making the likelihood-of-confusion test “the touchstone of trademark infringement.”<sup>55</sup> In addition to confusion about the source of a

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47. *Id.* at 576.

48. *Id.*

49. *Id.* at 576–77.

50. Devoe, *supra* note 17, at 1227–28.

51. 1 MCCARTHY, *supra* note 14, § 5:3.

52. Lanham Act, Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified as amended in scattered sections of 15 U.S.C.).

53. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844 (1982).

54. *Id.* at 854 n.14 (citations omitted).

55. 4 MCCARTHY, *supra* note 14, § 23:1 (“[A]s the U.S. Supreme Court has observed: ‘The law of unfair competition has its roots in the common-law tort of deceit; its general concern is

product or service, the Lanham Act expanded the consumer-confusion test to include confusion about the “affiliation, connection, or association” between the plaintiff and the defendant and about the plaintiff’s “sponsorship . . . or approval” of the defendant’s products.<sup>56</sup>

Since enacting the Lanham Act, Congress has amended it at an increasing rate.<sup>57</sup> The Trademark Law Revision Act of 1988<sup>58</sup> contained the most comprehensive revisions to a trademark act since the Lanham Act itself. Most significantly, the Trademark Law Revision Act created an “intent-to-use” application, which authorized registration by American firms with a “bona fide intent to use the mark in commerce.”<sup>59</sup> This new application helped American businesses compete on the international stage, “bring[ing] [the Lanham Act] up to date to enter the new marketing environment of the twenty-first century.”<sup>60</sup>

Congress further extended trademark law with the Federal Trademark Dilution Act of 1995<sup>61</sup> and subsequent Trademark Dilution Revision Act of 2006.<sup>62</sup> Trademark dilution consists of “[a] weakening or reduction in the ability of a mark to clearly distinguish only one source” through either “blurring” or “tarnishment.”<sup>63</sup> Federal dilution law applies only to trademarks that have achieved fame on a national scale and remains controversial among scholars and judges alike.<sup>64</sup>

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with protecting consumers from confusion as to source.” (quoting *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989)); *see also* 15 U.S.C. § 1114(1)(a) (2006) (describing the test for trademark infringement).

56. 15 U.S.C. § 1125(a)(1)(A).

57. 1 MCCARTHY, *supra* note 14, § 5:5.

58. Trademark Law Revision Act of 1988, Pub. L. No. 100-667, tit. I, 102 Stat. 3935, 3935–48 (codified as amended in scattered sections of 15 U.S.C.).

59. 1 MCCARTHY, *supra* note 14, § 5:9.

60. *Id.*

61. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (1996) (codified as amended at 15 U.S.C. §§ 1125, 1127 (2006)).

62. Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (codified as amended in scattered sections of 15 U.S.C.); 4 MCCARTHY, *supra* note 14, §§ 24:93, :95–96.

63. 4 MCCARTHY, *supra* note 14, § 24:67.

64. *See, e.g., id.* (explaining that “the issue of whether the dilution idea is a good one is still controversial and remains to be definitely resolved”); J. Thomas McCarthy, *Proving a Trademark Has Been Diluted: Theories or Facts?*, 41 HOUS. L. REV. 713, 726 (2004) (describing the “doctrinal puzzlement and judicial incomprehension” created by the trademark dilution doctrine); *cf.* Beverly W. Pattishall, *The Dilution Rationale for Trademark—Trade Identity Protection, Its Progress and Prospects*, 71 NW. U. L. REV. 618, 632 (1976) (“Some prudent supplementing seems now in order to structure trade identity law toward meeting the needs and

Expanding congressional protection of trademarks has occurred as trademarks are entering more areas of speech than ever before. The early twenty-first century's "most widely shared cultural references now come from advertising, not literature or scripture."<sup>65</sup> As more public and private speech has moved online, "[i]ncreasingly, the subjects of shared conversation are branded companies, branded goods and services, or branded 'experiences.'"<sup>66</sup> In evaluating how to shape trademark law in the online sphere, it is important to maintain a focus on promoting accurate communication between producers and consumers as well as accurate associations between producers and their products and services.

## II. APPLICATIONS OF TRADEMARK LAW TO DOMAIN NAMES

As the Internet began to grow into a worldwide phenomenon, trademark owners perceived a growing threat in the form of skyrocketing domain-name registrations. To explain how trademark law should apply to domain names, this Part first examines the history and specifics of domain-name registration, and then explains the unique attributes of domain names. Next, this Part discusses the options available for resolving domain-name trademark conflicts and concludes with a discussion of the uncertainty remaining in this area.

### A. *Domain-Name Registration*

1. *Domain-Name-Registration Processes.* Domain names are "easy-to-remember names" that help users locate computers on the Internet.<sup>67</sup> Every computer with a connection to the Internet has a unique numeric address to which other computers can send bits.<sup>68</sup> These numeric addresses, known as Internet Protocol (IP) addresses, are difficult for human users to remember, and "if you get two digits transposed, you'll end up somewhere entirely different."<sup>69</sup> The Domain Name System (DNS) was created to translate unique

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realities of today's commercial arena. The emergence of the anti-dilution concept and statutes may be seen correctly as a positive step in that direction.").

65. McGeeveran, *supra* note 9, at 58.

66. *Id.* at 57.

67. Management of Internet Names and Addresses, 63 Fed. Reg. 31,741, 31,741 (June 10, 1998) (statement of policy).

68. Jessica Litman, *The DNS Wars: Trademarks and the Internet Domain Name System*, 4 J. SMALL & EMERGING BUS. L. 149, 149-50 (2000).

69. *Id.* at 150.

alphanumeric domain names into IP numbers.<sup>70</sup> DNS maps “familiar” domain names to ensure that the correct IP addresses are located.<sup>71</sup>

To locate a website, users click on links or type in website addresses, also called uniform resource locators (URLs).<sup>72</sup> A domain name is anything that follows the “http://www.” or “http://” part of a URL.<sup>73</sup> For example, “http://www.google.com” is a URL, and “google.com” is a domain name. A URL’s top-level domain (TLD) is found at the end of the domain name, but before any slashes indicating subdomains or sections within the website.<sup>74</sup> Popular TLDs include “.com” and “.org.”<sup>75</sup> Many trademark owners register domain names that include their trademarks in the second-level domains (SLDs) directly preceding the TLD.<sup>76</sup> In the previous example, “http://www.google.com,” the SLD is “google.” Here, a company has registered its trademarked name in the URL’s SLD.<sup>77</sup>

As domain-name registrations skyrocketed, trademark owners sought to oust domain-name registrants who owned URLs that contained their trademarked terms.<sup>78</sup> Fueling these conflicts was the instability caused by the constant issuance of new “Domain Name Dispute Policies” by Network Solutions, the United States’ appointed registrar of domain names in the “.com,” “.edu,” “.net,” “.org,” and “.gov” TLDs.<sup>79</sup> The policies were aimed at reducing the registrar’s own liability, but they eventually resulted in litigation against Network Solutions for allowing the registration of infringing domain

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

71. *Id.*

72. Sara D. Sunderland, Note, *Domain Name Speculation: Are We Playing Whac-A-Mole?*, 25 BERKELEY TECH. L.J. 465, 467 (2010).

73. *Id.*

74. PAUL ALBITZ & CRICKET LIU, DNS AND BIND § 2.1.2 (3d ed. 1998).

75. Sunderland, *supra* note 72, at 467 (noting that the TLDs “.com” and “.org” were originally intended for commercial and nonprofit use, respectively, but that the distinction is no longer enforced).

76. *Id.*

77. See *Google Permissions*, GOOGLE, <http://www.google.com/permissions/guidelines.html> (last visited Sept. 5, 2011) (noting Google’s ownership of the trademark “Google”).

78. See, e.g., *Cardservice Int’l, Inc. v. McGee*, 950 F. Supp. 737, 740 (E.D. Va.) (determining whether a domain name infringed a trademark, despite compliance with Network Solutions’ “first-come-first-served” policy), *aff’d*, 129 F.3d 1258 (4th Cir. 1997); Management of Internet Names and Addresses, 63 Fed. Reg. 31,741, 31,742 (June 10, 1998) (statement of policy) (“Conflicts between trademark holders and domain name holders are becoming more common. Mechanisms for resolving these conflicts are expensive and cumbersome.”).

79. JANE C. GINSBURG, JESSICA LITMAN & MARY L. KEVLIN, TRADEMARK AND UNFAIR COMPETITION LAW 767 (3d ed. 2001).

names.<sup>80</sup> Dissatisfaction with Network Solutions led to the eventual creation of the Internet Corporation for Assigned Names and Numbers (ICANN), an international, not-for-profit entity established in November 1998.<sup>81</sup> ICANN accredits companies across the world to serve as domain-name registrars.<sup>82</sup> As of 2011, ICANN offered accreditation for sixteen different TLDs, ranging from “.mobi” for mobile products and services to “.travel” for travel industry entities.<sup>83</sup> Registration happens on a first-come, first-served basis and requires minimal effort; it usually consists of payment of a small fee for the right to use the domain name for one year, with the option to renew.<sup>84</sup> Throughout the various iterations of domain-name registration, the process has never been overseen by any government’s actual trademark registrar, but has instead consistently been managed across disparate international entities.<sup>85</sup>

2. *Limited Number of Domain Names.* A limited number of possible domain names exist because “[e]ach complete domain name must be unique.”<sup>86</sup> This restriction challenges trademark law’s assumption that “it is possible for a multiplicity of entities to own the same or similar trademarks for different products and in different geographic areas.”<sup>87</sup> The finite supply of domain names can pose difficulties when companies share the same or similar names and, like

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80. *Id.*; see also, e.g., *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 950 (C.D. Cal. 1997) (“Lockheed asserts that NSI directly infringed and diluted its mark by accepting [domain-name] registrations[ of terms identical or similar to Lockheed’s service mark]. Lockheed also asserts that NSI is liable as a contributory infringer because NSI did not comply with Lockheed’s demands to cancel the registrations.”), *aff’d*, 194 F.3d 980 (9th Cir. 1999).

81. GINSBURG ET AL., *supra* note 79, at 799–801; see also Memorandum of Understanding Between the U.S. Department of Commerce and Internet Corporation for Assigned Names and Numbers (Nov. 25, 1998), available at <http://www.ntia.doc.gov/ntiahome/domainname/icann-memorandum.htm> (announcing the creation of ICANN).

82. *ICANN-Accredited Registrars*, ICANN, <http://www.icann.org/en/registrars/accredited-list.html> (last visited Sept. 5, 2011) (listing the domain-name registrars accredited by ICANN).

83. *Id.*

84. Sunderland, *supra* note 72, at 468.

85. The United States proposed a system more closely aligned with its own trademark law, but that system was accused of being an “inappropriate attempt to establish [U.S.] trademark law as the law of the Internet.” Management of Internet Names and Addresses, 63 Fed. Reg. 31,741, 31,746 (June 10, 1998) (statement of policy).

86. 4 MCCARTHY, *supra* note 14, § 25:72.

87. GINSBURG ET AL., *supra* note 79, at 768.

“most companies[,] want their primary trademark to serve as their second-level domain.”<sup>88</sup>

For example, the popular global jewelry company named Pandora cannot operate its website at “pandora.com” because that domain name is reserved by a different popular company in an unrelated field—Pandora, an Internet radio service.<sup>89</sup> Instead, the Pandora jewelry company must operate its consumer-facing website at “pandora.net.”<sup>90</sup> The Internet can direct users only based on what they type in, and it does not know if users are actually interested in Pandora jewelry when they incorrectly type in the “pandora.com” domain name.

Although this dilemma suggests a high risk of confusion with domain names, it also shows the necessity of allowing a certain amount of confusion to exist. As was demonstrated by the Network Solutions debacle, domain-name registrars are not equipped to regulate the prioritization of trademark use in domain names.<sup>91</sup> Further, in many instances, it is unclear which users should have priority. Returning to the earlier example, the Pandora jewelry company was founded eighteen years earlier than the Internet radio service, but the radio service conducts all of its business online and could not function without its website.<sup>92</sup> Neither business appears to be operating in a deceitful or fraudulent manner, and both companies would promote trademark law’s goals of accuracy by operating under the “pandora.com” domain name. Prioritization based on company revenue or audience size would result in an ever-changing calculation,

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88. *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 222 (4th Cir. 2002).

89. *Compare* PANDORA INTERNET RADIO, <http://www.pandora.com> (last visited Sept. 5, 2011) (hosting the website of the Pandora Internet radio service), *with* PANDORA, <http://www.pandora.net> (last visited Sept. 5, 2011) [hereinafter PANDORA, <http://www.pandora.net>] (hosting the website of the Pandora jewelry company).

90. *See* PANDORA, <http://www.pandora.net>, *supra* note 89 (hosting the website of the Pandora jewelry company). The Pandora jewelry company operates additional domain names containing the “Pandora” trademark with the “.com” TLD. *See, e.g.*, PANDORA, <http://www.pandoragroup.com> (last visited Sept. 5, 2011) (hosting an investor-facing website); PANDORA, <http://www.pandoramo.com> (last visited Sept. 5, 2011) [hereinafter PANDORA, <http://www.pandoramo.com>] (hosting the website of the Pandora jewelry company’s Mall of America boutique).

91. *See supra* text accompanying notes 79–81.

92. *Compare About Pandora*, PANDORA INTERNET RADIO, <http://www.pandora.com/corporate> (last visited Sept. 5, 2011) (noting that the Pandora Internet radio service began operating in 2000), *with About Pandora*, PANDORA, <http://www.pandora.net/en-us/pandora-company/about-pandora> (last visited Sept. 5, 2011) (stating that the Pandora jewelry company was founded in 1982).

disturbing the stability of consumer expectations. Additionally, setting aside domain names for certain prioritized users could result in waste, as the first registrant to appear may be ready to begin using the domain name immediately upon registration. When compared with the Pandora's box of potential prioritization theories, the first-come, first-served policy of Internet domain-name registration seems quite preferable.

### B. *Unique Attributes of Domain Names*

Domain names present several unique challenges in trademark-infringement actions. This Section examines their role in identifying content sources and discusses the problems that their lack of context can cause when similarly named businesses are placed side-by-side online.

1. *Role as Source Identifiers.* Domain names are sometimes regarded as source identifiers, in addition to their primary function as locator addresses. In *Panavision International L.P. v. Toeppen*,<sup>93</sup> the Ninth Circuit quoted a 1997 legal periodical proposing this secondary purpose of domain names:

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.<sup>94</sup>

Adopting this possibility wholeheartedly, the court “reject[ed] [the] premise that a domain name is nothing more than an address” and asserted that “[a] significant purpose of a domain name is to identify the entity that owns the web site.”<sup>95</sup> The court went on to describe its rationale, stating that “[a] customer who is unsure about a company's domain name will often guess that the domain name is also the

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93. *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998).

94. *Id.* at 1327 n.8 (quoting Peter Brown, *New Issues in Internet Litigation*, in 17TH ANNUAL INSTITUTE ON COMPUTER LAW: THE EVOLVING LAW OF THE INTERNET 151, 156 (PLI Patents, Copyrights, Trademarks & Literary Prop., Course Handbook Ser. No. G4-3987, 1997)).

95. *Id.* at 1327.

company's name."<sup>96</sup> This method of "[u]sing a company's name or trademark as a domain name is . . . the easiest way to locate that company's web site."<sup>97</sup>

The court specifically mentioned that "[u]se 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."<sup>98</sup> Instead, "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," thereby diluting Panavision's trademark value.<sup>99</sup> The court explained that Panavision's potential consumers may be confused if they visit "panavision.com" expecting to find Panavision's official site, and instead land on a completely different website.<sup>100</sup> Describing this daunting situation, the court "echo[ed]" another court's warning that "[p]rospective 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."<sup>101</sup>

The language in this case, particularly regarding the inaccuracy of search engines, reflects its early date: April 17, 1998.<sup>102</sup> The opinion was written months before search-engine giant Google's incorporation, and over a decade before search-engine Bing.com's release.<sup>103</sup> Years later, if a plaintiff's website cannot be found on any leading search engine, the main cause is probably not harm occasioned by one defendant's domain name.<sup>104</sup> Although some frustrating searches surely continue to occur, a website's lack of visibility can usually be blamed on factors like search-engine-crawl

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96. *Id.* (quoting *Cardservice Int'l, Inc. v. McGee*, 950 F. Supp. 737, 741 (E.D. Va.), *aff'd*, 129 F.3d 1258 (4th Cir. 1997)).

97. *Id.*

98. *Id.*

99. *Id.*

100. *Id.*

101. *Id.* (quoting *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 307 (D.N.J. 1998)).

102. *Id.* at 1316.

103. See *Google History*, GOOGLE, <http://www.google.com/intl/en/corporate/history.html> (last visited Sept. 5, 2011) (describing Google's incorporation in September 1998); Press Release, Microsoft Corp., Microsoft's New Search at Bing.com Helps People Make Better Decisions (May 28, 2009), available at <http://www.microsoft.com/presspass/press/2009/may09/05-28newsearchpr.mspx> (announcing the launch of Bing.com).

104. See Jennifer E. Rothman, *Initial Interest Confusion: Standing at the Crossroads of Trademark Law*, 27 CARDOZO L. REV. 105, 188 (2005) (arguing that it is preferable for market forces and evolving technology to generate more relevant search results, rather than to rely on trademark law).

errors.<sup>105</sup> Rather than being discredited, however, *Panavision*'s central proposition has been repeatedly affirmed.<sup>106</sup>

Courts should be cautious about recognizing domain names as source identifiers, as many domain names do not accurately indicate the website's title, authors, sponsors, or sources of content. Further, and more important, any recognition of a source-identification function should be limited to domain names consisting solely of a company or trademarked term as its SLD, like the "panavision.com" domain name at issue in the Ninth Circuit case.<sup>107</sup> Nearly endless combinations of modifiers and alphanumeric characters could be added to this type of SLD to remove any source identification, such as "AJapanAVisionA.com" and "WingspanAVisionary.com," or even "IHatePanavision.com." Users will not anticipate that Panavision owns these other domain names simply because the term "panavision" is contained within them. As Professor Jennifer Litman has stated, "[T]he assumption that domain name space is and should be an extension of trademark space . . . is both unwarranted and unwise [and] brings us perilously close to conceding that ownership of a trademark gives one the exclusive right to use the word on the Internet."<sup>108</sup> It is important for courts to take care to protect speech rights on the Internet and to prevent trademark owners from monopolizing domain names that should be available to honest, good-faith users.

2. *Lack of Contextual Clues.* On the Internet, goods or services with the same or similar names may compete side-by-side without any hints in their domain names that they are in vastly different industries or geographic areas. For example, a user searching for a used Mercury automobile may enter "Mercury" into a search engine and

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105. See, e.g., *My Site Isn't Doing Well in Search*, GOOGLE, <http://www.google.com/support/webmasters/bin/answer.py?answer=34444> (last updated Aug. 16, 2011) (listing potential reasons for a website's poor visibility in search-engine results).

106. *Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672, 682 (9th Cir. 2005) ("In *Panavision*, we stated that '[a] significant purpose of a domain name is to identify the entity that owns the web site,' and we explained in [*Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002),] that a source identifier is not entitled to full First Amendment protection." (first alteration in original) (citation omitted)).

107. See *Panavision*, 141 F.3d at 1319 ("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 City of Pana, Illinois.").

108. Litman, *supra* note 68, at 149.

get results ranging from the planet to the element to the programming language. A user may type in “mercury.com” expecting to find the automobile website, only to find an unrelated company’s website instead.<sup>109</sup>

This issue is particularly problematic for competing trademarks that previously coexisted comfortably thanks to geographic distance. Even within the United States, two companies with the same name may have operated in separate states with little or no consumer confusion for years. With the dawn of the Internet, however, these two companies were suddenly forced to compete for their name’s one “trademark.com” domain name. As the Ninth Circuit stated in 2000, “Whereas in the world of bricks and mortar, one may be able to distinguish easily between an expensive restaurant in New York and a mediocre one in Los Angeles, the Web is a very different world.”<sup>110</sup> This difficulty with similarly named businesses’ appearing side-by-side online suggests that context beyond domain names, such as website content and search-engine snippets, serves an important role in allaying consumer confusion.

### C. Options for Domain-Name Trademark Actions

As the Internet gained prominence, conflicts began to arise between trademark owners and registrants of domain names containing trademarked terms.<sup>111</sup> Beginning in the 1990s, U.S. trademark owners began to bring actions against domain-name registrants in traditional trademark-infringement actions under sections 32 and 43(a) of the Lanham Act.<sup>112</sup> Section 32 allows suits against any unauthorized “use in commerce . . . 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

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109. As of September 5, 2011, the domain name Mercury.com redirected to a Hewlett-Packard product website. *Enterprise Software*, HP, <http://www8.hp.com/us/en/software/enterprise-software.html> (last visited Sept. 5, 2011).

110. *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1206 (9th Cir. 2000) (citation omitted).

111. GINSBURG ET AL., *supra* note 79, at 767.

112. Blossom Lefcourt, *The Prosecution of Cybergrippers Under the Lanham Act*, 3 CARDOZO PUB. L. POL’Y & ETHICS J. 269, 274 (2004); Mindy P. Fox, Note, *Does It Really Suck?: The Impact of Cutting-Edge Marketing Tactics on Internet Trademark Law and Gripe Site Domain Name Disputes*, 20 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 225, 234 (2009); Rebecca S. Sorgen, Comment, *Trademark Confronts Free Speech on the Information Superhighway: “Cybergrippers” Face a Constitutional Collision*, 22 LOY. L.A. ENT. L. REV. 115, 118–19 (2001).

such use is likely to cause confusion, or to cause mistake, or to deceive.”<sup>113</sup> Section 43(a), a kind of federal unfair-competition law for registered and unregistered marks, allows suits against unauthorized “uses in commerce . . . 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.”<sup>114</sup>

To assess whether a likelihood of confusion exists for a traditional section 32 action, federal courts apply various multifactor tests that have been developed in the circuit courts.<sup>115</sup> These tests often include nonexhaustive lists of factors relevant to the likelihood of consumer confusion.<sup>116</sup> A defendant domain-name registrant’s bad-faith intent is no longer required, but it remains a factor in these tests.<sup>117</sup> These factors may apply differently, however, when the trademark is used to refer to the plaintiff trademark owner’s product or service, rather than to the defendant domain-name registrant’s own product or service. In the Ninth Circuit, for example, a three-factor nominative-fair-use test replaces the traditional likelihood-of-confusion test in these cases.<sup>118</sup> The three factors are described as follows:

First, the plaintiff’s product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the plaintiff’s product or service; and third, the user must

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113. 15 U.S.C. § 1114(1)(a) (2006).

114. 15 U.S.C. § 1125(a)(1).

115. See, e.g., 4 MCCARTHY, *supra* note 14, § 23:1 (“The test used is not identical throughout the various federal circuits. Most such tests have about eight factors to consider and the number of factors varies slightly among the 13 federal circuits.”).

116. Compare *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) (stating that the Second Circuit considers “the strength of [the prior owner’s] mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant’s good faith in adopting its own mark, the quality of defendant’s product, and the sophistication of the buyers”), with *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979) (stating that the Ninth Circuit considers the “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”).

117. See *AMF Inc.*, 599 F.2d at 348–49 (stating that the “defendant’s intent in selecting the mark” is a factor in determining whether there is a likelihood of confusion between related goods).

118. *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 810 (9th Cir. 2003).

do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.<sup>119</sup>

This test may apply to domain names that purposely reference a plaintiff's trademark without authorization, such as fan site "harrypotterfans.com"<sup>120</sup> or "gripe" site "harrypotterhaters.com."<sup>121</sup>

Some federal courts have also expanded trademark-dilution law to prohibit cybersquatting, in addition to blurring and tarnishment.<sup>122</sup> A cybersquatter is a person "who knowingly reserves with a [network information center] a domain name consisting of the mark or name of a company for the purpose of relinquishing the right to that domain name back to the legitimate owner for a price."<sup>123</sup> Federal dilution law, however, does not address all cybersquatter concerns, as it applies only to commercial uses of nationally famous trademarks.<sup>124</sup>

In response to continued cybersquatting complaints, Congress enacted the Anticybersquatting Consumer Protection Act (ACPA)<sup>125</sup> in 1999.<sup>126</sup> This act likely eliminated future applications of trademark-dilution law to cybersquatting claims.<sup>127</sup> A court may inquire into an ACPA claim regardless of whether trademark infringement exists under the Lanham Act.<sup>128</sup> The ACPA prohibits "the act of registering, with the bad faith intent to profit, a domain name that is confusingly

119. *Id.* (quoting *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002)).

120. HARRYPOTTERFANS.COM, <http://www.harrypotterfans.com> (last visited Sept. 5, 2011) (hosting a website for fans of the Harry Potter book and film series).

121. HARRYPOTTERHATERS.COM, <http://www.harrypotterhaters.com> (last visited Sept. 5, 2011) (hosting a gripe site for critics of the Harry Potter book and film series).

122. *See* 4 MCCARTHY, *supra* note 14, § 24:67 (noting that, in addition to traditional dilution by blurring and tarnishment, "[s]ome case law decided prior to enactment in 1999 of the Anti-Cybersquatting Protection Act added a short-lived third type of dilution: 'cybersquatting'").

123. *Id.* § 25:77.

124. *See* Sorgen, *supra* note 112, at 119 ("[Dilution] requirements became more difficult to meet in the realm of cybersquatting, especially where the public did not know the mark well enough to consider it famous, or where the cybersquatter simply registered the name without any commercial use.").

125. Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, app. I, tit. III, 113 Stat. 1501, 1501A-545 to -552 (1999) (codified as amended in scattered sections of 15 U.S.C.).

126. GINSBURG ET AL., *supra* note 79, at 768.

127. 4 MCCARTHY, *supra* note 14, § 24:71; *see also* *Porsche Cars N. Am., Inc. v. Porsche.net*, 302 F.3d 248, 261 (4th Cir. 2002) ("We may and do conclude that the enactment of the ACPA eliminated any need to force trademark-dilution law beyond its traditional bounds in order to fill a past hole, now otherwise plugged, in protection of trademark rights.").

128. *See, e.g., Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672, 674 (9th Cir. 2005) ("Bosley Medical's cybersquatting claim is another matter [separate from its Lanham Act trademark-infringement claim].").

similar to a registered or unregistered mark or dilutive of a famous mark.”<sup>129</sup> The ACPA’s “bad faith intent to profit” requirement creates a higher burden of proof for plaintiffs than do traditional trademark-infringement actions, and it considers a defendant’s own intellectual-property rights in the domain name.<sup>130</sup> The ACPA specifically exempts defendants who “believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.”<sup>131</sup> If a defendant is found liable, however, a court can order the domain name’s forfeiture, cancellation, or transfer to the trademark owner, as well as statutory damages of up to \$100,000.<sup>132</sup>

At the same time that Congress enacted the ACPA, the newly formed ICANN approved its Uniform Domain Name Dispute Resolution Policy (UDRP).<sup>133</sup> The UDRP is a “private, international, inexpensive, relatively fast, predominantly online dispute resolution

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129. 4 MCCARTHY, *supra* note 14, § 25:78. The Act also prohibits cybersquatting on a nontrademarked personal name. *See id.* § 25:80.

130. 15 U.S.C. § 1125(d)(1)(B)(i) (2006). The ACPA’s list of nonexhaustive enumerated factors include:

(I) [T]he 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) [of this section].

*Id.*

131. 15 U.S.C. § 1125(d)(1)(B)(ii).

132. 15 U.S.C. §§ 1117(d), 1125(d)(1)(C).

133. *Uniform Domain Name Dispute Resolution Policy*, ICANN, <http://www.icann.org/en/udrp/udrp-policy-24oct99.htm> (last visited Sept. 5, 2011) (providing the policy as approved by ICANN on October 24, 1999).

procedure for situations where a complainant is disputing the registration of a domain name.<sup>134</sup> Its low cost and ease of use make it an attractive option for complainants seeking domain-name transfer without damages.<sup>135</sup> To succeed in a UDRP action, complainants must prove the following three elements:

- (i) [The respondent's] domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and (ii) [respondent] ha[s] no rights or legitimate interests in respect of the domain name; and (iii) [the respondent's] domain name has been registered and is being used in bad faith.<sup>136</sup>

To determine whether a respondent registered and used the domain name in bad faith, the UDRP lists nonexhaustive factors similar to those listed in the ACPA.<sup>137</sup> Also like the ACPA, the UDRP exempts certain fair uses of domain names.<sup>138</sup>

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134. Fox, *supra* note 112, at 239.

135. *Id.*

136. *Uniform Domain Name Dispute Resolution Policy*, *supra* note 133, § 4(a)(i–iii).

137. *Compare id.* § 4(b) (“(i) [C]ircumstances indicating that [respondent] ha[s] registered or [respondent] ha[s] acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of [respondent's] documented out-of-pocket costs directly related to the domain name; or (ii) [respondent] ha[s] registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that [respondent] ha[s] engaged in a pattern of such conduct; or (iii) [respondent] ha[s] registered the domain name primarily for the purpose of disrupting the business of a competitor; or (iv) by using the domain name, [respondent] ha[s] intentionally attempted to attract, for commercial gain, Internet users to [respondent's] web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of [respondent's] web site or location or of a product or service on [respondent's] web site or location.”), *with supra* note 130 (listing the ACPA's nonexhaustive bad-faith factors).

138. *See ICANN*, *supra* note 133, § 4(c) (“(i) [B]efore any notice to [respondent] of the dispute, [respondent's] use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or (ii) [respondent] (as an individual, business, or other organization) ha[s] been commonly known by the domain name, even if [respondent] ha[s] acquired no trademark or service mark rights; or (iii) [respondent is] making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.”).

*D. A Chilling Effect on Trademarks in Domain Names*

Despite these trademark-action options for domain-name cases, uncertainty continues to prevail.<sup>139</sup> As a result, trademark owners “typically fire off [cease-and-desist letters] even when the complained-of expressive uses are almost certainly legal under the substance of current doctrine.”<sup>140</sup> These letters are sometimes sent to registrants whose domain names would likely not be found to infringe the complaining party’s trademark in an actual lawsuit. Cease-and-desist letters ask the domain-name registrants to immediately “cease” operation of their websites and may ask for surrender of the domain names.<sup>141</sup> Accused domain-name registrants may not be able to afford legal help, and thus they may not know how to respond to cease-and-desist letters. Fearful of the litigation threats contained in these letters, the registrants may simply follow the letters’ instructions and transfer the domain names.<sup>142</sup>

Even if the accused infringers have legal aid, the unclear state of the law and the financial costs of litigation leave them without clear options. Maintaining their domain names could lead to litigation, and it could hurt a registrant’s case if the trademark owner shows that the registrant kept the domain name after receipt of a cease-and-desist letter. Moreover, even if the registrant believes it has a strong argument for retaining the domain name, it may not have the resources to enter litigation with the trademark owner. This “lethal combination of uncertain standards with lengthy and costly litigation creates a classic chilling effect upon the unlicensed use of trademarks to facilitate speech, even when such uses are perfectly lawful.”<sup>143</sup> This

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139. See, e.g., Goldman, *supra* note 8 and accompanying text.

140. McGeveran, *supra* note 9, at 64.

141. See, e.g., *What To Expect When You’re Expecting To Be Sued for Infringement*, CHILLING EFFECTS, <http://www.chillingeffects.org/trademark/faq.cgi> (last visited Sept. 5, 2011) (listing common requests in cease-and-desist letters, including ceasing to use the mark and surrendering the domain name).

142. One small business owner posted his comments publicly, describing a small business that, “[n]ot surprisingly, . . . couldn’t afford to fight back, so like most small businesses attacked by a trademark bully, it was forced to give in to [a trademark owner’s] ludicrous claims and demands.” Scott Smith, *Request for Comments: Trademark Litigation Tactics*, BIZSTARZ (Jan. 7, 2011), [http://dl.dropbox.com/u/1727856/Trademark\\_Bullies\\_Scott\\_Smith.pdf](http://dl.dropbox.com/u/1727856/Trademark_Bullies_Scott_Smith.pdf) (also describing the author’s own thirteen-year battle with a trademark owner, which cost him an estimated \$30,000,000 or more in lost business, legal fees, and associated costs). Although the alleged infringement in these cases does not always take place online, the Internet facilitates trademark owners’ easy and low-cost discovery of small businesses with the same or similar names.

143. McGeveran, *supra* note 9, at 53.

chilling effect could cause website owners to avoid registration or to quickly surrender domain names that contain any trademarked terms, despite their potential legality. A predictable framework to approach these cases consistently, with a clear presumption either for or against infringement, would help clarify the law and avoid this chilling effect.

### III. AN UPDATED FRAMEWORK: SENSIBLE AGNOSTICISM

As courts struggle with domain-name cases, it is important that they remain focused on the historical purposes of trademark law while also recognizing the increasing competency of Internet consumers. Fundamentally, courts facing trademark-law actions should aim to promote accuracy in the marketplace. This goal necessarily includes rooting out falsities and deception while also allowing fair uses of terms that accurately describe goods or products. Courts should remain committed to promoting fair competition and to protecting both competitors and consumers. Bad-faith intent should be an important factor in the analysis.

Although courts should remain focused on trademark law's purposes, they should also keep abreast of the evolving nature of Internet use. Consumer behavior online has evolved as the Internet has become more sophisticated and more widely used.<sup>144</sup> American consumers increasingly turn to the Internet for goods and services, setting new online-shopping records year after year.<sup>145</sup> Internet consumers shop online for a variety of goods and services, from movies to groceries.<sup>146</sup> American Internet users turn to search engines

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144. See, e.g., Cameron Meierhoefer, *Changes in the Search Landscape and How They Impact Search Measurement*, COMSCORE VOICES (June 10, 2010), [http://blog.comscore.com/2010/06/changes\\_in\\_search\\_landscape.html](http://blog.comscore.com/2010/06/changes_in_search_landscape.html) ("Since [July 2007], we've seen a wave of change across the web that has changed the very nature of a web page, from an object that is requested and delivered, to one that is a live platform that can integrate content from many sources. And search has changed along with it . . .").

145. See, e.g., Press Release, comScore, Inc., Billion Dollar Bonanza: Cyber Monday Surpasses \$1 Billion in U.S. Spending as Heaviest Online Shopping Day in History (Dec. 1, 2010), available at [http://www.comscore.com/Press\\_Events/Press\\_Releases/2010/12/Billion\\_Dollar\\_Bonanza\\_Cyber\\_Monday\\_Surpasses\\_1\\_Billion\\_in\\_U.S.\\_Spending](http://www.comscore.com/Press_Events/Press_Releases/2010/12/Billion_Dollar_Bonanza_Cyber_Monday_Surpasses_1_Billion_in_U.S._Spending) (describing Cyber Monday 2010's record-breaking online sales); Press Release, comScore, Inc., Final Pre-Christmas Push Propels U.S. Online Holiday Season Spending Through December 26 to Record \$30.8 Billion (Dec. 29, 2010), available at [http://www.comscore.com/Press\\_Events/Press\\_Releases/2010/12/Final\\_Pre\\_Christmas\\_Push\\_Propels\\_U.S.\\_Online\\_Holiday\\_Season\\_Spending](http://www.comscore.com/Press_Events/Press_Releases/2010/12/Final_Pre_Christmas_Push_Propels_U.S._Online_Holiday_Season_Spending) (describing the 2010 holiday season's record-breaking online sales).

146. See, e.g., NETFLIX, <http://www.netflix.com> (last visited Sept. 5, 2011) (streaming and mailing movies to consumers based on transactions completed on its website); PEAPOD, <http://>

to locate websites, as evidenced by their 18.4 billion searches in October 2010 alone.<sup>147</sup>

In domain-name trademark actions, courts should not rely on outdated analyses from precedent if those analyses are based on consumer behavior that has since changed. The Internet users of 2010 utilized search engines at prolific rates and would probably have disagreed with *Panavision*'s statement twelve years earlier that "there is nothing equivalent to a phone book or directory assistance for the Internet."<sup>148</sup> Some users may still type in a "trademark.com" domain name as a first try to locate a trademark owner's website. But those Internet users also have many other, perhaps preferable, options: typing in a URL remembered from a previous visit, a conversation with a friend, or an advertisement; clicking on a link; clicking on an item in the user's web-browser history or bookmarks folders; or performing a search on a search engine.<sup>149</sup>

The Ninth Circuit's 2010 domain-name trademark case *Toyota Motor Sales, U.S.A., Inc. v. Tabari* abandoned older frameworks like the one in *Panavision* to offer an updated framework for analyzing these cases.<sup>150</sup> Understanding that case, its sensible agnosticism theory, and its four categories of domain-name trademark use is vital to understanding the Ninth Circuit's new framework. It is also important to consider criticisms and challenges of this new approach before applying it to future cases. This Part first discusses the Ninth Circuit's examination of the lower court's errors and its presentation of a sensible agnosticism theory before suggesting the challenges this theory may face.

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www.peapod.com (last visited Sept. 5, 2011) (delivering groceries to consumers through an Internet order service).

147. See, e.g., Press Release, comScore, Inc., comScore Releases October 2010 U.S. Search Engine Rankings (Nov. 18, 2010), available at [http://www.comscore.com/Press\\_Events/Press\\_Releases/2010/11/comScore\\_Releases\\_October\\_2010\\_U.S.\\_Search\\_Engine\\_Rankings](http://www.comscore.com/Press_Events/Press_Releases/2010/11/comScore_Releases_October_2010_U.S._Search_Engine_Rankings) ("Americans conducted 18.4 billion total core search queries in October with Google Sites leading with 11.8 billion searches, followed by Yahoo! Sites with 3.4 billion and Microsoft Sites with 2.2 billion.").

148. *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1327 (9th Cir. 1998).

149. See, e.g., Noah D. Zatz, *Sidewalks in Cyberspace: Making Space for Public Forums in the Electronic Environment*, 12 HARV. J.L. & TECH. 149, 208 n.249 (1998) ("In addition to search engines and directories, one can connect to a destination by manually entering an address delivered by another medium (mass media advertisement, word of mouth, consumer product label, etc.), reusing a 'bookmark' saved by browser software, or following a link from a non-directory Web page.").

150. See *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1179 (9th Cir. 2010) (describing a new framework for interpreting domain-name trademark actions).

A. *Tabari: The District Court's Errors*

In *Tabari*, the district court examined the Tabaris' auto-broker website and its domain names, "buy-a-lexus.com" and "buyorleaselexus.com."<sup>151</sup> The court applied the usual likelihood-of-confusion factors and found that the Tabaris had infringed Toyota's "Lexus" trademark.<sup>152</sup> The district court then issued a broad injunction, barring the Tabaris from the use the word "Lexus" in any domain name, service mark, trademark, trade name, metatag, or other commercial indication of origin.<sup>153</sup>

On appeal, the Ninth Circuit Court of Appeals vacated and remanded the case, stating that the Tabaris were allowed to use the "Lexus" trademark as part of their domain names.<sup>154</sup> Chief Judge Alex Kozinski explained in the majority opinion that the district court had incorrectly applied the Ninth Circuit's nominative-fair-use doctrine, issued an overly broad injunction, and failed to take into account the Tabaris' intent.

1. *Application of the Nominative-Fair-Use Doctrine.* First, as Chief Judge Kozinski explained, the district court erred by misapplying the Ninth Circuit's nominative-fair-use analysis.<sup>155</sup> When a defendant uses a trademark to reference the trademark owner's actual product or service, the Ninth Circuit analyzes the defendant's conduct under a nominative-fair-use analysis.<sup>156</sup> This analysis is an alternative to the standard likelihood-of-confusion test, and as Professor McCarthy notes, it "should be applied in the same manner" as the likelihood-of-confusion test.<sup>157</sup> In *Tabari*, the Ninth Circuit held that the district court had erred by applying the traditional likelihood-of-confusion factors and then treating nominative use as an affirmative defense.<sup>158</sup> Instead, the Ninth Circuit explained that the nominative-fair-use analysis should have replaced these traditional

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151. *Id.* at 1175. For a brief synopsis of the case's facts, see *supra* text accompanying notes 1–6.

152. *Toyota*, 610 F.3d at 1175 (describing the lower court's application of the Ninth Circuit's eight likelihood-of-confusion factors).

153. *Id.* at 1176.

154. *Id.* at 1182.

155. *Id.*

156. See *supra* notes 118–121 and accompanying text.

157. 4 MCCARTHY, *supra* note 14, § 23:11. In fact, "[o]ther circuits have reached similar results by use of their general multi-purpose list of factors." *Id.*

158. *Toyota*, 610 F.3d at 1182.

factors and then concluded that “Toyota must bear the burden of establishing that the Tabaris’ use of the Lexus mark was *not* nominative fair use.”<sup>159</sup>

The Tabaris’ use of the term “Lexus” in their domain names was not the type of inaccurate, misleading appropriation that trademark law historically prohibited.<sup>160</sup> Their domain names did not create a false association between a non-Lexus product and a Lexus product. Instead, the domain names accurately described Lexus products.<sup>161</sup> The Tabaris invited viewers to “buy a Lexus” or “buy or lease Lexus” vehicles by becoming their customers.<sup>162</sup> Here, the Tabaris used “Lexus” to reference Toyota’s vehicles—“when they say Lexus, they mean Lexus”—and thus, according to the Ninth Circuit, the case required a nominative-fair-use analysis.<sup>163</sup> The only potential risk for Toyota was that the domain name might have confused consumers into thinking that Lexus sponsored or endorsed the Tabaris’ website or their services, rather than simply produced the goods that the Tabaris sold.<sup>164</sup> Thus, the Tabaris used the term “Toyota” in a nominative way, and the district court incorrectly employed the nominative-fair-use test.

2. *The Danger of Broad Injunctions.* After using the incorrect analysis to support its finding of infringement, the district court enjoined the Tabaris from using the term “Lexus” in a domain name or any other commercial indication of origin.<sup>165</sup> The Ninth Circuit criticized this broad injunction.<sup>166</sup> The injunction prevented the Tabaris from conveying accurate information about their business—specifically, that they helped consumers purchase actual Lexus vehicles.

The district court’s injunction greatly restricted the Tabaris’ use of the term “Lexus” and, echoing Professor Litman’s fears, came “perilously close to conceding that ownership of a trademark gives

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159. *Id.*

160. *See supra* text accompanying notes 14–36.

161. *See Toyota*, 610 F.3d at 1182 (holding the “Tabaris’ use of the Lexus mark” to be fair).

162. *Id.* at 1181.

163. *Id.* at 1175.

164. *See id.* (arguing that the disclaimer eliminated any risk that consumers would think that Lexus sponsored or endorsed the Tabaris’ website).

165. *Id.* at 1176.

166. *Id.*

one the exclusive right to use the word on the Internet.”<sup>167</sup> The Ninth Circuit criticized the overbreadth of the district court’s decision, explaining that “[a] trademark injunction, particularly one involving nominative fair use, can raise serious First Amendment concerns because it can interfere with truthful communication between buyers and sellers in the marketplace.”<sup>168</sup>

3. *Plaintiff’s Intent and the Purpose of Trademark Law.* Additionally, the Ninth Circuit noted the tension between the Tabaris’ case and the purposes of trademark law. The court found that Toyota did not “claim the business of brokering Lexus cars is illegal or that it has contracted with its dealers to prohibit selling through a broker. Instead, Toyota is using this trademark lawsuit to make it more difficult for consumers to use the Tabaris to buy a Lexus.”<sup>169</sup> Toyota’s efforts to stifle communication between consumers and its competitor, an independent auto broker, thus conflicted with the purposes of unfair-competition law.<sup>170</sup> The Ninth Circuit stated outright that “[p]rohibition of such truthful and non-misleading speech does not advance the Lanham Act’s purpose of protecting consumers and preventing unfair competition; in fact, it undermines that rationale by frustrating honest communication between the Tabaris and their customers.”<sup>171</sup> The Ninth Circuit thus focused on trademark law’s protection of accurate communication between sellers and consumers and vacated the lower court’s injunction.

#### B. *The Tabari Theory: Sensible Agnosticism*

Instead of merely remanding the case based on the lower court’s errors, Chief Judge Kozinski used the opportunity to elaborate upon his thoroughly updated approach to trademark actions involving domain names. As noted in a recent *Trademark Reporter* article, this analysis was a real “departure from previous domain name

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167. See Litman, *supra* note 68, at 149 (describing a trend in which trademark owners have been empowered to seize domain names from others who have already registered them); see also *supra* note 108 and accompanying text.

168. *Toyota*, 610 F.3d at 1176.

169. *Id.* at 1175.

170. See *supra* note 14 and accompanying text.

171. *Toyota*, 610 F.3d at 1176–77.

cases . . . .”<sup>172</sup> Although one judge on the panel wrote a concurrence that dissented from some of the majority’s dicta,<sup>173</sup> commentators have declared that “[t]here is no doubt that this case, particularly the dicta in the majority opinion, will affect domain-name disputes brought under both the ACPA and the UDRP in the coming year.”<sup>174</sup> This Section describes the court’s updated description of consumer behavior in the unique Internet milieu and the four new categories of domain names containing trademarks discussed by the court.

1. *A Focus on the Online Marketplace.* Critically, when conducting its nominative-fair-use analysis, the Ninth Circuit tailored its test to fit the online environment, holding that the “focus must be on the ‘reasonably prudent consumer’ in the marketplace.”<sup>175</sup> The court then defined the terms of this test, explaining that “[t]he relevant marketplace is the online marketplace, and the relevant consumer is a reasonably prudent consumer accustomed to shopping online; the kind of consumer who is likely to visit the Tabaris’ website when shopping for an expensive product like a luxury car.”<sup>176</sup> The court explicitly noted that “[u]nreasonable, imprudent and inexperienced web-shoppers are not relevant.”<sup>177</sup>

As the court concluded, the relevant reasonable, prudent, and experienced web-shoppers would not be confused as to Lexus’s sponsorship or endorsement of the Tabaris’ site.<sup>178</sup> The court’s language does not suggest that all online shoppers are highly educated urbanites with outstanding intellects. Instead, the court simply describes the required level of sophistication and understanding of users who spend time online, use the Internet for shopping, and understand how to purchase items online. This relevant-consumer concept reflects the fact that “[t]rademark law was not meant to protect the most unsophisticated or least intelligent consumers, but instead to evaluate whether a reasonably prudent

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172. Peter M. Brody & Alexandra J. Roberts, *What’s in a Domain Name? Nominative Fair Use Online After Toyota v. Tabari*, 100 TRADEMARK REP. 1290, 1330 (2010).

173. *Toyota*, 610 F.3d at 1185–86.

174. Paul Godfread & Kristine Dorrain, Report, *Developments in Domain Names*, 66 BUS. LAW. 221, 226 (2010).

175. *Toyota*, 610 F.3d at 1176.

176. *Id.*

177. *Id.*

178. *Id.* at 1182.

potential purchaser would be confused.”<sup>179</sup> This reasoning in fact mirrors a non-Internet trademark case from 1947, when Judge (later Supreme Court Justice) Minton exclaimed, “[W]e cannot believe that anyone whose I. Q. is high enough to be regarded by the law would ever be confused or would be likely to be confused . . . .”<sup>180</sup>

Knowingly or not, Chief Judge Kozinski revived this disregard for inept consumers with his theory of sensible agnosticism.<sup>181</sup> *Panavision*'s concern for easily confused web surfers may indeed have been appropriate for the very earliest Internet users.<sup>182</sup> It is no longer necessary or appropriate, however, to coddle Internet shoppers out of a paternalistic concern for the few inept consumers who may stumble upon a website and find it confusing.<sup>183</sup>

The majority explained that the Tabaris' relevant consumers might, at worst, face potential uncertainty that would be unlikely to amount to actionable harm on its own. Instead of confusion, “the worst that can happen [in these cases] is that some consumers may arrive at the site uncertain as to what they will find.”<sup>184</sup> This uncertainty would not amount to actionable confusion because “in the age of FIOS, cable modems, DSL and T1 lines, reasonable, prudent and experienced internet consumers are accustomed to such exploration by trial and error.”<sup>185</sup> The court described the relevant Internet consumers as “skip[ping] from site to site, ready to hit the back button whenever they're not satisfied with a site's contents.”<sup>186</sup> These experienced Internet users “fully expect to find some sites that aren't what they imagine based on a glance at the domain name or search engine summary.”<sup>187</sup> In fact, the court explained that online shoppers “don't start out by typing random URLs containing trademarked words hoping to get a lucky hit. They may start out by typing trademark.com, but then they'll rely on a search engine or word of mouth.”<sup>188</sup> This “word of mouth” includes “spoken

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179. Rothman, *supra* note 104, at 171–72.

180. Cal. Fruit Growers Exch. v. Sunkist Baking Co., 166 F.2d 971, 973–74 (7th Cir. 1947).

181. *Toyota*, 610 F.3d at 1179.

182. See *supra* notes 93–106 and accompanying text.

183. See *Toyota*, 610 F.3d at 1176 (dismissing the district court's concerns about protecting inexperienced web shoppers).

184. *Id.* at 1179.

185. *Id.*

186. *Id.*

187. *Id.*

188. *Id.* at 1178.

recommendations from friends and acquaintances,” as well as “online shoppers, including chat rooms, discussion forums, feedback and evaluation websites, and the like.”<sup>189</sup>

Although Chief Judge Kozinski did not support these statements with empirical studies or expert opinions, they appear consistent with the assessments of other commentators.<sup>190</sup> Notably, Professor Jennifer E. Rothman’s work similarly asserts that “[t]here is no doubt that reasonably prudent Internet shoppers will be aware [of] and prepared for the possibility that their guess of a domain name will send them to the wrong location.”<sup>191</sup> Essentially, the relevant Internet consumer is not confused by momentarily visiting the incorrect site and is able to remedy the situation in mere seconds.<sup>192</sup>

The *Tabari* majority next articulated the effects of this user behavior on consumer expectations:

Outside the special case of trademark.com, or domains that actively claim affiliation with the trademark holder, consumers don’t form any firm expectations about the sponsorship of a website until they’ve seen the landing page—if then. *This is sensible agnosticism, not consumer confusion.* So long as the site as a whole does not suggest sponsorship or endorsement by the trademark holder, such momentary uncertainty does not preclude a finding of nominative fair use.<sup>193</sup>

A certain domain name may indeed cause a likelihood of confusion, but it is the exception, or “special case,” not the rule.<sup>194</sup> Most nominative trademark uses outside of those exceptions are unlikely to cause a likelihood of consumer confusion because the consumers never form “firm expectations” that can later be confused.<sup>195</sup>

Contextual information likely shapes consumer expectations more than the terms in a domain name.<sup>196</sup> Users learning of domain names through word of mouth likely have additional information

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189. *Id.* at 1178 n.6.

190. *See, e.g.,* Rothman, *supra* note 104, at 172; *infra* notes 236–237 and accompanying text.

191. Rothman, *supra* note 104, at 172.

192. *See id.* (“Courts have . . . greatly exaggerated the burdens of being led to a different website. Unlike in the brick and mortar world where one may have gone a substantial distance to get to a particular store, websurfers can quickly, in a matter of seconds, redirect their web browser away from the incorrect site.”).

193. *Toyota*, 610 F.3d at 1179 (emphasis added) (citation omitted).

194. *Id.*

195. *Id.*

196. *Id.* at 1178.

about the site that affects their decision to visit it.<sup>197</sup> An advertisement's promise of a discount or a friend's description of a humor site likely influence the user's decision more than the terms in the domain name. Users accessing sites through a search engine, meanwhile, "will click on the link for a likely-relevant site without paying much attention to the URL."<sup>198</sup> Thus, if confusion results, it is likely a result of the search engine's ranking algorithm, not any specific term in the domain name.<sup>199</sup> Further, search-engine-result pages provide textual snippets from the site and enhanced previews that give users additional information before they click on any link.<sup>200</sup> These features further reduce the possibility that any confusion results from the domain name alone.

Moreover, consumer recognition of "trademark.com" domain names as the official websites of trademark owners may in fact support the Tabaris' use of their domain names.<sup>201</sup> The amount of effort that has gone into assigning "trademark.com" domain names to trademark owners, as shown by the ACPA and UDRP,<sup>202</sup> suggests that consumers may expect to find a well-known trademark owner's official site at "trademark.com."<sup>203</sup> The *Tabari* court again emphasized the sophistication of customers relevant to this inquiry:

Consumers who use the internet for shopping are generally quite sophisticated about such matters and won't be fooled into thinking that the prestigious German car manufacturer sells boots at

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197. *Id.*

198. *Id.*

199. *See id.* at 1178–79 ("Use of a trademark in the site's domain name isn't materially different from use in its text or metatags in this context; a search engine can find a trademark in a site regardless of where exactly it appears.").

200. *See, e.g., Google Instant Previews*, GOOGLE, <http://www.google.com/landing/instant-previews> (last visited Sept. 5, 2011) ("Instant Previews show you a visual preview of your search results . . . Text call outs highlight where your search term appears on the web page so you can evaluate if it's what you're looking for."); Jennifer Van Grove, *Google This: 5 Reasons To Switch to Bing*, MASHABLE (Sept. 19, 2009), <http://mashable.com/2009/09/19/bing-extras> ("Every time you search you should notice a little orange dot next to an individual result. Mouse over that to view a 'More on this page' preview of content, and save yourself the headache of a disappointing dead end.").

201. *See Toyota*, 610 F.3d at 1178 ("The importance ascribed to trademark.com in fact suggests that far less confusion will result when a domain making nominative use of a trademark includes characters in addition to those making up the mark.").

202. *See supra* notes 126–138 and accompanying text.

203. *See Toyota*, 610 F.3d at 1178 ("If customers type in trademark.com and find the site occupied by someone other than the trademark holder, they may well believe it *is* the trademark holder, despite contrary evidence on the website itself.").

mercedesboots.com, or homes at mercedeshomes.com, or that comcastsucks.org is sponsored or endorsed by the TV cable company just because the string of letters making up its trademark appears in the domain.<sup>204</sup>

In this case, “[b]ecause the official Lexus site is almost certain to be found at lexus.com (as, in fact, it is), it’s far less likely to be found at other sites containing the word Lexus.”<sup>205</sup> Relevant Internet consumers would in fact be skeptical if told that Lexus’s official domain name was “buy-a-lexus.com.” The relevant consumers targeted by the Tabaris with their websites are not, in fact, easily confused by these types of domain names. Thus, the Tabaris’ nominative trademark use in their domain names, with no active suggestion of sponsorship or endorsement, did not amount to infringement.<sup>206</sup>

3. *The Tabari Categories: Four Domain-Name Trademark Uses.* The Ninth Circuit’s opinion considered all possible uses of trademarks in domain names and divined four general categories of use. This “surprisingly lucid taxonomy” provides a useful, bright-line guide for future cases in this area.<sup>207</sup> The three “special case[s]” that carry a presumption of infringement include “trademark.com” domain names, domain names with only slight modifications, and domain names with affirmative suggestions.<sup>208</sup> The fourth category covers all other nominative trademark uses in domain names and carries no presumption of infringement.

a. *Trademarks as SLDs: “Trademark.com.”* If an entire SLD consists of a trademark alone, the *Tabari* majority concluded that “it will typically suggest sponsorship or endorsement by the trademark holder.”<sup>209</sup> Although this type of SLD “typically” raises a presumption against use, the court carefully noted that not all “trademark.com” domain names are likely to cause consumer confusion.<sup>210</sup> If, however,

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204. *Id.*

205. *Id.*

206. *Id.* at 1182.

207. Goldman, *supra* note 8.

208. *See* Goldman, *supra* note 8 (“To segregate legitimate from illegitimate uses of third party trademarks in domain names, the opinion lays out a surprisingly lucid taxonomy with 3 categories of presumptively illegitimate domain names . . .”).

209. *Toyota*, 610 F.3d at 1177.

210. *Id.* at 1177 n.4.

a “trademark.com” site is selling goods or services that are related to the trademark at issue, the court explained that the “trademark.com domain . . . will not generally be nominative fair use,” as the affirmative suggestion of sponsorship or endorsement generally precludes nominative fair use.<sup>211</sup>

Despite this favorable presumption, trademark-infringement actions under the Lanham Act may not be the best choice for trademark owners. Instead, they should primarily pursue cybersquatting actions under the ACPA or UDRP when dealing with “trademark.com” domain names.<sup>212</sup> Under the ACPA and UDRP, trademark owners must “prov[e] the rigorous elements of cybersquatting,”<sup>213</sup> but they can then achieve transfer or surrender of a domain name.<sup>214</sup> In contrast, under the Lanham Act, “the proper remedy for infringing use of a mark on a site generally falls short of entirely prohibiting use of the site’s domain name.”<sup>215</sup> If a trademark owner nevertheless pursues a trademark-infringement claim under the Lanham Act for a “trademark.com” domain name, there will be a presumption of infringement.<sup>216</sup>

*b. Slight Modifications to Trademark SLDs: “Trademark-usa.com.”* Next, the Ninth Circuit determined that slight modifications to trademark SLDs “like trademark-USA.com, trademark-of-glendale.com or e-trademark.com will also generally suggest sponsorship or endorsement by the trademark holder . . . .”<sup>217</sup> The court explained that these are modifications that consumers have come to expect from official trademark owners.<sup>218</sup> An “e-” preceding “trademark.com” “merely indicates the electronic version of a brand,” and any location modifier “indicates that consumers can expect to find the brand’s local subsidiary, franchise or affiliate.”<sup>219</sup> For example, the Pandora jewelry company’s Mall of America store operates the domain name “pandoraMOA.com.”<sup>220</sup> Given their

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211. *Id.*

212. *Id.* at 1182.

213. *Id.*

214. 15 U.S.C. § 1125(d)(1)(C) (2006).

215. *Id.*

216. *Toyota*, 610 F.3d at 1177–78.

217. *Id.* at 1179.

218. *Id.*

219. *Id.*

220. PANDORA, <http://www.pandoramo.com>, *supra* note 90.

suggestion of sponsorship or endorsement, these domain names will also raise a presumption of infringement when registered without trademark-owner authorization.<sup>221</sup>

*c. Affirmative Suggestions in SLDs: “Official-Trademark-Site.com.”* The court further held that domain names’ affirmative suggestions of sponsorship or endorsement by a trademark owner, such as “official-trademark-site.com or we-are-trademark.com,” are also likely to lead to confusion about sponsorship or endorsement.<sup>222</sup> If the trademark owner has not authorized the website, a domain name’s explicit assertion to the contrary may mislead even the relevant savvy Internet consumer, and thus the court stated that this type of use is “not nominative fair use.”<sup>223</sup>

*d. Nominative Trademark Use in SLDs: “Trademark-Forum.com.”* Unlike the previous three “special case” trademark uses, the Ninth Circuit appeared to approve of most remaining nominative trademark uses in SLDs. Users do not have “firm expectations” that trademark owners operate these sites, the court reasoned, because

a number of sites make nominative use of trademarks in their domains but are not sponsored or endorsed by the trademark holder: You can preen about your Mercedes at mercedesforum.com and mercedestalk.net, read the latest about your double-skim-no-whip latte at starbucks gossip.com and find out what goodies the world’s greatest electronics store has on sale this week at fryselectronics-ads.com.<sup>224</sup>

The court also listed “mercedesboots.com,” “mercedeshomes.com,” and “comcastsucks.org” as nominative uses of trademarked terms.<sup>225</sup> As *Tabari*’s holding indicated, “buy-a-TRADEMARK.com and

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221. *Toyota*, 610 F.3d at 1179.

222. *Id.*

223. *Id.*

224. *Id.* at 1178.

225. *Id.* This category would also likely include the URL “WTForever21.com,” a blog that comments on fashion garments made by the clothing store Forever 21. WTFOR EVER 21, <http://wtf forever21.com> (last visited Sept. 5, 2011). In April 2011, Forever 21 sent the blogger a cease-and-desist letter threatening to sue for trademark infringement, copyright infringement, unfair competition, and dilution. Jenna Sauer, *Forever 21 Sues Fashion Blogger*, JEZEBEL (June 6, 2011, 4:10 PM), <http://jezebel.com/5809063/forever-21-sues-fashion-blogger>.

buyorleaseTRADEMARK.com should be fair game for resellers and related parties like buying agents.”<sup>226</sup>

4. *The Lessons of Tabari’s Sensible Agnosticism.* Earlier courts grappling with trademark use on the Internet adopted protectionist views that infantilized consumers.<sup>227</sup> In 1997, the Ninth Circuit described an inept consumer baffled by search engines in *Panavision International L.P. v. Toeppen*.<sup>228</sup> Thirteen years later, *Tabari* enriched the dialogue with its updated description of today’s more sophisticated online consumer. The case moved away from the more protectionist stance that sought to eliminate confusion among the most inept consumers, instead focusing on the relevant, sophisticated consumer. In particular, it focused on the relevant consumer for the facts of the case—a consumer looking on the Internet for information about a high-price purchase. *Tabari* promoted trademark law’s historical values by protecting a business’s right to communicate fairly and accurately with potential customers. This approach raises the bar for the consumer-confusion test, preventing plaintiffs from prevailing when their confusion claims are based on inept consumers. *Tabari*’s approach—sensible agnosticism—presents a useful approach for today’s domain-name trademark cases.

### C. Challenges of this Framework

As stated by Chief Judge Kozinski in *Tabari*’s majority opinion, the sensible agnosticism framework updates the language of domain-name trademark cases by analyzing consumer expectations online.<sup>229</sup> Although this Note suggests that this framework should be applied to future cases in this category, it also recognizes the challenges that the framework may face. This Section analyzes the potential challenges

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226. Goldman, *supra* note 8. In a footnote, the court conceded that even trademarks in this category that do not suggest sponsorship or endorsement by the trademark owner may be prohibited under a trademark-dilution theory. *Toyota*, 610 F.3d at 1179 n.7. As an example, “the website People of Walmart, which publishes rude photos of Walmart shoppers at peopleofwalmart.com, might dilute the Walmart trademark by associating it with violations of customers’ privacy and the idea that a visitor to Walmart stores risks being photographed and ridiculed on the internet.” *Id.* Although the court did not mention this possibility, mercedesboots.com and mercedeshomes.com could also conceivably be subject to a dilution action under a theory of “blurring.” See Goldman, *supra* note 8 (“I wonder about dilution with these two.”).

227. See, e.g., *supra* notes 93–106 and accompanying text.

228. *Panavision Int’l, L.P. v. Toeppen*, 141 F.3d 1316, 1327 (9th Cir. 1998).

229. *Toyota*, 610 F.3d at 1179.

and responses to *Tabari*'s precedential value, the framework's need for empirical evidence, and its required contextual analysis.

1. *Precedential Value.* Within the Ninth Circuit, this case appears to possibly overturn precedent without overtly stating that it was doing so.<sup>230</sup> The opinion also appears to dispose of issues that were previously unresolved.<sup>231</sup> In other circuits, *Tabari* will lack precedential value, and courts may avoid the case entirely because of its use of the Ninth Circuit's distinctive nominative-fair-use test.

Although the nominative-fair-use analysis is important, *Tabari*'s analysis of trademarks in domain names is the framework that should be adopted in future cases—regardless of the specific nominative- or fair-use analysis used. As Professor McCarthy has noted, other courts “have for many years reached results consistent with those in the Ninth Circuit without using a separate ‘nominative fair use’ test.”<sup>232</sup> Based on its updated approach, *Tabari* could meaningfully change the discourse in the Ninth and other circuits in the way *Panavision* and similar cases did when domain-name trademark cases first arose.

2. *Need for Empirical Evidence.* One possible critique of Chief Judge Kozinski's approach in *Tabari* is its lack of empirical evidence. For example, Kozinski did not cite any authorities when he described

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230. Goldman, *supra* note 8 (“This is a rich and multi-faceted opinion written in a confident and emphatic style[—]perhaps too emphatically, as the opinion swings around like a bull in a china shop, breezily overturning or sidestepping numerous 9th Circuit precedents on both domain names and nominative use.”).

231. *Id.* (“The opinion says that an evaluation of consumer confusion is implicitly built into the [*New Kids on the Block*] nominative use test. Therefore, ‘if the nominative use satisfies the three-factor [*New Kids*] test, it doesn’t infringe’ without needing to consider the likelihood of consumer confusion test at all. Thus, ‘nominative fair use “replaces” [the Ninth Circuit’s traditional likelihood-of-confusion test] as the proper test for likely consumer confusion whenever defendant asserts to have referred to the trademarked good itself.’ Further, once a ‘defendant seeking to assert nominative fair use as a defense . . . show[s] that it used the mark to refer to the trademarked good,’ the trademark owner bears the burden of disproving nominative use. *All of these procedural points have been hotly contested in prior cases.*” (omission and fourth alteration in original) (emphasis added) (quoting *Toyota*, 610 F.3d at 1176, 1182–83)).

232. 4 MCCARTHY, *supra* note 14, § 23:11 (citing *Universal Commc’n Sys., Inc. v. Lycos, Inc.*, 478 F.3d 413, 425 (1st Cir. 2007); *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 236 (3d Cir. 2005); *Univ. of Fla. v. KPBB, Inc.*, 89 F.3d 773, 777 (11th Cir. 1996); *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 505 (2d Cir. 1996); *G.D. Searle & Co. v. Hudson Pharm. Corp.*, 715 F.2d 837, 841 (3d Cir. 1983); *Trail Chevrolet, Inc. v. Gen. Motors Corp.*, 381 F.2d 353, 354 (5th Cir. 1967); *Societe Comptoir de l’Industrie Cotonniere Etablissements Boussac v. Alexander’s Dep’t Stores, Inc.*, 299 F.2d 33, 36–37 (2d Cir. 1962)).

a typical online shopper's behavior.<sup>233</sup> This dearth of support spurred criticism that Kozinski "grounded much of [the] decision on factual assumptions regarding consumer perception of the domain names at issue and consumer Web-browsing behavior."<sup>234</sup> Professor Rebecca Tushnet points out this lack of empirical evidence and states that the *Tabari* "rule only works if courts are very confident of their ability to assess context and also very confident that consumer understandings of domain names remain static—as Kozinski evidently is."<sup>235</sup>

Despite this criticism, some commentators have also praised Chief Judge Kozinski's "modern, Internet-saavy [*sic*] take on the use of trademarks in domain names."<sup>236</sup> Even Professor Tushnet notes her agreement with Kozinski's description of online consumer behavior.<sup>237</sup> Instead of closing the door on this new approach, courts should use it as an opportunity to reevaluate their own treatment of online behavior. Courts should encourage parties to introduce empirical evidence in the courtroom in the form of consumer surveys or expert opinions.<sup>238</sup> This empirical evidence will allow the doctrine to continue its maturation as online behavior evolves.

3. *Required Contextual Analysis.* Another challenge courts may face in applying *Tabari* is that its approach requires a contextual analysis of the facts. But *Tabari* does not provide bright-line rules on the context that may help courts decide whether a trademark

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233. *Toyota*, 610 F.3d at 1178–79.

234. Christopher Dolan, *IP: Nominative Fair Use and Domain Names*, INSIDECOUNSEL (Oct. 12, 2010), <http://www.insidecounsel.com/2010/10/12/nominative-fair-use-and-domain-names>; see also Goldman, *supra* note 8 ("[T]he opinion's reasoning remains predicated on dicey assumptions about consumer search behavior . . .").

235. Rebecca Tushnet, *Kozinski Takes Another Whack at Nominative Fair Use*, REBECCA TUSHNET'S 43(B)LOG (July 8, 2010), <http://tushnet.blogspot.com/2010/07/kozinski-takes-another-whack-at.html>.

236. Ryan Gile, *Ninth Circuit Gives Victory to Pro Se Defendants Fighting Against Toyota*, LAS VEGAS TRADEMARK ATT'Y (July 13, 2010), <http://www.vegastrademarkattorney.com/2010/07/ninth-circuit-gives-victory-to-pro-se.html>; see also Thomas O'Toole, *Pro Se Litigants Secure Big Victory for Domain Owners in Ninth Circuit Trademark Ruling*, BNA E-COM. & TECH L. BLOG (July 8, 2010), <http://pblog.bna.com/techlaw/2010/07/pro-se-litigants-secure-big-victory-for-domain-owners-in-ninth-circuit-trademark-ruling.html> ("In just a few pages, Chief Judge Alex Kozinski's opinion . . . described accurately how consumers use the Internet (an uncommon feat in judicial opinions).").

237. Tushnet, *supra* note 235 ("I don't think Kozinski is currently wrong about how consumers use domain names.").

238. See Dolan, *supra* note 234 ("[T]rademark owners should consider consumer perception surveys and expert opinions regarding consumer behavior to help overcome any asserted nominative fair use defense.").

infringement has occurred. Online users base their perceptions of a website on how a URL or link is presented to them and on what they see when they arrive at a website.<sup>239</sup> For example, a website owner may manipulate search-engine algorithms so that a website's search-engine-result snippet reads "Sponsored by Toyota" or may use deceptive ad taglines like, "Toyota's Official Site for Lexus Shoppers!" An owner may also place this language on a website and use Toyota's official logo in such a way as to suggest official endorsement. On the other hand, a website may contain no official logos or hints at endorsement, and it may even contain a disclaimer explaining its lack of sponsorship or endorsement. In *Tabari*, the court recognized that having a website disclaimer helped the Tabaris prove their lack of infringement.<sup>240</sup> The court was also careful to note, however, that "[s]peakers are under no obligation to provide a disclaimer as a condition for engaging in truthful, non-misleading speech."<sup>241</sup> Instead, "[w]hile not required, such a disclaimer is relevant to the nominative fair use analysis."<sup>242</sup>

In addition to disclaimers, there are a variety of contextual clues that may be relevant in a domain-name trademark case. Using official logos and colors and including words like "official" on the site are signs of possible infringement. *Tabari* noted that "[i]magery, logos and other visual markers may be particularly significant in cyberspace, where anyone can convincingly recreate the look and feel of a luxury brand at minimal expense. It's hard to duplicate a Lexus showroom, but it's easy enough to ape the Lexus site."<sup>243</sup> Courts must consider all of these factors in a trademark-infringement analysis.

## CONCLUSION

Despite the temptation to find domain names infringing whenever they contain a trademarked term, courts must promote trademark law's historical focus on accuracy and seek updated analyses of online-consumer behavior. *Tabari* offers an updated framework to analyze a user's expectations regarding domain names. When a domain name consists of more than a sole trademarked term, and it does not contain affirmative suggestions of endorsement or

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239. See *supra* notes 184–189 and accompanying text.

240. Toyota Motor Sales, U.S.A., Inc. v. Tabari, 610 F.3d 1171, 1182 (9th Cir. 2010).

241. *Id.* at 1177.

242. *Id.* at 1182.

243. *Id.* at 1181.

sponsorship, users approach the domain name with a sensible agnosticism. Instead of presuming infringement in these cases, courts should begin with a consideration of the website's context and any empirical evidence offered by the parties.

This framework offers greater clarity to website owners seeking to reference a trademark in a domain name without suggesting sponsorship or endorsement. This clarity would help turn the tide on the chilling effect caused by trademark owners' cease-and-desist letters. Although trademark owners may not like all websites that reference them, they can attack bad-faith users with other laws, like the ACPA and UDRP. For good-faith, honest users, trademark owners can respond with public-relations campaigns or other business tactics. This updated framework will help ensure that trademark law is used as a shield to protect accuracy in the marketplace, rather than as a sword to attack legal expressions of speech.