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# THE LANHAM ACT: KEEPING PACE WITH TECHNOLOGY

*Marguerite S. Dougherty\*\**

## INTRODUCTION

Electronic commerce has exploded in recent years.<sup>1</sup> As a result of the Internet's astounding growth, intellectual property offenses have been magnified. While patent and copyright issues of infringement and piracy have arisen from Internet activity, trademark piracy dominates the Internet cases in the courts.<sup>2</sup> The

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\* The Federal Trademark Act of 1946, commonly referred to as the Lanham Act, is a unification of Federal trademark law. 1 THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 5:4, at 5-13 (1998). The Lanham Act is codified, as amended, at 15 U.S.C. §§ 1051-1127 (1994).

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<sup>1</sup> "E-commerce is expected to generate between \$34 billion and \$37.5 billion by 2002 [in Internet sales]." Tina Kelley, *Internet Shopping: A Mixed Bag*, N.Y. TIMES, July 30, 1998, at G1. In 1997 "100 million people logged onto the Internet, up from 40 million the year before." William M. Daley, U.S. Secretary of Commerce, Remarks on *The Emerging Digital Economy*, April 15, 1998, available in 1998 WL 197997 (F.D.C.H.). "Dell Computers saw 1997 Internet sales increase . . . to daily sales of \$6 million several times in December." *Id.*

<sup>2</sup> See, e.g., *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998); *CompuServe, Inc. v. Patterson*, 89 F.3d 1257 (6th Cir. 1996); *Gary Scott Int'l v. Baroudi*, 981 F. Supp. 714 (D. Mass. 1997); *Telco Communications Group, Inc. v. An Apple A Day, Inc.* 977 F. Supp. 404 (E.D. Va. 1997); *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119 (W.D. Pa. 1997); *Bensusan Restaurant Corp. v. King*, 937 F. Supp. 295 (S.D.N.Y. 1996), *aff'd on other grounds*, 126 F.3d 25 (2d Cir. 1997).

proliferation of Internet trademark offenses surprised both government and business.<sup>3</sup>

Internet technology has engendered a variety of new trademark offenses including dilution, infringement, unfair competition and false advertising based upon the appropriation of another's trademark as a domain name.<sup>4</sup> These new offenses also include

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<sup>3</sup> Dan L. Burk, *Trademark Doctrines for Global Electronic Commerce*, 49 S.C. L. REV. 695, 696 (1998). Although, not everyone was surprised by the new found dominance of trademark offenses. For example, the International Trademark Association ("INTA"), with membership numbering 3,500, submitted extensive comments on the Information Infrastructure Task Force ("IITF") "Green Paper," known as the preliminary report. INTA's comments voiced its concerns that trademark issues were receiving inadequate consideration from the Task Force. David Stimpson, *President's Report*, 53 INTA BULLETIN, No. 11, June 15, 1998. The IITF was formed in February 1993 "to articulate and implement the [Clinton] Administration's vision for the National Information Infrastructure (NII)." INFORMATION INFRASTRUCTURE TASK FORCE, INTELLECTUAL PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE: THE REPORT OF THE WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS 1 (Sept. 1995). The NII "as . . . discussed in [the] report encompasses digital, interactive services now available, such as the Internet, as well as those contemplated for the future." *Id.* at 2 n.5. The Working Group on Intellectual Property Rights was formed "to examine the intellectual property implications of the NII and make recommendations on . . . changes to U.S. intellectual property law and policy." *Id.* at 2. The IITF's 238-page "White Paper," known as the final report, only spent six pages on trademark issues. *Id.* at 168-73. The final report concluded that in the future, with widespread use of the Internet, "both the legitimate and infringing electronic uses of trademarks *may* increase." *Id.* at 172 (emphasis added). The report identified only two possible issues that might arise: domain name issues and priority use issues. *Id.* The only recommendation made by the report regarding trademarks was proposed changes to the International Classification System to include the "goods and services of modern information technology" together with the updating by the United States Patent and Trademark Office's *Manual for the Identification of Goods and Services*. *Id.* at 238. The International Schedule of Classes of Goods and Services is a master list used by almost all countries to classify goods into categories "allow[ing] marks to be efficiently stored and retrieved according to the class assigned to such product or service." STEPHEN ELIAS, PATENT, COPYRIGHT & TRADEMARK 361 (Lisa Goldoftas ed., 1996).

<sup>4</sup> A domain name is an address used on the Internet to locate a Web page. G. BURGESS ALLISON, *THE LAWYER'S GUIDE TO THE INTERNET* 10 (1995). For example, [www.7online.com](http://www.7online.com) will take a user to WABC News Channel 7's local

trademark appropriation based upon metatagging,<sup>5</sup> hyperlinking,<sup>6</sup>

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New York City news station's Web site. The ".com" part of the domain name is the top level. *Id.* at 331. It denotes what kind of organization operates the site. *Id.* at 331. For example, ".com" denotes commercial use, ".gov" denotes a governmental entity and ".org" is a non-profit group. *Id.* The pirating of another's domain name has been coined "cybersquatting." *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1233 (N.D. Ill. 1996). A "cyberpirate" or "cybersquatter" is an individual or entity who has registered a domain name consisting of a valuable trademarked name of another for the purpose of extorting money in return for the right to use the name as an address on the Internet. *Id.* See also *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1318 (9th Cir. 1998). Dennis Toeppen is, to date, the most infamous "cybersquatter." *Intermatic*, 947 F. Supp. at 1230. He has registered over 200 domain names including: deltaairlines.com; britishairways.com; eddiebauer.com; and neimen-marcus.com. *Id.* See *infra* Part III.A (discussing the *Panavision* decision).

A more recent case of "cybersquatting" involved defendants who registered 12,000 domain names that they hoped to license to others as Internet e-mail addresses. *Avery Dennison Corp. v. Sumpton*, 999 F. Supp. 1337, 1338 (C.D. Cal. 1998). The defendants only registered "common proper surnames," such as Avery and Dennison. *Id.* The defendants argued that they were not using the names as trademarks and therefore the Lanham Act did not apply. *Id.* at 1339. The defendants also argued that they had registered the names with the ".net" designation, which still permitted the plaintiff to register its marks with the ".com" designation, as the plaintiff had in fact done. *Id.* at 1341. The court disagreed, finding that the ".net" designation had not been limited to Internet providers as originally planned, and recognized that "many registrants, including trademark holders, [had] registered domain names with '.net' designations that are not internet providers." *Id.* Moreover, the court said that it was "extremely dubious that licensing domain names [was the] defendants' true business." *Id.* The court found, however, that it was unable to hold that as a matter of law the defendants' business was a sham. *Id.* at 1342. The court ordered the two domain names at issue to be relinquished to the plaintiff in exchange for \$600. *Id.* This was a 300% return on the defendants' initial investment. *Id.* See also *infra* note 76 and accompanying text (identifying other domain name cases).

<sup>5</sup> A "metatag" is a hidden component of an Internet address that is directed to capture the attention of a search engine so that the address receives more hits or visits from users. Ian C. Ballon, *Linking, Framing and Other Hot Topics in Internet Law and Litigation*, 520 PLI/PAT 167, 246 (1998). Metatagging has been coined "cyber-stuffing." 3 THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25:69, at 25-107 (1998). See also *infra* note 78 and accompanying text (identifying metatagging cases).

<sup>6</sup> "Hyperlinking" or "linking" is a feature of the Internet that allows a user to point and click on either a domain name or a symbol, seamlessly allowing the

framing<sup>7</sup> and keyword triggering.<sup>8</sup> These offenses often present cases of first impression for our courts.<sup>9</sup> The nature of the Internet, and its continually expanding capabilities together with its unregulated nature, will present greater challenges in trademark law for years to come.<sup>10</sup>

The Lanham Act<sup>11</sup> is the codification of federal trademark law

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user to move from one site to another. *Digital Equip. Corp. v. AltaVista Tech., Inc.*, 960 F. Supp. 456, 460 n.6 (D. Mass. 1997). Hyperlinking provides the way for one to "surf the Web." 3 MCCARTHY, *supra* note 5, § 25:70, at 25-109. *See also infra* note 77 and accompanying text (discussing linking).

<sup>7</sup> "Framing refers to the process whereby one Web-site can be visited while remaining in a previous Web site." *Digital Equip.*, 960 F. Supp. at 461 n.12. Framing presents copyright issues as well as trademark infringement and false advertising issues. 3 MCCARTHY, *supra* note 5, § 25:70, at 25-110. *See infra* note 79 and accompanying text (discussing framing).

<sup>8</sup> A "keyword" works in a similar manner to a domain name in that it produces the same navigational result as a domain name. WORLD INTELLECTUAL PROPERTY ORGANIZATION: INTERIM REPORT OF THE WIPO INTERNET DOMAIN NAME PROCESS ch. 5, ¶ 286 [hereinafter WIPO REPORT]. For example, instead of entering [www.bofa.com](http://www.bofa.com) to access Bank America Corp., the user would simply enter "bank of america." *Id.* ch. 5, ¶ 286 n.151. A keyword is also used as a trigger to initiate a banner advertisement. Robert C. Scheinfeld & Parker H. Bagley, *Using Others' Trademarks to Trigger Internet Advertisements*, N.Y.L.J., Mar. 24, 1999, at 3. Trademarks are being sold as keywords which when entered into a search field of the host search engine, i.e., Yahoo, AltaVista, will trigger a banner advertisement for another parties' goods or services. *Id.* Estee Lauder, Inc. recently filed a lawsuit in the Southern District Court of New York against both the advertiser and the advertiser host. *Id.* Estee Lauder alleges that its trademarks were sold to a competitor to trigger banner advertisements. *Id.* WIPO, in its interim report of the domain name process recognized that the use of keywords may shift the debate from domain names to keywords. WIPO REPORT, *supra*, ch. 5, ¶ 290.

<sup>9</sup> As one court, in deciding whether a preliminary injunction was appropriate in a metatagging case, recently stated, "[t]his is a classic illustration of a new kind of litigation for which nothing in past experience comes even close to preparing trial judges and the advocates appearing before them." *Niton Corp. v. Radiation Monitoring Devices, Inc.*, 27 F. Supp. 2d 102 (D. Mass. 1998).

<sup>10</sup> "No one owns [the Internet]. No single organization controls it." Philip Elmer-DeWitt, *Welcome to Cyberspace: What Is It? Where Is It? And How Do We Get There?*, TIME, March 22, 1995, at 4, 9.

<sup>11</sup> 15 U.S.C §§ 1051-1127 (1994). The Lanham Act "provides a national registry for trademarks, generating nationwide protection for registered marks.

and the primary vehicle for the enforcement of trademark rights of either registered or unregistered marks. The most significant threshold issue in the enforcement of trademark rights, in controversies arising from electronic contacts in cyberspace,<sup>12</sup> is that of personal jurisdiction. Although the Supreme Court has long recognized that personal jurisdiction exists over a non-resident,<sup>13</sup> the exercise of personal jurisdiction over a non-resident has recently been the cause of extensive litigation.<sup>14</sup> Of the recent personal jurisdiction decisions issued by the federal courts, more than one-third have centered on trademark cases derived from Internet use.<sup>15</sup> As a result, courts have, at least superficially, tried

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The statute also provides for enforcement of either registered or unregistered marks." Dan L. Burk, *Trademarks Along the Infobahn: A First Look at the Emerging Law of Cybermarks*, 1 RICH. J.L. & TECH. 1, 24 (1995).

<sup>12</sup> The term "cyberspace" was originally coined by William Gibson in his 1984 science fiction novel *Neuromancer*. Elmer-DeWitt, *supra* note 10, at 4. The terms cyberspace and the Internet are used interchangeably. Elmer-DeWitt, *supra* note 10, at 4. Cyberspace "encompasses the millions of personal computers connected by modems—via the telephone system—to commercial online services, . . . local area networks, office E-mail systems and the Internet." Elmer-DeWitt, *supra* note 10, at 8.

<sup>13</sup> See *International Shoe Co. v. Washington*, 326 U.S. 310 (1945). See also *Kulko v. Superior Court*, 436 U.S. 84, 92 (1978) (quoting *Estin v. Estin*, 334 U.S. 541, 545 (1948)) (opining that the determination that personal jurisdiction exists over a non-resident is "one in which few answers will be written in black and white. The greys are dominant and even among them the shades are innumerable"). The Internet cases, however, are creating all new shades of grey. Robert W. Hamilton & Gregory A. Castanias, *Tangled Web: Personal Jurisdiction and the Internet*, 24 NO. 2 LITIG. 27, 29 (1998). For a further discussion of the Supreme Court's recognition of the existence of personal jurisdiction over a non-resident, see *infra* Part III.

<sup>14</sup> There have almost been more decisions written about personal jurisdiction in the last three years than in the previous ten. Search of Westlaw, ALLFEDS (Mar. 29, 1999). There were 139 personal jurisdiction decisions in trademark cases between 1985 and 1995. *Id.* Since 1995, there have been 122 personal jurisdiction decisions in trademark cases. *Id.* Of the 122 decisions, 49 focused on personal jurisdiction in trademark cases involving the Internet. *Id.*

<sup>15</sup> *Id.* See *infra* Part III, examining recent decisions in trademark cases where personal jurisdiction is at issue.

to fit this new electronic medium into the existing personal jurisdiction analysis.<sup>16</sup>

Presence on the Internet is electronic, not physical, making the traditional analysis of contacts inapplicable. The traditional personal jurisdiction analysis applied in Internet trademark cases has resulted in a body of law that lacks clarity, consistency and uniformity. This lack of uniformity undermines the policy of the Lanham Act, which was drafted to promote national uniformity in trademark law, simplify registration procedures and foster speedy resolution of cases.<sup>17</sup> Congress would best serve these goals by enacting an amendment to the Lanham Act<sup>18</sup> providing for nationwide jurisdiction in controversies arising from electronic use of a mark<sup>19</sup> or

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<sup>16</sup> See *Digital Equip. Corp. v. AltaVista Tech.*, 960 F. Supp. 456, 462 (D. Mass. 1997) (recognizing that the medium is "anything but traditional," yet ultimately finding the traditional analysis appropriate to determine personal jurisdiction).

<sup>17</sup> S. REP. NO. 79-1333, at 3 (1946).

<sup>18</sup> The Lanham Act provides for jurisdiction "without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties." Lanham Act § 39, 15 U.S.C. § 1121 (1994).

<sup>19</sup> A "'mark' includes any trademark, service mark, collective mark, or certification mark." 15 U.S.C. § 1127 (1994).

A "'trademark' includes any word, name, symbol, or device, or any combination thereof . . . 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." *Id.*

A "service mark" includes "any word, name, symbol, or device, or any combination thereof . . . to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown." *Id.*

A "collective mark" is "a trademark or service mark—(1) used by the members of a cooperative, an association, or other collective group or organization . . . and includes marks indicating membership in a union, an association, or other organization." *Id.*

A "certification mark" includes "any word, name, symbol, or device, or any combination thereof—(1) used by a person other than its owner . . . to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods and services was performed by members of a union or other organization." *Id.*

trade name<sup>20</sup> on the Internet. Such an amendment would provide clarity, give all Internet users and operators "fair warning," and would permit an already over-burdened judicial system to concentrate on the new substantive issues presented by trademark piracy, infringement, false advertising and dilution on the Internet.<sup>21</sup>

The Note posits that analyzing personal jurisdiction in trademark Internet controversies by using a framework founded on physical contacts is inappropriate, because its uneven application to an electronic medium by the courts defeats the national uniformity policy of the Lanham Act. Part I provides an overview of the Internet. Part II examines trademark issues arising from Internet use. Part III examines the existing jurisdictional framework and the tests derived by the Supreme Court and surveys federal court decisions applying those tests to trademark issues and the Internet. Part IV reviews trademark legislative history and the national uniformity policy of trademark law that has been tested by court decisions and amended by Congress. Part V proposes a statutory solution to clarify personal jurisdiction in trademark controversies arising from the Internet and discusses the benefits and arguable disadvantages of a statutory enactment. This Note concludes that the policy of federal trademark law would best be served by an amendment to the Lanham Act expressly authorizing nationwide personal jurisdiction in infringement, dilution, unfair competition and false advertising controversies arising from electronic contacts on the Internet.

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<sup>20</sup> "'Trade name' . . . mean[s] any name used by a person to identify his or her business or vocation." *Id.*

<sup>21</sup> See Evelyn Apgar, *Lawyers Decry Federal Judicial-Shopping Bill*, N.J. LAW.: WKLY. NEWSPAPER, June 2, 1997, at 3. David Sellers, a spokesman for the Administrative Office of the U.S. Courts, stated that because there are over 100 vacancies on the federal bench, judges' time is at a premium. *Id.* In 1998, there were 26,787 civil case filings in U.S. District Courts. *Today's News*, N.Y.L.J., Mar. 17, 1999, at 1. Since 1985, the number of judges on the circuit courts has only been increased by 12 while the appellate case load has increased by 20,000. William Glaberson, *Caseload Forcing Two-Level System For U.S. Appeals*, N.Y. TIMES, March 14, 1999, at A1.



## I. THE INTERNET

The Internet,<sup>22</sup> as the Supreme Court has recognized, is a unique medium that is difficult to categorize because it is constantly evolving.<sup>23</sup> The Internet has been in existence for nearly thirty years and has no geographical boundaries.<sup>24</sup> As the Eastern District Court of Pennsylvania succinctly explained, "it is not a physical or tangible entity, but rather a giant network which interconnects innumerable smaller groups of linked computer networks. It is thus a network of networks."<sup>25</sup> Similarly, the Supreme Court noted that this "unique and wholly new medium" enables tens of millions of people to communicate with one another as "the growth of the Internet has been and continues to be phenomenal."<sup>26</sup> It has become, as one commentator noted, "an

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<sup>22</sup> The term Internet was first used by Vincent Cerf in 1974 in a research paper outlining the common language all computers would use to communicate with each other. Angela Gunn & Charles Pappas, *What a Short, Strange Trip It's Been . . . A Brief Net History*, YAHOO! INTERNET LIFE, Sept. 1998, at 72, 74. The first demonstration of the Internet was held in Washington, D.C. in October 1972, at the Hilton Hotel. Josh McHugh, *Robert Kahn, Packet Man*, FORBES, July 7, 1997, at 328-29.

<sup>23</sup> *Reno v. ACLU*, 117 S. Ct. 2329, 2334 (1997).

<sup>24</sup> See *ACLU v. Reno*, 929 F. Supp. 824, 831 (E.D. Pa. 1996), *aff'd*, 117 S. Ct. 2329 (1997); William S. Byassee, *Jurisdiction of Cyberspace: Applying Real World Precedent to the Virtual Community*, 30 WAKE FOREST L. REV. 197, 201 (1995). The Internet began as an experimental military project named ARPARET by the Advanced Research Project Agency in 1969. *ACLU*, 929 F. Supp. at 831. The military, defense contractors and university laboratories were linked together by this network. *Id.* This decentralized network maintained a series of redundant links between computer networks and computers which were capable of rapidly transmitting communications. *Id.* The goal of the system was "to allow vital research and communications to continue even if portions of the network [were] damaged . . . in a war." *Id.* To that end, ARPARET encouraged multiple linking between computers and the network. *Id.* This linking occurred over high-speed telephone lines. These computers and telephone links formed the basis of what is now known as the Internet. Byassee, *supra*, at 201.

<sup>25</sup> *ACLU*, 929 F. Supp. at 830.

<sup>26</sup> *Reno*, 117 S. Ct. at 2334, 2351. One of the inventors of the Internet, Robert Kahn, when asked if he was "satisfied with his brainchild," responded "No. The [Internet] hasn't panned out yet. We're still looking at the tip of the

almost inescapable presence,"<sup>27</sup> penetrating some parts of the world that have yet to have television or postal delivery.<sup>28</sup> In fact, thanks to local humanitarian groups, several villages in West Africa that lack running water have e-mail access.<sup>29</sup>

Generally, the Internet can be accessed through various servers: at local libraries, storefront "computer coffee shops," schools, Internet service providers, national commercial online service providers or through bulletin board systems.<sup>30</sup> The Internet permits users to communicate text, data, sound and video in a variety of ways. The methods of communication include: e-mail;<sup>31</sup>

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iceberg." McHugh, *supra* note 22, at 329. In 1993, traffic exploded on the Internet at an annual rate of 341,634%. Gunn & Pappas, *supra* note 22, at 72, 74. This traffic has frustrated researchers by hindering their ability to quickly retrieve files over the Internet. Ballon, *supra* note 5, at 175. Consequently, 112 universities are developing a faster computer network, known as Internet 2, which will be able to prioritize communications. Ballon, *supra* note 5, at 175. It is expected, however, that this new technology will be transferred to the original Internet. James Lichtenberg, *Net2: New High-Speed Network Seeks Publishers' Input*, PUBLISHERS WEEKLY, Apr. 27, 1998, at 15. An Internet 2 user will be able to download a 30-volume encyclopedia in less than one second. *Id.*

<sup>27</sup> Matt Richtel & Declan McCullagh, *Yes, it Really is a World Wide Web*, YAHOO! INTERNET LIFE, Sept. 1998, at 94. "Turn on a TV set, . . . [o]pen a newspaper" and one is confronted with advertisement after advertisement listing the domain name of the companies' Web sites and encouraging the consumer to "visit" them online. *Id.*

<sup>28</sup> *Id.* at 96.

<sup>29</sup> *Id.* In fact, the number of Internet hosts in Africa increased 839% between 1993 and 1996. Global Internet Project, *Internet Foundations: Breaking Technology Bottlenecks* (visited Mar. 22, 1999) <<http://www.gip.org/gip10.htm>> [hereinafter GIP].

<sup>30</sup> American Library Ass'n v. Pataki, 969 F. Supp. 160, 165 (S.D.N.Y. 1997). A "bulletin board service" ("BBS") offers chat forums, allows subscribers to upload and download data and to post messages. Ballon, *supra* note 5, at 177. The first BBS was founded in Chicago in 1978. Gunn & Pappas, *supra* note 22, at 73.

<sup>31</sup> "E-mail" or electronic mail is mail that may be sent around the world in a matter of minutes via the Internet. Ballon, *supra* note 5, at 177. The first e-mail was sent in 1972. J.D. Biersdorfer, *What's the @ in E-Mail?*, N.Y. TIMES, July 23, 1998, at G11. By the year 2000, the annual volume of e-mail is predicted to reach six trillion messages. Gunn & Pappas, *supra* note 22, at 72.

listserv;<sup>32</sup> Usenet;<sup>33</sup> telnet;<sup>34</sup> ftp;<sup>35</sup> gopher;<sup>36</sup> and the World Wide Web<sup>37</sup> ("Web"). The Internet links together various servers around the world,<sup>38</sup> and provides a "massive resource of services."<sup>39</sup> As the Supreme Court noted, "the content on the Internet is as diverse as human thought."<sup>40</sup>

The Web, conceived in 1990,<sup>41</sup> is "the most well-known method of communicating information online."<sup>42</sup> It is extremely difficult to estimate the number of users due to the decentralized nature of the Internet. The number of users linked to the Internet from 1990 to 1997 grew from one million to 70 million.<sup>43</sup> By the

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<sup>32</sup> "Listserv is an automatic mailing list service that allows efficient communication on discrete areas of interest." JONATHAN ROSENOER, *CYBERLAW: THE LAW OF THE INTERNET* 342 (1997).

<sup>33</sup> "Usenet" is a protocol through which a discussion group is operated. ALLISON, *supra* note 4, at 336. There are news groups on thousands of topics from neuroscience to conspiracy. See ALLISON, *supra* note 4, at 336; Gunn & Pappas, *supra* note 22, at 73. Usenet was created by Tom Truscott, Jim Ellis and Steve Bellovin in 1979 to provide a place for users to talk and argue about an infinite variety of topics. The Usenet group now number more than 50,000 participants. Gunn & Pappas, *supra* note 22, at 73.

<sup>34</sup> "Telnet" is "a way to access and control remote computers on the Internet. Once connected, your keyboard appears to be directly connected to the remote computer." ROSENOER, *supra* note 32, at 343.

<sup>35</sup> "Ftp," an acronym for File Transfer Protocol, is a protocol that lets "a user on one computer log onto, review, and transfer files to and from another host computer over a network." ALLISON, *supra* note 4, at 333.

<sup>36</sup> "Gopher" is "a simple menu-based information service that makes collections of information available across the Internet." ALLISON, *supra* note 4, at 333.

<sup>37</sup> "World Wide Web" is a "hypertext-based information service that makes collections of information available across the Internet." ALLISON, *supra* note 4, at 339.

<sup>38</sup> ALLISON, *supra* note 4, at 19.

<sup>39</sup> ALLISON, *supra* note 4, at 19.

<sup>40</sup> *Reno v. ACLU*, 117 S. Ct. 2329, 2335 (1997).

<sup>41</sup> Gunn & Pappas, *supra* note 22, at 74. The popular rush to the Web did not begin until 1993 with "the first graphics-friendly" Web browser, Mosaic. Gunn & Pappas, *supra* note 22, at 74.

<sup>42</sup> *American Library Ass'n v. Pataki*, 969 F. Supp. 160, 166 (S.D.N.Y. 1997).

<sup>43</sup> GIP, *supra* note 29. If the United States Internet population was a country, it would rank twenty-second in the world, placing it in between France and the

end of 1999, the number is expected to rise to two hundred million.<sup>44</sup> By 2005, experts project the number of users to reach one billion.<sup>45</sup> As one commentator noted, the Web "has done what thousands of years of war, peace, love and hate could not: unite our world."<sup>46</sup>

The Web is made up of millions of Web sites.<sup>47</sup> A user can access a Web site by entering the address of the site, known as a Uniform Resource Locator or URL.<sup>48</sup> The URL consists of the Internet service and a top level and second level domain name.<sup>49</sup>

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Ukraine. Ron Bel Bruno, *The Big Picture*, YAHOO! INTERNET LIFE, Sept. 1998, at 76. The United States Internet population exceeds the population of any state by almost 20 million. *Id.*

<sup>44</sup> *Reno*, 117 S. Ct. at 2334.

<sup>45</sup> Tom Mainelli, *Billions & Billions Earned*, SMART COMPUTING, Oct. 1998, at 38.

<sup>46</sup> Howard L. Steele, Jr., Comment, *The Web That Binds Us All: The Future Legal Environment of the Internet*, 19 HOUS. J. INT'L L. 495, 495 (1997).

<sup>47</sup> Jeffrey R. Kuester & Peter A. Nieves, *Hyperlinks, Frames and Meta-Tags: An Intellectual Property Analysis*, 38 IDEA 243, 245 (1998). As of February 1999, there were 4,301,512 Web sites. Robert H. Zakon, *Hobbes' Internet Timeline* (visited Mar. 23, 1999) <<http://info.isoc.org/guest/zakon/Internet-History/HIT.html>>. Each Web site is comprised of multiple pages. Kuester & Nieves, *supra* at 245. One of the most popular search engines reports cataloguing nearly 11 million Web pages. Global Internet Project, *The Emergence of a Networked World, Commerce, Society and the Future of the Internet: How the Internet Works* (visited Mar. 22, 1999) <<http://www.gip.org/gip7.htm>>. The first page of a Web site is referred to as the home page. Ballon, *supra* note 5, at 175. Web site pages are growing steadily at a rate of 300,000 pages per week. GIP, *supra* note 29.

<sup>48</sup> ALLISON, *supra* note 4, at 339. The URL "identifies the specific location of Internet resources." ALLISON, *supra* note 4, at 339.

<sup>49</sup> ALLISON, *supra* note 4, at 331, 339. For example, in the address [www.dell.com](http://www.dell.com), "www" informs the computer that the address is on the World Wide Web, "dell" is a second level domain name for Dell Computer's Web page and ".com" represents the top level domain for a commercial organization. ALLISON, *supra* note 4, at 331, 339. Domain names are the user-friendly version of Internet Protocol ("IP") addresses, which are numeric and difficult for people to remember. 3 MCCARTHY, *supra* note 5, § 25:72, at 25-114. Domain names were initially issued on a first come, first served basis. David J. Loundy, *A Primer on Trademark Law and Internet Addresses*, 15 J. MARSHALL J. COMPUTER & INFO. L. 465, 466 (1997); Management of Internet Names and Addresses, 63 Fed. Reg. 31,741-42 (1998). Network Solutions, Inc. ("NSI")

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under contract with the National Science Foundation coordinates the registry. *Id.* at 31,742. NSI performs two functions: (1) screening domain names against its registry to prevent duplication and (2) maintaining a directory linking domain names with IP numbers and domain name servers. *Id.* at 31,742.

This system of registry has become unsatisfactory for three reasons. *Id.* First, conflicts have arisen between trademark holders and domain name holders. *Id.* Second, there is an absence of competition in domain name registration. *Id.* Third, it is inappropriate for United States research agencies to direct registry functions as commercialization of the Internet continues. *Id.* Consequently, on June 10, 1998, the Department of Commerce issued a general statement of policy, known as the "White Paper," which provides for the United States to withdraw completely from the domain name system ("DNS") by September 30, 2000. *Id.* at 31,744. It also provides for "the creation of a new private, not-for-profit corporation responsible for coordinating specific DNS function for the benefit of the Internet as a whole" and the expiration of the agreement with NSI. *Id.* at 31,744, 31,747. Further, the White Paper summoned WIPO "to develop recommendations for a uniform approach to resolving trademark/domain name disputes involving cybersquatting." *Id.* at 31,747. WIPO was established by treaty to promote the protection of intellectual property throughout the world. WIPO REPORT, *supra* note 8. WIPO currently has 171 States of the World as members. WIPO REPORT, *supra* note 8. Subsequently, the Department of Commerce issued an amendment to the White Paper, effective October 7, 1998, which extended the cooperative agreement until September 30, 2000, and provides for the recognition by NSI of NewCo as the new not-for-profit corporation described in the White Paper. Department of Commerce, Special Award Conditions, NCR-9218742, Amend. No. 11 (Oct. 6, 1998) <<http://www.ntia.doc.gov/ntiahome/domainname/proposals/docnsi100698.htm>>. Thereafter, the U.S. Department of Commerce entered into a *Memorandum of Understanding* with the Internet Corporation for Assigned Names and Numbers ("ICANN") as the new not-for-profit entity charged with the responsibility of providing a smooth transition of domain name management to the private sector. *Memorandum of Understanding Between the U.S. Department of Commerce and Internet Corporation for Assigned Names and Numbers* (visited Mar. 23, 1999) <<http://www.ntia.doc.gov/ntiahome/domainname/icann-memorandum.htm>> [hereinafter *Memorandum*]. The agreement terminates on Sept. 30, 2000. *Id.* The agreement provides that the process must take into account, among other things, the recommendations of WIPO. *Id.* WIPO's interim report sets forth procedural and substantive proposals to address "cybersquatting." Jonathan E. Moskin, *Internet Governance System Evolves*, N.Y.L.J., Mar. 15, 1999, at S6. WIPO requested final comments to be submitted by Mar. 12, 1999. *Id.* Some proposals by WIPO include the imposition of a contractual relationship between the domain registrant and the registration authority, that such agreement contain a clause requiring that the registrant submit to the jurisdiction of particular courts and submit to alternative dispute

A user may alternatively search for a site through the use of finders known as search engines.<sup>50</sup>

A user may move seamlessly from one page of a Web site to another or from one site to another through the use of a hyperlink.<sup>51</sup> A hyperlink may consist of either underlined and highlighted text or image.<sup>52</sup> A user "points and clicks" on a hyperlink and is immediately transported to the chosen document.<sup>53</sup> This ability to link is perhaps the most important feature of the Web.<sup>54</sup> This ability enhances the aura of boundlessness that surrounds the Web because a user is indifferent to the geographical location of the other Internet user they are communicating with.<sup>55</sup> This geographical indifference is at the center of the difficulty in analyzing personal jurisdiction.

Web sites may be passive or interactive. A passive site has been analogized by some courts to an advertisement in a national

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resolution on-line, and that exclusions can be obtained to prohibit third parties from registering a famous mark. WIPO REPORT, *supra* note 8, ch. 2, ¶¶ 46, 59; ch. 4, ¶ 218.

<sup>50</sup> A "search engine" is a service that allows a user to search for sites on the Web "that contain certain categories of information, or to search for key words." *ACLU v. Reno*, 929 F. Supp. 824, 837 (E.D. Pa. 1996), *aff'd*, 117 S. Ct. 2329 (1997). The engine then lists hyperlinks to transport the user to those sites. *Id.* Some popular search engines include: [www.yahoo.com](http://www.yahoo.com); [www.hotbot.com](http://www.hotbot.com); and [www.altavista.net](http://www.altavista.net). Matt Lake, *Desperately Seeking Susan OR Suzie NOT Sushi*, N.Y. TIMES, Sept. 3, 1998, at G1. Search engines respond to metatags, invisible components of a Web address that capture the attention of the search engines. Ballon, *supra* note 5, at 246.

<sup>51</sup> *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1232 (N.D. Ill. 1996).

<sup>52</sup> *Id.*

<sup>53</sup> *Id.*

<sup>54</sup> Walter A. Effros, *Withdrawal of the Reference: Rights, Rules, and Remedies for Unwelcomed Web-Linking*, 49 S.C. L. REV. 651, 651 (1998).

<sup>55</sup> Gwenn M. Kalow, Note, *From the Internet to Court: Exercising Jurisdiction Over World Wide Web Communications*, 65 FORDHAM L. REV. 2241, 2248 (1997). One commentator, illustrating the geographical confusion that results from the Web, noted that from his physical location in New Jersey, he could access the Internet using his California account. Dan L. Burk, *Federalism in Cyberspace*, 28 CONN. L. REV. 1095, 1113 (1996). Thus, any system that he accessed would "see" him as being "located" at an Internet domain in California rather than New Jersey where he was actually, physically located. *Id.*

magazine.<sup>56</sup> An interactive site allows a user to send messages to, and receive messages from, the site operator.<sup>57</sup> A site may also enable a user to purchase goods from the site operator. In fact, some enterprises only transact business online.<sup>58</sup>

Business, slow to recognize the economic opportunities presented by the Web,<sup>59</sup> was not born on the Internet until 1994.<sup>60</sup> Now, nearly fifty percent of all small businesses operate a Web site and seventy-two percent use e-mail to communicate with customers.<sup>61</sup> Web sites are being used by businesses to advertise products, solicit sales, communicate with and inform customers, complete actual commercial transactions and as a means to actually deliver their product.<sup>62</sup> Commentators have suggested that the recognition by business that "E-commerce will be the fundamental element of doing business in the next millennium" has caused a "neo-gold rush" to the Internet.<sup>63</sup>

Internet technology allows information to be "pulled" or "pushed."<sup>64</sup> "Pulling," the basic technology, requires affirmative action on the part of the user, analogous to a vending machine, where a customer makes a selection and causes the selection to be

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<sup>56</sup> See, e.g., *Hearst Corp. v. Goldberger*, No. 96 Civ. 3620, 1997 WL 97097, at \*1 (S.D.N.Y. Feb. 26, 1997).

<sup>57</sup> *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119, 1124 (W.D. Pa. 1997).

<sup>58</sup> See, e.g., [www.amazon.com](http://www.amazon.com) where a user may purchase books and music. G. Bruce Knecht, *Amazon.Com Web Site Gets What Few Others Have: Lots of Paying Customers*, WALL ST. J., May 16, 1996, at A1.

<sup>59</sup> Alan N. Sutin, *Dilution Act is Powerful Weapon in Internet Domain Name Disputes*, N.Y.L.J., Jan. 14, 1997, at 5.

<sup>60</sup> Hamilton & Castanias, *supra* note 13, at 29. By 1996, the Web had attracted more than 100,000 retailers; some spent over one million dollars on their Web site. Knecht, *supra* note 58, at A1.

<sup>61</sup> Bel Bruno, *supra* note 43, at 77.

<sup>62</sup> Hamilton & Castanias, *supra* note 13, at 29. Software, which can be purchased and immediately delivered by downloading online from the seller's computer to the buyer's computer, was the number one good sold in 1997. Bel Bruno, *supra* note 43, at 77.

<sup>63</sup> Scheinfeld & Bagley, *supra* note 8, at 3.

<sup>64</sup> Ballon, *supra* note 5, at 180.

delivered to him.<sup>65</sup> "Pushing," on the other hand, allows information to be delivered directly to a user without any affirmative action on the part of the user,<sup>66</sup> analogous to television commercials. This push technology has become a profitable marketing tool employed by business.<sup>67</sup> Amazon.com, a bookseller who conducts its business exclusively on the Web, for example, tracks its consumers' purchases over the Web and uses the information to build a personal profile, so that, when the customer returns to Amazon.com, a selection of books will have been chosen for browsing based on past purchases.<sup>68</sup> As commercial transactions expand at an exponential rate over the Internet, damage from intellectual property trespasses are becoming more significant, and the need for legislation addressing these transactions becomes more urgent.<sup>69</sup>

## II. TRADEMARK ISSUES ARISING FROM THE INTERNET

The United States government's initial attention on the impact of the Internet was focused on copyright infringement issues.<sup>70</sup>

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<sup>65</sup> Henry H. Perritt, Jr., *Jurisdiction in Cyberspace*, 41 VILL. L. REV. 1, 21 (1996).

<sup>66</sup> Ballon, *supra* note 5, at 180.

<sup>67</sup> Don Clark, *Technology: Overcoming the Hurdles*, WALL ST. J., June 17, 1996, at R18.

<sup>68</sup> *Id.*

<sup>69</sup> Jose I. Rojas, *Liability of ISPS, Content Providers and End-Users on the Internet*, 507 PLI/PAT 1009, 1013 (1998).

<sup>70</sup> See INFORMATION INFRASTRUCTURE TASK FORCE, INTELLECTUAL PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE: THE REPORT OF THE WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS 2 & n.5 (Sept. 1995). In 1993, three years after the birth of the Web but one year prior to the genesis of commercial business on it, the IITF established the Working Group on Intellectual Property Rights. *Id.* The primary focus of IITF's report was "copyright law and its application and its effectiveness" in the context of digital interactive services such as the Internet. See also *supra* note 3 (discussing the IITF's report). The laws of copyright have always been connected to freedom of expression and technological advances in dissemination. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 430 (1984). Copyright issues were expected to be prominent on the Internet since the invention of the printing press gave rise to the original need for copyright protection. *Id.* at 431 n.12.



However, all types of intellectual property disputes emanating from Internet use are now pending. The Web fosters patent, copyright and trademark uses not contemplated when the statutes protecting these rights were drafted.

The Internet is raising trademark issues across the United States; indeed, around the world.<sup>71</sup> As global access to electronic commerce grows, it is apparent that trademark issues will involve people worldwide.<sup>72</sup> This will result from the tension between the inherent territorial nature of trademark law and the geographical unbounded expanse of the Internet.<sup>73</sup>

The Internet's lack of geographical boundaries poses analytical problems for personal jurisdiction analysis traditionally founded on physical contacts.<sup>74</sup> Internet use raises traditional and nontraditional statutory trademark offenses.<sup>75</sup> Controversies sounding in dilution, infringement, false advertising and unfair competition based on the appropriation of domain names<sup>76</sup> are particularly

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<sup>71</sup> Molly Buck Richard, *Trademark Issues on the Internet*, 507 PLI/PAT 657, 665 (1998). Domain name disputes have arisen in England, Germany, the Netherlands and France. *Id.* See also *Playboy Enter., Inc. v. Chuckleberry Publ'g, Inc.*, 939 F. Supp. 1032 (S.D.N.Y. 1996) (involving a preliminary injunction which prohibited the defendant, an Italian publisher, from publishing a magazine under the name *Playmen* who was now 15 years later operating and publishing the same magazine on the Web).

<sup>72</sup> Burk, *supra* note 3, at 731.

<sup>73</sup> 4 MCCARTHY, *supra* note 5, §§ 26:1-26:3, at 26-3 to -8 (discussing the territoriality of trademark law); Byassee, *supra* note 24, at 198 (discussing that the Internet is geographically unlimited).

<sup>74</sup> See *infra* Part III, discussing traditional personal jurisdiction framework.

<sup>75</sup> For a further discussion of Internet trademark infringement issues that are outside the scope of this Note, see 3 MCCARTHY, *supra* note 5, §§ 25:68-25:77, at 25-106 to -147; Sally M. Abel & Marilyn Tiki Dare, *Trademark Issues in Cyberspace: The Brave New Frontier*, 488 PLI/PAT 65 (1997); Ian C. Ballon, *The Emerging Law of the Internet*, 507 PLI/PAT 1163 (1997).

<sup>76</sup> Controversies founded in trademark dilution and infringement based on domain name use in the past two years alone include: *Panavision Int'l, L.P. v. Toepfen*, 141 F.3d 1316 (9th Cir. 1998); *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414 (9th Cir. 1997); *Desktop Techs., Inc. v. Colorworks Reprod. & Design, Inc.*, No. Civ. A. 98-5029, 1999 WL 98572, at \*1 (E.D. Pa. Feb. 25, 1999); *Washington Speakers Bureau v. Leading Auths., Inc.*, 33 F. Supp. 2d 488 (E.D. Va. 1999); *Toys "R" Us, Inc. v. Feinberg*, 26 F. Supp. 2d 639 (S.D.N.Y. 1998); *Park Inns Int'l, Inc. v. Pacific Plaza Hotels, Inc.*, 5 F. Supp. 2d 762 (D. Ariz.

prevalent. Similar controversies also arise from appropriations based upon linking<sup>77</sup> and framing,<sup>78</sup> as well as metatagging,<sup>79</sup>

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1998); Avery Dennison Corp. v. Sumpton, 999 F. Supp. 1337 (C.D. Cal. 1998); Bunn-O-Matic Corp. v. Bunn Coffee Serv. Inc., 46 U.S.P.Q.2d 1375 (C.D. Ill. 1998); K.C.P.L., Inc. v. Nash, 49 U.S.P.Q.2d 1584 (S.D.N.Y. 1998); CFOS 2 GO, Inc. v. CFO 2 GO, Inc., No. C97-4676 SI, 1998 WL 320821, at \*1 (N.D. Cal. June 5, 1998); Playboy Enter., Inc. v. Asiafocus Int'l, Inc., No. 97-734-A, 1998 WL 724000, at \*1 (E.D. Va. April 10, 1998); Hasbro, Inc. v. Clue Computing, Inc., 994 F. Supp. 34 (D. Mass. 1997); Quality Solutions, Inc. v. Zupanc, 993 F. Supp. 621 (N.D. Ohio 1997); SF Hotel Co. v. Energy Invs., Inc., 985 F. Supp. 1032 (D. Kan. 1997); Lockheed Martin Corp. v. Network Solutions, Inc., 985 F. Supp. 949 (C.D. Cal. 1997); Juno Online Servs., L.P. v. Juno Lighting, Inc., 979 F. Supp. 684 (N.D. Ill. 1997); Teletech Customer Care Management (Cal.), Inc. v. Tele-Tech Co., Inc., 977 F. Supp. 1407 (C.D. Cal. 1997); CD Solutions, Inc. v. Tooker, 965 F. Supp. 17 (N.D. Tex. 1997); Digital Equip. Corp. v. AltaVista Tech., Inc., 960 F. Supp. 456 (D. Mass. 1997); Zippo Mfg. Co. v. Zippo Dot Com, Inc., 952 F. Supp. 1119 (W.D. Pa. 1997); Cardservice Int'l, Inc. v. McGee, 950 F. Supp. 737 (E.D. Va. 1997), *aff'd*, 129 F.3d 1258 (4th Cir. 1997); Haelan Prods., Inc. v. Beso Biological Research, Inc., 43 U.S.P.Q.2d 1672 (E.D. La. 1997); Planned Parenthood Fed'n of Am., Inc. v. Bucci, 42 U.S.P.Q.2d 1430 (S.D.N.Y. 1997), *aff'd*, 152 F.3d 920 (2d Cir. 1998); Rubbercraft Corp. v. Rubbercraft, Inc., No. CV97-4070-WDK, 1997 WL 835442, at \*1 (C.D. Cal. Dec. 17, 1997); Hearst Corp. v. Goldberger, No. 96 Civ. 3620, 1997 WL 97097, at \*1 (S.D.N.Y. Feb. 26, 1997).

For a further discussion, see Ira S. Nathenson, Comment, *Showdown at the Domain Name Corral: Property Rights and Personal Jurisdiction Over Squatters, Poachers and Other Parasites*, 58 U. PITT. L. REV. 911 (1997). See also *supra* note 4 (discussing domain names).

<sup>77</sup> Digital Equip. Corp. v. AltaVista Tech., Inc., 960 F. Supp. 456, 460 & n.6 (D. Mass. 1997). See Emily Madoff, *Freedom to Link Under Attack*, N.Y.L.J., June 23, 1997, at S1. See also *supra* note 6 (for further discussion on hyperlinking).

<sup>78</sup> Digital Equip. Corp. v. AltaVista Tech., Inc., 960 F. Supp. 456, 461 & n.12 (D. Mass. 1997). See also Meeka Jun, *Been 'Framed'? Imposters Beware*, N.Y.L.J., June 20, 1997, at 5; *supra* note 7 (for further discussion on framing).

<sup>79</sup> See Niton Corp. v. Radiation Monitoring Devices, Inc., 27 F. Supp. 2d 102 (D. Mass. 1998); Playboy Enter., Inc. v. Welles, 7 F. Supp. 2d 1098 (S.D. Cal. 1998), *aff'd*, 162 F.3d 1169 (9th Cir. 1998); Playboy Enter., Inc. v. Calvin Designer Label, 985 F. Supp. 1220 (N.D. Cal. 1997). See also Robert Baron, *Metatags Raise Serious Legal Issues*, N.Y.L.J., Sept. 14, 1998, at S4; Ann Davis, *Web Weaves a Tangled Trademark Issue*, WALL ST. J., Sept. 15, 1997, at B10; David P. Miranda, *Invisible Infringement on the Internet*, IPL NEWSLETTER (ABA Sec. of Intell. Prop. L.) Summer 1998, at 18; *supra* note 5 (for further

keyword triggering,<sup>80</sup> and priority<sup>81</sup>. The rising volume of litigation underscores the need for courts to get beyond the jurisdictional issues and focus on the merits.

The conflict between trademark law and the Internet will get worse before it gets better.<sup>82</sup> Trademark use is growing rapidly.<sup>83</sup> The United States Patent and Trademark Office ("USPTO") estimates that 250,000 trademark applications will be filed in 1998 and 275,000 in 1999.<sup>84</sup> A recent count of active domain names worldwide was 5,222,894.<sup>85</sup> According to USPTO figures it is apparent that even with the issuance of additional top level domain

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discussion on metatagging).

<sup>80</sup> See *Estee Lauder, Inc. v. Fragrance Counter, Inc.*, No. 99 CV 0382 (S.D.N.Y. filed Jan. 19, 1999). See also WIPO REPORT, *supra* note 8, ch. 5, ¶ 286; *supra* note 8 (discussing keywords and triggering).

<sup>81</sup> Priority issues involve senior and junior users. 4 MCCARTHY, *supra* note 5, § 26:1, at 26-3. A senior user is the first seller to adopt and use a mark in the United States. 4 MCCARTHY, *supra* note 5, § 26:1, at 26-3. A junior user is the second seller to adopt the mark. 4 MCCARTHY, *supra* note 5, § 26:1, at 26-3.

Priority controversies arising from Internet use include: *Cybersell*, 130 F.3d 414; *Park Inns Int'l*, 5 F. Supp. 2d 762; *CFOS 2 GO*, 1998 WL 320821, at \*1; *SF Hotel*, 985 F. Supp. 1032; *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 983 F. Supp. 1331 (D. Or. 1997); *Juno Online Servs.*, 979 F. Supp. 684; *Rubbercraft Corp.*, 1997 WL 835442, at \*1.

<sup>82</sup> Another threat to trademark owners on the Web may be the use of deliberate typographical errors in domain names by site operators in anticipation that a percentage of users will make the anticipated error and access the site. Robert C. Cumbow, *'Typosquatters' Pose Threat to Trademark Owners on the Web*, N.Y.L.J., Oct. 13, 1998, at S2. These could include "amazom.com" for "amazon.com" or "dismey.com" for "disney.com." *Id.*

<sup>83</sup> Trademark piracy is, in general, growing at a rapid pace also. Youssef M. Ibrahim, *As Trademarks Multiply, Infringement Does, Too*, N.Y. TIMES, Nov. 12, 1998, at C2. The International Trademark Association estimates that business suffered \$2.1 billion in sales losses due to trademark piracy last year alone. *Id.*

<sup>84</sup> Statement of Bruce A. Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, *Before the Subcomm. on Courts and Intellectual Property Comm. on the Judiciary* (March 19, 1998) <<http://www.-ogc.doc.gov/ogc/legreg/testimon/commerce.052/lehm0319.htm>>.

<sup>85</sup> Statistical information about domain registration is available at the Web site of NetNames, Ltd. (visited Mar. 22, 1999) <<http://www.domainstats.com>>; ALLISON, *supra* note 4, at 339. A record 1.9 million domain names were registered in 1998 with NSI. Matt Richtel, *New Domain Names Set a Record in 1998*, N.Y. TIMES, Jan. 28, 1999, at G3.

names,<sup>86</sup> issues of priority will continue to plague trademark owners.<sup>87</sup> Prompt resolution of these disputes on the merits is necessary to foster the national uniformity policy of federal

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<sup>86</sup> In addition to “.com” “.org” and “.net”, it has been proposed that under the Counsel of Registrars plan, seven new generic top level domain (“gTLD”) names will be added. These include: “.firm” for businesses or firms; “.shop” for business offering goods to purchase; “.web” for activities related to the Web; “.arts” for cultural and entertainment activities; “.rec” for recreation and entertainment activities; “.info” for information services; “.nom” for personal uses. John C. Blattner, *Internet Domain Names and Trademark Rights: The Confusion is Likely to Get Worse Before it Gets Better*, 76 MICH. B.J. 1344, 1345 (1997); James M. Jordan III, *Master of All Domains?*, N.Y.L.J., Jan. 20, 1998, at S5; Jonathan E. Moskin, *Board the Moving Bus: Trademark Owners Beware of Proposals to Improve Management of Internet Names and Addresses* (visited Oct. 31, 1998) <<http://www.pennie.com/art0419fr.htm>>. However, “.com” will always be “king” as the business name. Andrew Marlatt, *Will New Domains Spark a Free-For-All*, INTERNET WORLD, February 1998, at 15, 16. Of the 5,222,894 domain names registered worldwide as of March 18, 1999, 3,008,941 were “.com.” NetNames, Ltd. (visited Mar. 22, 1999) <<http://www.-domainstats.com>>.

Senator Leahy commented that the introduction of new gTLDs without analyzing their impact on trademark rights would be the equivalent of “putting the cart before the horse.” 144 CONG. REC. S12,155 (daily ed. Oct. 9, 1998) (statement of Sen. Leahy). President Clinton, in an effort to put “the horse back before the cart,” signed a bill authorizing a study to analyze domain name issues. Next Generation Internet Research Act of 1998, Pub. L. No. 105-305, 112 Stat. 2919. See *infra* Part IV.C, discussing the Next Generation Internet Act of 1998.

<sup>87</sup> For example, “Ritz” is registered as a trademark to 14 owners. Search of USPTO’s Web Trademark Database (Sept. 28, 1998) <<http://www.uspto.gov>>. The owners include: John C. O. Ritzenthaler for cleaning and polishing cloths; Nabisco for bakery products, snack mix, packages of crackers with cheese spread and cracker sandwiches; Charles Of The Ritz Group Ltd. for cosmetics and perfume; Shen Manufacturing Co., Inc. for clothing; Wilson Bottling Corp. for soft drinks; W.B. Johnson Properties, Inc. for hotel and restaurant services; The Ritz Hotel Ltd., Paris, France for men’s wear; The Ritz Hotel, Ltd., London, England for sunglasses, watches, tennis rackets, cutlery and furniture; and R. J. Reynolds Tobacco Co. for cigarettes. *Id.* There are also 53 registered owners of a trademark that includes “Ritz” in the mark. *Id.* There are 334 domain names registered that include “Ritz” as part of the domain name. Search of WhoIs database (Sept. 28, 1998) <<http://whois.net>>. The domain “ritz.net” is registered to the Ritz Ballroom in Tennessee; “ritz.org” and “ritz.com” are registered to The Ritz Hotel, Ltd. in France. *Id.*

trademark law. Before courts can reach the merits of these issues, however, personal jurisdiction must be determined.

### III. PERSONAL JURISDICTION, TRADEMARK ISSUES AND THE INTERNET

The framework for the present personal jurisdiction analysis originated more than half a century ago, at a time when society's technological advances included the invention of the xerography process and the first general purpose electronic digital calculator.<sup>88</sup> The personal jurisdictional framework evolved into various tests set forth by the Supreme Court. These jurisdictional tests include the "minimum contacts,"<sup>89</sup> "purposeful availment,"<sup>90</sup> "stream of

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<sup>88</sup> See BERNARD GRUN, *THE TIMETABLES OF HISTORY* 523, 525 (3d ed. 1991); Mainelli, *supra* note 45, at 35.

<sup>89</sup> *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945) (holding that the exercise of personal jurisdiction over a defendant who was not present in the forum, but who had "certain minimum contacts with [the state] such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice" was proper). The Court further held that as due process depended "upon the quality and nature" of the contacts with the forum, the determination of what constituted "minimum contacts" was fact specific. *Id.* at 319. See also *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 291-92 (1980) (bifurcating the *International Shoe* test by characterizing the "minimum contacts" prong as the threshold inquiry to be met before determining whether jurisdiction comports with "fair play and substantial justice" and holding that "foreseeability" alone without sufficient "minimum contacts" was not "a sufficient benchmark for personal jurisdiction under the Due Process Clause"). "[T]he foreseeability that is critical to due process analysis . . . is that the defendant's conduct and connection with the forum State are such that he should reasonably anticipate being haled into court there." *Id.* at 297. Unilateral activity of a third party cannot serve as a basis for jurisdiction over a defendant who otherwise lacks "minimum contacts." *Id.* at 298.

<sup>90</sup> *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 475 (1985) (holding that a defendant may not be haled into a jurisdiction solely as a result of "random," "fortuitous," or "attenuated" contacts, but rather must receive "fair warning" that a particular activity may subject them to the jurisdiction of a foreign forum. Personal jurisdiction is therefore available if the defendant purposely directed his activities at residents of the forum.).

commerce”<sup>91</sup> and “effects”<sup>92</sup> tests. This framework was last addressed by the Supreme Court in *Asahi Metal Industry Co. v. Superior Court*<sup>93</sup> in the mid-1980s when Apple’s Macintosh microcomputer with a mouse was launched.<sup>94</sup>

In addition to the Supreme Court’s tests of personal jurisdiction, individual states have enacted “long-arm” statutes to “insure state citizens a local forum in which to litigate causes of action that arise from the activities of non-residents.”<sup>95</sup> Long-arm statutes either

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<sup>91</sup> *Asahi Metal Industry Co. v. Superior Court*, 480 U.S. 102, 110, 112 (1986) (holding that when the sale of a product, other than in an isolated incident, results “from the efforts of a manufacturer or distributor to serve, directly or indirectly, the market for its product in other States” and such product is the source of the injury, the exercise of personal jurisdiction over the defendant is not unreasonable, but “the placement of a product into the stream of commerce, without more, is not an act of the defendant purposefully directed toward the forum State”). The Justices sharply divided on the interpretation of the stream of commerce theory. *Id.* at 116-18 (Brennan, J., concurring). Justice Brennan joined with three other Justices and opined that the stream of commerce theory advanced by the plurality was too narrow and propounded that awareness that a product is being marketed in a foreign state suffices for “minimum contacts.” *Id.*

<sup>92</sup> *Calder v. Jones*, 465 U.S. 783, 787 (1984) (holding that for intentional torts the “effect” of the defendant’s conduct on a resident of the forum was a sufficient basis for jurisdiction because the defendants’ conduct was “intentionally calculated to cause injury” to the plaintiff in the forum State). This test has been simplistically and broadly interpreted by many courts who ignored “the operative facts in *Calder* which demonstrate that the defendants’ contacts [with the forum] were not random, but quite substantial.” Cynthia L. Counts & C. Amanda Martin, *Libel in Cyberspace: A Framework for Addressing Liability and Jurisdictional Issues in this New Frontier*, 59 ALB. L. REV. 1083, 1123 (1996). The defendants’ actions included: calling the forum for sources as part of their research; focusing their story on events in the forum; aiming their story at a forum resident whose career was centered in the forum; publishing the story in their national magazine which had the highest level of distribution in the forum. *Calder*, 465 U.S. at 789-90.

<sup>93</sup> 480 U.S. 102 (1986).

<sup>94</sup> *See id.*; GRUN, *supra* note 88, at 609.

<sup>95</sup> JACK H. FRIEDENTHAL ET AL., CIVIL PROCEDURE § 3.12, at 139 (2d ed. 1993). *See, e.g.*, ARK. CODE ANN. § 16-4-101 (Michie 1997); CAL. CIV. PROC. CODE § 410.10 (West 1998); CONN. GEN. STAT. ANN. § 52-59b (West 1998); N.Y. C.P.L.R. 302 (McKinney 1996); OR. R. CIV. PROC. 4 (West 1999); 42 PA. CONS. STAT. ANN. § 5322 (West 1999).

limit jurisdictional reach or extend it to the full reach of the Constitution.<sup>96</sup> These statutes are now in effect in all fifty states.<sup>97</sup> The long-arm statutes and the Supreme Court's tests are now being applied to electronic media by analogy. The Internet, however, is a technology that cannot be readily analogized to commerce of tangible goods and physical presence. Consequently, the decisions of the courts confronted by the interrelation of the Internet, trademark issues and personal jurisdiction cannot be synthesized into a coherent body of law. The decisions run the

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<sup>96</sup> A good example of this premise is found in examining the long-arm statutes of New York and California. Rule 302 of the *New York Civil Practice Law and Rules* allows for the exercise of personal jurisdiction over any non-resident who "transacts business within the state or contracts [] to supply goods or services in the state or commits a tortious act within the state." N.Y. C.P.L.R. 302 (McKinney 1996). It further provides that a non-resident will be subject to the jurisdiction of the courts of New York State if he

commits a tortious act without the state causing injury to [a] person within the state . . . [and he] regularly does or solicits business, or engages in any persistent conduct, or derives substantial revenue from goods or services used . . . in the state, or [he should have] reasonably expect[ed] the act to have consequences in the state and [he] derives substantial revenue from interstate or international commerce; or [he] . . . possesses any real property [] within the state.

*Id.* Personal jurisdictional analysis, in New York and states with similar long-arm statutes, is a two-prong test. *See, e.g., American Network, Inc. v. Access Am./Connect Atlanta, Inc.*, 975 F. Supp. 494 (S.D.N.Y. 1997) (employing the two-prong analysis). A New York court first examines whether jurisdiction can be exercised in accordance with N.Y. C.P.L.R. 302 and if so, whether the exercise of jurisdiction comports with the Due Process Clause under the minimum contacts analysis set forth in *International Shoe*. *American Network*, 975 F. Supp. at 496-500.

A dramatically different approach is taken by California, where "[a] court of this state may exercise jurisdiction on any basis not inconsistent with the Constitution of this state or of the United States." CAL. CIV. PROC. CODE §410.10 (West 1973). Personal jurisdiction analysis, in California and states with similar long-arm states, is only a single test. Such courts must only determine whether personal jurisdiction can be exercised in accordance with due process using the minimum contacts analysis as set forth in *International Shoe* and its progeny. *See, e.g., Ameritec Corp. v. Ameritech Corp.*, 230 U.S.P.Q. 225, 226 (C.D. Cal. 1986).

<sup>97</sup> GENE R. SHREVE & PETER RAVEN-HANSEN, UNDERSTANDING CIVIL PROCEDURE §14[A], at 55 n.12 (2d ed. 1994).

gamut from finding personal jurisdiction based upon a Web site that was not yet fully operational or based upon a passive Web site, to personal jurisdiction acquired based upon an interactive Web site.<sup>98</sup> Conversely, other courts have refused to confer personal jurisdiction in cases where the Web site was either not fully operational or was passive.<sup>99</sup> Moreover, courts seem more likely to find the exercise of personal jurisdiction to be proper in cases where the dispute centers on a trademark that is pirated and used by someone other than the owner as a domain name.<sup>100</sup>

Across the United States, these cases have resulted in splits among and within the circuits. Most courts apply the tests of "purposeful availment" or "stream of commerce" singularly or in combination when analyzing personal jurisdiction.<sup>101</sup> The foundation of this analysis is based on the premise that an individual voluntarily establishes a Web site with full knowledge of the Internet's global reach.<sup>102</sup> The infirmity of this premise is that

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<sup>98</sup> See, e.g., *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119 (W.D. Pa. 1997) (interactive Web site); *Maritz, Inc. v. Cybergold, Inc.*, 947 F. Supp. 1328 (E.D. Mo. 1996) (Web site not fully operational); *Inset Sys., Inc. v. Instruction Set, Inc.*, 937 F. Supp. 161 (D. Conn. 1996) (passive Web site).

<sup>99</sup> See, e.g., *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414 (9th Cir. 1997) (passive Web site); *CFOS 2 GO, Inc. v. CFO 2 GO, Inc.*, No. C 97-4676 SI, 1998 WL 320821, at \*1 (N.D. Cal. June 5, 1998) (Web site not fully operational); *Hearst Corp. v. Goldberger*, No. 96 Civ. 3620, 1997 WL 97097, at \*1 (S.D.N.Y. Feb. 26, 1997) (Web site not operational); *Bensusan Restaurant Corp. v. King*, 937 F. Supp. 295 (S.D.N.Y. 1996) (passive Web site), *aff'd on other grounds*, 126 F.3d 25 (2d Cir. 1997).

<sup>100</sup> Kenneth J. Nunnenkamp, *Extending the Long Arm of Personal Jurisdiction Over the Net*, CORP. LEGAL TIMES, Oct. 1997, at 34.

<sup>101</sup> See David M. Kelly & Christina J. Hieber, *Untangling a Web of Minimum Contacts: The Internet and Personal Jurisdiction in Trademark and Unfair Competition Cases*, 87 TRADEMARK REP. 526, 539 (1997). See, e.g., *Maritz*, 947 F. Supp. 1328, *Inset Sys.*, 937 F. Supp. 161.

<sup>102</sup> Kelly & Hieber, *supra* note 101, at 539. One commentator suggests that by the very nature of the medium, an individual cannot satisfy the test of purposeful availment through electronic contacts on the Internet. Jason L. Brodsky, *Civil Procedure—Surfin' the Stream of Commerce: CompuServe v. Patterson*, 89 F.3d 1257 (6th Cir. 1996), 70 TEMP. L. REV. 825 (1997). Others suggest that a restrictive approach to purposeful availment as articulated by Justice O'Connor in *Asahi*, or a variation thereof, is the proper analysis because it provides a flexible framework for cyberspace contacts by requiring "something



antithetical conclusions can be reached depending upon the focus of the analysis.

When the analysis focuses on the Web site owner's mere knowledge or foreseeability that the Web site can be accessed globally, jurisdiction will be exercised in all Internet cases. However, when the focus is "on the Web site owner's intention to purposefully direct the content of its Web site into the forum state," the exercise of jurisdiction is less certain because the analysis will require additional facts as a manifestation of intent.<sup>103</sup> What constitutes additional facts manifesting an intent varies from circuit to circuit, court to court.<sup>104</sup> Other courts focus on the defendant's knowledge of the effect his conduct will have on the plaintiff using the "effects" test.<sup>105</sup> This is the root of the inconsistency and incoherency of the present body of law.

#### A. The "Effects" Test Focus

The United States Court of Appeals for the Ninth Circuit, in one of only three appellate trademark Internet decisions,<sup>106</sup> as

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more" than a passive Web site. See Colleen Reilly, *Bensusan Restaurant Corp. v. King*, 13 BERKELEY TECH. L.J. 271 (1998); Andrew E. Costa, Comment, *Minimum Contacts in Cyberspace: A Taxonomy of the Case Law*, 35 HOUS. L. REV. 453 (1998); David L. Stott, Comment, *Personal Jurisdiction in Cyberspace: The Constitutional Boundary of Minimum Contacts Limited to a Web Site*, 15 J. MARSHALL J. COMPUTER & INFO. L. 819 (1997). See also *supra* note 91 (discussing the *Asahi* decision).

<sup>103</sup> Kelly & Hieber, *supra* note 101, at 539. One commentator believes that "[a] party's conduct is the best indicator of his intention to reach out to a particular forum . . . [and courts] need to separate the actor's behavior from the medium in which it takes place." Costa, *supra* note 102, at 503.

<sup>104</sup> The analysis that considers additional factors has been characterized by the courts as "Web site plus" analysis. See, e.g., *Hasbro, Inc. v. Clue Computing, Inc.*, 994 F. Supp. 34 (D. Mass. 1997); *Gary Scott Int'l, Inc. v. Baroudi*, 981 F. Supp. 714 (D. Mass. 1997).

<sup>105</sup> See, e.g., *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998).

<sup>106</sup> See *id.* The other two court of appeals decisions are *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414 (9th Cir. 1997), and *CompuServe, Inc. v. Patterson*, 89 F.3d 1257 (6th Cir. 1996). A fourth case, *Bensusan Restaurant Corp. v. King*, 937 F. Supp. 295 (S.D.N.Y. 1996), was affirmed on other grounds by the United

well as District Courts in the First, Seventh and Tenth Circuits use the "effects" test in analyzing the question of personal jurisdiction.<sup>107</sup> In *Panavision International, L.P. v. Toeppen*, the Ninth Circuit Court of Appeals found that the defendant's conduct manifested his intent to injure the plaintiff in the forum state.<sup>108</sup> The defendant, a "cybersquatter,"<sup>109</sup> registered the plaintiff's domain name in the hope of extorting money from the plaintiff for its return.<sup>110</sup> The defendant displayed panoramic photographs of Pana, Illinois on his Web site.<sup>111</sup> The court, in focusing on the defendant's "cybersquatting" conduct, held that the defendant explicitly directed his activity to the forum state, which he knew would have the effect of injuring the plaintiff.<sup>112</sup> Further, the court found that the plaintiff would not have suffered harm but for the defendant's conduct.<sup>113</sup> Thus, the court found the exercise of jurisdiction over the defendant was proper.<sup>114</sup>

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States Court of Appeals for the Second Circuit. 126 F.3d 25 (2d Cir. 1997).

<sup>107</sup> See *Purco Fleet Servs., Inc. v. Towers*, No. 2:98CV786G, 1999 WL 137654, at \*1 (D. Utah Mar. 9, 1999); *Bunn-O-Matic Corp. v. Bunn Coffee Serv., Inc.*, 46 U.S.P.Q.2d 1375 (C.D. Ill. 1998); *Digital Equip. Corp. v. AltaVista Tech. Inc.*, 960 F. Supp. 456 (D. Mass. 1997).

<sup>108</sup> 141 F.3d 1316 (9th Cir. 1998). One commentator has remarked that application of the holding in *Calder* to the Internet may "be taking a good joke too far" because "the structure of the network is such that there is no meaningful opportunity to avoid contact with a given jurisdiction." Burk, *supra* note 55, at 1117.

<sup>109</sup> See *supra* note 4. This conduct has also been termed "reverse hijacking." Howard G. Zaharoff & Thomas W. Evans, *Cyberspace and the Internet: Law's Newest Frontier*, BOSTON BAR J., May-June 1997, at 14.

<sup>110</sup> *Panavision*, 141 F.3d at 1319. The defendant "offered to settle the matter" in exchange for \$13,000. *Id.* After the plaintiff refused to pay, the defendant then registered Panavision's other trademark name "Panaflex." *Id.* His Web page simply displayed the word "Hello." *Id.* The highest reported price paid for a domain name was \$3 million paid by Compaq Computers. *Price of a Name*, N.Y. TIMES, July 30, 1998, at G3.

<sup>111</sup> *Panavision*, 141 F.3d at 1319.

<sup>112</sup> *Id.* at 1321.

<sup>113</sup> *Id.*

<sup>114</sup> But see *No Mayo—San Francisco v. Memminger*, No. C-98-1392 PJH., 1998 WL 544947, at \*1 (N.D. Cal. Aug. 20, 1998) (holding jurisdiction not proper in spite of allegation that the defendant had offered to sell the domain name back to plaintiff). See *infra* Part III.D, discussing *No Mayo* decision.

In *Digital Equipment Corp. v. AltaVista Technology, Inc.*, the District Court of Massachusetts, applying the “effects” test, found that the defendant “should have anticipated being haled into the [forum state]” for “allegedly causing trademark infringement that it [knew would] have . . . an especially harmful effect on [the plaintiff].”<sup>115</sup> The court chose to focus on the “effect” of the defendant’s conduct to satisfy minimum contacts relegating the fact that the parties had entered into a licensing agreement to the background.<sup>116</sup> The licensing agreement gave the defendant the right to use “Alta Vista” as part of its corporate name and its domain address, but precluded the defendant from using “Alta Vista” as “the name of a product or service offering.”<sup>117</sup> The defendant arguably knew that its Web site violated the licensing agreement with the plaintiff, as it used “Alta Vista” apart from its corporate name.<sup>118</sup> Moreover, the defendant made three sales of software products to forum residents.<sup>119</sup> Thus, while mindful of the “troubling issues” presented by this new medium, the court held that the exercise of jurisdiction was proper.<sup>120</sup>

The Utah District Court in *Purco Fleet Services, Inc. v. Towers*, a trademark infringement action, held that the exercise of jurisdiction over the defendant was proper.<sup>121</sup> The defendant registered the trademark of the plaintiff as a domain name and used it as a gateway to his Web site, which directly competed with the business of the plaintiff.<sup>122</sup> The defendant admitted that he “wanted to injure” the plaintiff and further, “attempted to obtain a cash

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<sup>115</sup> 960 F. Supp. 456, 470 (D. Mass. 1997).

<sup>116</sup> *Id.* at 469-70.

<sup>117</sup> *Id.* at 459.

<sup>118</sup> *Id.* at 460.

<sup>119</sup> *Id.* The defendant charged that it had purposely structured its conduct to avoid the forum. *Id.* at 468. The defendant pointed out that the licensing agreement was solicited by the plaintiff with negotiations conducted via phone or in California and that the agreement was not executed in the forum state. *Id.* at 469. The court agreed, but found that the breach and the Web site created minimum contacts. *Id.*

<sup>120</sup> *Id.* at 463, 472.

<sup>121</sup> No. 2:98CV786G, 1999 WL 137654, at \*1 (D. Utah Mar. 9, 1999).

<sup>122</sup> *Id.*

settlement” to relinquish the domain name.<sup>123</sup> The court also noted that the defendant had solicited business from a forum resident via its Web site.<sup>124</sup> The court held that both the corporate defendant and the individual defendants had “sufficient contacts so that a fact finder could determine the commission of the intentional torts alleged.”<sup>125</sup>

In *Bunn-O-Matic Corp. v. Bunn Coffee Service, Inc.*, a trademark infringement dispute, the District Court of Illinois found that the exercise of jurisdiction was reasonable because the effect of the defendant’s conduct was to injure the plaintiff in the forum state, its principal place of business.<sup>126</sup> The defendant’s conduct consisted of setting up a passive Web site accessible to forum residents.<sup>127</sup> The court recognized that the Web site was passive “in the sense that customers cannot place orders with the Defendant by accessing the site.”<sup>128</sup> The court further noted that the site contained toll-free numbers inaccessible to forum residents, but also contained local New York phone numbers.<sup>129</sup> The court thought it significant that visitors to the site could enter a contest on-line to win free coffee. The court observed, however, that no forum resident had actually entered the contest.<sup>130</sup> These observations inexplicably led the court to find that the exercise of jurisdiction was in accordance with due process.<sup>131</sup>

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<sup>123</sup> *Id.* at \*1, \*3.

<sup>124</sup> *Id.* at \*3.

<sup>125</sup> *Id.* at \*4.

<sup>126</sup> 46 U.S.P.Q.2d 1375, 1377 (C.D. Ill. 1998).

<sup>127</sup> *Id.* at 1377.

<sup>128</sup> *Id.* at 1376.

<sup>129</sup> *Id.*

<sup>130</sup> *Id.*

<sup>131</sup> *Id.* at 1377. *But see* Scherr v. Abrahams, No. 97-C 5453, 1998 WL 299678, at \*1 (N.D. Ill. May 29, 1998) (holding that a Web site with 20,000 subscribers plus 60 subscribers of a publication sold at forum state newsstands were insufficient contacts for the exercise of jurisdiction); American Homecare Fed’n, Inc. v. Paragon Scientific Corp., 27 F. Supp. 2d 109 (D. Conn. 1998) (holding that the a Web site which contained the allegedly infringing mark, a toll-free phone number and announced an essay contest, insufficient for the exercise of jurisdiction). *See infra* Part III.D, discussing the *Scherr* and *American Homecare* decisions.

*B. The Mere Knowledge or Foreseeability Focus*

Although they may have couched it in different terms, the District Courts of the Second, Fourth, Fifth and Eighth Circuits have exercised jurisdiction over defendants by focusing their analysis on the defendants' mere knowledge or foreseeability of the global reach of their Web site.<sup>132</sup> In *Inset Systems, Inc. v. Instruction Set, Inc.*, a domain name dispute, the District Court of Connecticut held that personal jurisdiction over the defendant did not violate due process, because minimum contacts were established by the defendant's action of purposefully directing their "advertising activities via the Internet and its toll-free number toward not only the [forum state], but to all states."<sup>133</sup> The court, pointing to the limited life paper advertisements as compared to the continuous accessibility of an advertisement on the Internet, concluded that the defendant "could reasonably anticipate the possibility of being haled into [the forum state]."<sup>134</sup> Thus, the district court found personal jurisdiction based solely upon a passive Web site, because of the potential that the site could be accessed by any or all of the 10,000 forum residents.<sup>135</sup>

A district court in the Western District of North Carolina, in *Superguide Corp. v. Kegan*, a trademark infringement declaratory judgment action,<sup>136</sup> made unsubstantiated assumptions in order to

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<sup>132</sup> See *Superguide Corp. v. Kegan*, 987 F. Supp. 481 (W.D.N.C. 1997); *Haelan Prods., Inc. v. Beso Biological Research, Inc.*, 43 U.S.P.Q.2d 1672 (E.D. La. 1997); *Maritz, Inc. v. Cybergold, Inc.*, 947 F. Supp. 1328 (E.D. Mo. 1996); *Inset Sys., Inc. v. Instruction Set, Inc.*, 937 F. Supp. 161 (D. Conn. 1996).

<sup>133</sup> 937 F. Supp. at 165.

<sup>134</sup> *Id.*

<sup>135</sup> *Id.* But see *Origin Instruments Corp. v. Adaptive Computer Sys., Inc.*, No. CIV. A. 397 CV2595-L., 1999 WL 76794, at \*1 (N.D. Tex. Feb. 3, 1999) (holding that the possibility that the defendant may do business with the forum through its Web site is insufficient to confer jurisdiction). See *infra* Part III.D, discussing the *Origin Instruments* decision.

<sup>136</sup> FED. R. CIV. P. 57. In a declaratory judgment action the parties seek a determination by the court of their rights and obligations. SHREVE & RAVEN-HANSEN, *supra* note 97, § 105, at 455. "Declaratory judgment actions are particularly useful in resolving trademark disputes" because disputes can be

acquire personal jurisdiction over the defendant.<sup>137</sup> The court assumed that a large number of forum residents had visited the defendant's Web site.<sup>138</sup> The court further assumed that some forum residents had used the defendant's commercial services and that a number of forum residents had acquired credit cards offered by the defendant.<sup>139</sup> The foundation for these assumptions was that the forum state is densely populated.<sup>140</sup> On these assumptions of Internet activity, the court held that the exercise of personal jurisdiction over the defendant was proper.<sup>141</sup>

The only Internet decision exercising general jurisdiction<sup>142</sup> over a defendant was issued by the Eastern District Court of Louisiana. In *Haelan Products, Inc. v. Beso Biological Research, Inc.*, a trademark infringement action, the court found that the exercise of general jurisdiction over the defendant was proper.<sup>143</sup> The court concluded that the defendant's minimum contacts with

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resolved quickly, often before the harm has fully impacted the mark owner. *Starter Corp. v. Converse, Inc.*, 84 F.3d 592, 596 (2d Cir. 1996).

<sup>137</sup> 987 F. Supp. at 486.

<sup>138</sup> *Id.*

<sup>139</sup> *Id.*

<sup>140</sup> *Id.* at 487.

<sup>141</sup> *Id.*

<sup>142</sup> A court exercises "general jurisdiction" over a defendant when the cause of action does not arise out of the defendant's contacts with the state, in contrast to "specific jurisdiction" where the suit arises out of the defendant's contacts with the state. *Helicopteros Nacionales De Colombia, S.A. v. Hall*, 466 U.S. 408, 414 n.8, 415 n.9 (1984) (drawing a distinction between "general jurisdiction" and "specific jurisdiction" and holding that "general jurisdiction" could only be exercised over a defendant if his contacts with the state were "continuous and systematic"). In *Helicopteros*, the Columbian corporate defendant's contacts with the forum were held not to be continuous and systematic, as such contacts basically consisted of: purchasing helicopters, equipment and training services from a forum manufacturer; sending its personnel to the forum for training; accepting into the corporation's New York bank account checks drawn on a bank in the forum and the appearance in the forum of the corporation's chief executive officer for a contract-negotiation seminar. *Id.* at 411. The Court thus set the threshold for "minimum contacts" at a higher level for "general jurisdiction" than that required by due process for "specific jurisdiction." FREIDENTHAL, *supra* note 95, § 3.10, at 124.

<sup>143</sup> 43 U.S.P.Q.2d 1672, 1674 (E.D. La. 1997).

the forum were systematic and continuous.<sup>144</sup> These systematic and continuous contacts consisted of an Internet address used to solicit and advertise its product, the accessibility of the Web site by forum residents twenty-four hours a day, seven days a week, a nationwide toll-free number, and advertising in four nationally distributed publications.<sup>145</sup> The court also noted the limited existence of paper medium compared to the enduring nature of an advertisement on the Internet.<sup>146</sup> The court reasoned that its decision was not based upon the Web site alone; rather, it found jurisdiction based on the defendant's intent to attract customers nationwide as evidenced by the presence of the Web site.<sup>147</sup>

In the Eastern District of Missouri, the court faced a personal jurisdiction Internet question in *Maritz, Inc. v. Cybergold, Inc.*, a trademark infringement case.<sup>148</sup> In *Maritz*, the court acknowledged that communications via computer are of a different nature than contacts previously considered by courts.<sup>149</sup> The district court opined that since modern technology had simplified commercial transactions the permissible scope of personal jurisdiction must correspondingly expand.<sup>150</sup> The defendant's Internet advertisement service was not yet operational.<sup>151</sup> The court found that the defendant's posting of information on the Internet about its upcoming service and inviting users to join its mailing list constituted a conscious decision on its part to transmit advertising information to all Internet users globally.<sup>152</sup> This factor was buttressed by the court's unexplained finding that the defendant's Web site received 131 hits from residents of the forum state.<sup>153</sup>

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<sup>144</sup> *Id.* at 1674.

<sup>145</sup> *Id.* at 1675.

<sup>146</sup> *Id.*

<sup>147</sup> *Id.* at 1676.

<sup>148</sup> 947 F. Supp. 1328 (E.D. Mo. 1996).

<sup>149</sup> *Id.* at 1334.

<sup>150</sup> *Id.*

<sup>151</sup> *Id.* at 1330.

<sup>152</sup> *Id.* at 1333.

<sup>153</sup> *Id.*

Thus, the court held that the exercise of personal jurisdiction over the California defendant was proper.<sup>154</sup>

Similarly, a judge in the same court in *Archdiocese of St. Louis v. Internet Entertainment Group, Inc.*, a trademark infringement dispute, applied the reasoning of *Maritz* and held that the exercise of jurisdiction was proper.<sup>155</sup> The defendant operated a Web site that contained limited information on St. Louis, the then upcoming visit of the Pope, and “an assortment of ‘off-color’ stories and jokes regarding the Pope and the Roman Catholic Church.”<sup>156</sup> The site advertised and provided hyperlinks to the defendant’s adult entertainment Web sites.<sup>157</sup> The court found that the Web site was not passive “but rather . . . aggressively encourages users to hyperlink to other websites which advertise, promote, and sell adult entertainment services and products.”<sup>158</sup> The court believed it to be clear that the defendant not only was communicating its activities globally but specifically and purposefully directed its activities at forum residents, noting that a number of forum residents contacted the Archdiocese to complain about the defendant’s Web site.<sup>159</sup> Consequently, the court held that jurisdiction over the defendant was proper.

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<sup>154</sup> *Id.* at 1334. *But see* *Bensusan Restaurant Corp. v. King*, 937 F. Supp. 295 (S.D.N.Y. 1996) (holding that the existence of a Web site without something more is insufficient for the exercise of jurisdiction), *aff’d on other grounds*, 126 F.3d 25 (2d Cir. 1997). Two commentators, unable to reconcile the *Maritz* decision with the decision rendered in *Bensusan*, termed this the “Missouri Rule.” Hamilton & Castanias, *supra* note 13, at 27. *See infra* Part III. D, discussing the *Bensusan* decision. The idea behind the “Missouri Rule” is that the Missourian always wins. Hamilton & Castanias, *supra* note 13, at 27. In *Maritz*, the Missouri court exercised jurisdiction over a California defendant while in *Bensusan*, a New York court declined to exercise jurisdiction over a Missouri defendant. Hamilton & Castanias, *supra* note 13, at 27. Apparently, the “Missouri Rule” is enjoying continued success. *See* *Archdiocese of St. Louis v. Internet Entertainment Group, Inc.*, No. 4:99CV27SNL, 1999 WL 66022 (E.D. Mo. Feb. 12, 1999) (applying the *Maritz* court’s reasoning and holding that the exercise of jurisdiction over the non-Missourian defendant proper).

<sup>155</sup> No. 4:99CV27SNL, 1999 WL 66022, at \*1 (E.D. Mo. Feb. 12, 1999).

<sup>156</sup> *Id.*

<sup>157</sup> *Id.*

<sup>158</sup> *Id.* at \*5.

<sup>159</sup> *Id.*



### C. The "Something More" Focus

Many courts have held that the exercise of jurisdiction over a defendant based on a Web site without "something more" would violate due process.<sup>160</sup> For these courts, the "something more" must be a manifestation of the defendant's intent. However, which additional factors are sufficient to constitute a manifestation of intent demonstrative of "purposeful availment" remains uncertain. Some courts resort to legal fiction to find jurisdiction proper by using characteristics of the Web site as additional factors. Yet other courts refuse to employ a legal fiction to exercise jurisdiction. From one circuit to the next, it is unclear what constitutes a basis for jurisdiction, and even within the circuits, opinions can be diametrically opposed.

#### 1. Jurisdiction Found on Tangible Manifestations

District courts within the Third, Fifth and Ninth Circuits have analyzed jurisdiction by focusing on the "something more," or "plus factor" approach, where the additional facts were substantive, i.e., the amount of interaction with forum customers.<sup>161</sup> An often cited Western District Court of Pennsylvania decision took a unique approach to exercising personal jurisdiction over a defendant by applying tangible manifestations to a sliding scale analysis. In *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.*, a domain name dispute, the court developed a sliding scale approach to assess whether Internet contacts satisfy minimum contacts.<sup>162</sup> At one end of the scale, the court placed interactive sites where the

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<sup>160</sup> See, e.g., *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414 (9th Cir. 1997); *Hearst Corp. v. Goldberger*, No. 96 Civ. 3620, 1997 WL 97097, at \*1 (S.D.N.Y. Feb. 26, 1997); *Bensusan Restaurant Corp. v. King*, 937 F. Supp. 295 (S.D.N.Y. 1996), *aff'd on other grounds*, 126 F.3d 25 (2d Cir. 1997).

<sup>161</sup> See *Park Inns Int'l, Inc. v. Pacific Plaza Hotels, Inc.*, 5 F. Supp. 2d 762 (D. Ariz. 1998); *Telephone Audio Prods., Inc. v. Smith*, No. CIV.A.3:97-CV-0863-P, 1998 WL 159932, at \*1 (N.D. Tex. Mar. 26, 1998); *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119 (W.D. Penn. 1997).

<sup>162</sup> 952 F. Supp. at 1124.

exercise of jurisdiction would be proper.<sup>163</sup> At the other end of the scale, the court placed passive Web sites where the exercise of jurisdiction would be improper.<sup>164</sup> In the middle of the scale, the court placed “interactive Web sites where a user can exchange information with the host computer . . . [where] the exercise of [personal] jurisdiction is determined by examining the level of interactivity.”<sup>165</sup>

In *Zippo*, the defendant’s conduct fell in the middle of the scale, as users wishing to subscribe to the defendant’s news service could complete an online application.<sup>166</sup> The defendant had 3,000 forum residents as subscribers, amounting to two percent of its 140,000 subscribers.<sup>167</sup> In addition, the defendant “entered into seven contracts with Internet access providers to furnish its services to their customers in [the forum].”<sup>168</sup> Thus, the court held that the exercise of jurisdiction over the defendant was proper.<sup>169</sup>

In *Telephone Audio Productions, Inc. v. Smith*, a trademark infringement case, the Northern District Court of Texas also held that the exercise of jurisdiction over the defendant was proper.<sup>170</sup> In addition to the defendant’s Web page, which displayed the allegedly infringing mark and was accessible to forum residents, the defendant had attended a trade show in the forum state and displayed the infringing trademark.<sup>171</sup> Further, the defendant had solicited customers and received four orders from distributors in the

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<sup>163</sup> *Id.*

<sup>164</sup> *Id.*

<sup>165</sup> *Id.*

<sup>166</sup> *Id.* at 1121.

<sup>167</sup> *Id.* at 1121, 1126-27.

<sup>168</sup> *Id.* at 1126.

<sup>169</sup> *Id.* at 1128. *But see* *Scherr v. Abrahams*, No. 97 C 5453, 1998 WL 299678, at \*1 (N.D. Ill. May 29, 1998) (holding that three percent distribution in the forum state was a low level of activity and insufficient for the exercise of jurisdiction). *See infra* Part III.D, discussing the *Scherr* decision.

<sup>170</sup> No. CIV.A.3:97-CV-0863-P, 1998 WL 159932, at \*3 & n.5 (N.D. Tex. Mar. 26, 1998).

<sup>171</sup> *Id.* at \*3.

forum state.<sup>172</sup> Moreover, the defendant had advertised in a trade magazine.<sup>173</sup>

In *Park Inns International, Inc. v. Pacific Plaza Hotels, Inc.*, the District Court of Arizona exercised jurisdiction over a defendant whose Web site provided a reservation form to be completed online, listed a toll-free number and an e-mail address.<sup>174</sup> The defendant also posted its hotel profile on an automated computer reservations network.<sup>175</sup> Further, the hotel profile appeared in two publications.<sup>176</sup> Finally, the defendant received 116 reservations from forum residents as a result of its marketing program.<sup>177</sup>

Thus, district courts within the Third, Fifth and Ninth Circuits have found the exercise of jurisdiction proper when based upon tangible manifestations of intent. However, it is apparent that these manifestations cannot be categorized with certainty, as it is unclear whether the courts' interpretation of the quality of the defendants' contact with the forum is dependent upon the success of the defendants' advertising endeavors to solicit forum customers.

## 2. *Jurisdiction Found on a Medley of Legal Fiction and Tangible Factors*

District courts of the First, Second, Sixth and Federal Circuits have used substantive factors buttressed by legal fiction to exercise jurisdiction over defendants.<sup>178</sup> The only Court of Appeals Internet trademark decision using this combination is *CompuServe, Inc. v. Patterson*.<sup>179</sup> In *CompuServe*, the Court of Appeals for the Sixth Circuit found the exercise of jurisdiction over the defendant

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<sup>172</sup> *Id.*

<sup>173</sup> *Id.*

<sup>174</sup> 5 F. Supp. 2d 762, 764 (D. Ariz. 1998).

<sup>175</sup> *Id.* at 765.

<sup>176</sup> *Id.*

<sup>177</sup> *Id.*

<sup>178</sup> See *CompuServe, Inc. v. Patterson*, 89 F.3d 1257 (6th Cir. 1996); Gary Scott Int'l, Inc. v. Baroudi, 981 F. Supp. 714 (D. Mass. 1997); American Network, Inc. v. Access Am./Connect Atlanta, Inc., 975 F. Supp. 494 (S.D.N.Y. 1997); Heroes, Inc. v. Heroes Found., 958 F. Supp. 1 (D.D.C. 1996).

<sup>179</sup> 89 F.3d 1257.

to be proper.<sup>180</sup> *CompuServe*, a trademark infringement declaratory judgment action, the issues arose out of an online shareware agreement.<sup>181</sup> The court found that the defendant “knowingly made an effort—and, in fact, [had] purposefully contracted—to market a product in other states, with Ohio-based CompuServe operating, in effect, as his distribution center.”<sup>182</sup>

The court noted that standing on its own, the online contract would be insufficient for jurisdiction.<sup>183</sup> The court, therefore created a legal fiction by separating the online shareware agreement into two facets in order to acquire jurisdiction.<sup>184</sup> The court separated the contract from its subject. Thus, the court found that purposeful availment was satisfied by the contract, and the “stream of commerce” test was satisfied by the injection of the defendant’s shareware into the stream of commerce.<sup>185</sup>

In *Gary Scott International, Inc. v. Baroudi*, the District Court of Massachusetts likewise found jurisdiction to be proper over the

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<sup>180</sup> *Id.* at 1268-69.

<sup>181</sup> *Id.* at 1260-61. Shareware is “a software package that an author distributes without charge, but for which payment is required if the user decides to keep it and use it.” ALLISON, *supra* note 4, at 337. Here, CompuServe operated as the electronic conduit between its subscribers and the defendant. *CompuServe*, 89 F.3d at 1260. The defendant entered into this agreement with CompuServe by typing in “AGREE” in a form online. *Id.* Over a period of three years, the defendant electronically transmitted 32 master software files to CompuServe who stored the files on their system in Ohio and displayed them to their subscribers. *Id.* at 1261. The defendant sold less than \$650 worth of software to 12 Ohio residents. *Id.* It is of some consequence to note that the defendant filed no appellant brief nor did he appear at oral argument. *Id.* at 1261.

<sup>182</sup> *Id.* at 1263.

<sup>183</sup> *Id.* at 1265.

<sup>184</sup> *Id.*

<sup>185</sup> *Id.* at 1265, 1268. See *supra* note 91 (discussing the “stream of commerce” test). One commentator asserts that the *Patterson* court’s well reasoned decision has “brought the jurisdictional wheel full circle” by providing “a flexible approach for addressing the globalization of commerce.” Daniel V. Logue, Note, *If the International Shoe Fits Wear It: Applying Traditional Personal Jurisdiction Analysis to Cyberspace in CompuServe, Inc. v. Patterson*, 42 VILL. L. REV. 1213, 1254 (1997). But see Brodsky, *supra* note 102, at 856 (asserting that the *Patterson* court’s decision is a major step backwards for the law of personal jurisdiction).

defendant.<sup>186</sup> The court's decision turned on the fact that the defendant contracted to sell twelve of the infringing items to a retailer in the forum state.<sup>187</sup> In addition, the defendant sold his product over the Internet, which the court viewed as a solicitation aimed at forum residents.<sup>188</sup> Finally, the court found it significant that the defendant told a colleague that he planned to sell even a larger quantity to a large chain store that did business in the forum.<sup>189</sup>

In *American Network, Inc. v. Access America/Connect Atlanta, Inc.*, the Southern District Court of New York found that jurisdiction existed over a defendant who advertised its services on its home page.<sup>190</sup> As a result of the Web site, the defendant had signed up six New York subscribers out of a customer base of 7,500.<sup>191</sup> The six subscribers accounted for \$1,800 per year of revenue out of total revenue of \$2,340,000.<sup>192</sup> The defendant's advertisement on its passive Web page, stating that it had the ability to aid customers "across the U.S.," was, to the court, a further manifestation of the defendant's intent to reach customers nationwide, making it foreseeable that the defendant could be haled into court.<sup>193</sup>

The District of Columbia District Court, in *Heroes, Inc. v. Heroes Foundation*, found that jurisdiction was proper in a trademark infringement case.<sup>194</sup> The court noted that the defendant's home page containing the allegedly infringing mark was accessible to forum residents.<sup>195</sup> The page also explicitly solicited donations. A toll-free number was provided for a user to receive

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<sup>186</sup> 981 F. Supp. 714, 717 (D. Mass. 1997).

<sup>187</sup> *Id.* at 716-17.

<sup>188</sup> *Id.*

<sup>189</sup> *Id.*

<sup>190</sup> 975 F. Supp. 494, 499 (S.D.N.Y. 1997).

<sup>191</sup> *Id.* at 496.

<sup>192</sup> *Id.*

<sup>193</sup> *Id.* But see *Scherr v. Abrahams*, No. 97 C 5453, 1998 WL 299678, at \*1 (N.D. Ill. May 29, 1998) (holding 20,000 Internet subscribers and 60 forum subscribers insufficient contacts for the exercise of jurisdiction). See *infra* Part III.D, discussing the *Scherr* decision.

<sup>194</sup> 958 F. Supp. 1 (D.D.C. 1996).

<sup>195</sup> *Id.* at 4.

information on making a donation.<sup>196</sup> Additionally, the court found that the defendant's contact with the forum was not limited to its Web site. The court noted that an advertisement inviting donations was published in the *Washington Post*, which was available in the forum.<sup>197</sup>

Thus, district courts within the First, Second, Sixth and Federal Circuits as well as the United States Court of Appeals for the Sixth Circuit found the exercise of jurisdiction proper based on a medley of legal fiction and tangible factors. This combination fails to provide certainty or foreseeability of what the court will impute in order to obtain jurisdiction and leads to inconsistent results.

### 3. *Jurisdiction Found on Legal Fiction*

District courts within the First, Sixth and Seventh Circuits have substituted legal fiction to acquire jurisdiction over a defendant when tangible manifestations of intent beyond a Web site are not present.<sup>198</sup> In *Hasbro, Inc. v. Clue Computing, Inc.*, the District Court of Massachusetts, in a domain dispute, found that the defendant purposefully directed its advertising at all states and took no steps to avoid the forum state, and therefore exercised jurisdiction over the defendant.<sup>199</sup>

The defendant advertised its Internet consulting business on its Web site.<sup>200</sup> The Web page stated that the defendant "provides services for clients anywhere on the planet."<sup>201</sup> The court noted that traditional personal jurisdiction concepts required a sensitivity to the unique nature of cyberspace and that the courts had reached

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<sup>196</sup> *Id.*

<sup>197</sup> *Id.* at 3. The court discounted the defendant's assertion that it did not pay for the advertisement. *Id.* Rather, the advertisement was paid for and placed by Proctor & Gamble. *Id.* The court determined that this was not material, as the defendant had known the advertisement was to be placed, had approved it, and had benefitted from it. *Id.*

<sup>198</sup> *Hasbro, Inc. v. Clue Computing, Inc.*, 994 F. Supp. 34 (D. Mass. 1997); *Quality Solutions, Inc. v. Zupanc*, 993 F. Supp. 621 (N.D. Ohio 1997).

<sup>199</sup> 994 F. Supp. at 45.

<sup>200</sup> *Id.* at 38.

<sup>201</sup> *Id.*

conflicting results.<sup>202</sup> The court then determined that the fourm residents had “undoubtedly” accessed the defendant’s Web site.<sup>203</sup> The court found that the twenty-four hour a day, seven day a week accessibility of the Web site, coupled with a user’s instant capability to transmit e-mail to the company, was sufficient for the exercise of jurisdiction.<sup>204</sup>

The Northern District Court of Ohio, in a trademark infringement and domain name case, found jurisdiction proper without analysis of the Internet or the appropriateness of the application of minimum contacts to the medium.<sup>205</sup> In *Quality Solutions, Inc. v. Zupanc*, the court exercised jurisdiction premised upon the defendant’s advertisement in a trade journal which had the third largest circulation figures in the forum state.<sup>206</sup> The court found the defendant’s operation of an accessible Web site even more compelling in asserting jurisdiction.<sup>207</sup> Finding that these facts “represent[ed] deliberate attempts” by the defendant to solicit business in the forum state, the court held that jurisdiction was consistent with due process.<sup>208</sup>

Thus, district courts within the First, Sixth and Seventh Circuits have found the exercise of jurisdiction proper based upon legal fiction in the absence of any tangible manifestations of intent by the defendant. These courts have used the mere accessibility of a Web site as justification for jurisdiction while imputing intent.

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<sup>202</sup> *Id.* at 39.

<sup>203</sup> *Id.* at 44.

<sup>204</sup> *Id.* at 38, 44, 46. *But see* Desktop Techs., Inc. v. Colorworks Reprod. & Design, Inc., No. CIV. A. 98-5029, 1999 WL 98572, at \*1 (E.D. Pa. Feb. 25, 1999) (holding e-mail capability insufficient for the exercise of jurisdiction as the electronic equivalent of advertising response cards). *See infra* Part III.D, discussing the *Desktop Technologies* decision.

<sup>205</sup> *Quality Solutions, Inc. v. Zupanc*, 993 F. Supp. 621, 623 (N.D. Ohio 1997).

<sup>206</sup> *Id.*

<sup>207</sup> *Id.*

<sup>208</sup> *Id.*

#### *D. Jurisdiction Not Found*

Courts in the Second, Third, Fifth, Seventh, Ninth and Tenth Circuits have declined to exercise jurisdiction in cases factually analogous to those discussed above.<sup>209</sup> In the only Court of Appeals decision declining to exercise jurisdiction, the Ninth Circuit in *Cybersell, Inc. v. Cybersell, Inc.*, concluded that the defendant's Internet contacts did not constitute "purposeful availment."<sup>210</sup> The court characterized the defendant's Web site as "an essentially passive home page" which "did nothing to encourage people in [the forum state] to access its site."<sup>211</sup> Additionally, the court found that the site was not accessed by any

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<sup>209</sup> See *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414 (9th Cir. 1997); *Desktop Techs., Inc. v. Colorworks Reprod. & Design, Inc.*, No. CIV. A. 98-5029, 1999 WL 98572, at \*1 (E.D. Pa. Feb. 25, 1999); *Origin Instruments Corp. v. Adaptive Computer Sys., Inc.*, No. CIV. A. 397CV2595-L., 1999 WL 76794, at \*1 (N.D. Tex. Feb. 3, 1999); *Pheasant Run, Inc. v. Moyse*, No. 98 C 4202, 1999 WL 58562, at \*1 (N.D. Ill. Feb. 3, 1999); *Millennium Enters., Inc. v. Millennium Music, L.P.*, 33 F. Supp. 907 (D. Or. 1999); *American Homecare Fed'n, Inc. v. Paragon Scientific Corp.*, 27 F. Supp. 2d 109 (D. Conn. 1998); *K.C.P.L., Inc. v. Nash*, 49 U.S.P.Q.2d 1584 (S.D.N.Y. 1998); *No Mayo—San Francisco v. Memminge*, No. C-98-1392 PJH., 1998 WL 544974, at \*1 (N.D. Cal. Aug. 20, 1998); *CFOS 2 GO, Inc. v. CFO 2 GO, Inc.*, No. C 97-4676 SI., 1998 WL 320821, at \*1 (N.D. Cal. June 5, 1998); *Scherr v. Abrahams*, No. 97 C 5453, 1998 WL 299678, at \*1 (N.D. Ill. May 29, 1998); *SF Hotel Co. v. Energy Investments, Inc.*, 985 F. Supp. 1032 (D. Kan. 1997); *CD Solutions, Inc. v. Tooker*, 965 F. Supp. 17 (N.D. Tex. 1997); *Hearst Corp. v. Goldberger*, No. 96 Civ. 3620, 1997 WL 97097, at \*1 (S.D.N.Y. Feb. 26, 1997); *Bensusan Restaurant Corp. v. King*, 937 F. Supp. 295 (S.D.N.Y. 1996), *aff'd on other grounds*, 126 F.3d 25 (2d Cir. 1997).

<sup>210</sup> 130 F.3d at 419-20.

<sup>211</sup> *Id.* But see *Hasbro, Inc. v. Clue Computing*, 994 F. Supp. 34, 45 (D. Mass. 1997); *Haelan Prods., Inc. v. Beso Biological Research, Inc.*, 43 U.S.P.Q.2d 1672, 1676 (E.D. La. 1997); *Maritz, Inc. v. Cybergold, Inc.*, 947 F. Supp. 1328, 1333 (E.D. Mo. 1996). In these cases the courts adopted an antithetical approach in finding that the mere existence of the defendants' Web sites constituted "purposeful availment" as manifestations of the defendants' intent to reach customers in the forum as well as other states.



forum resident save the plaintiff nor had any forum resident signed up for the defendant's services.<sup>212</sup>

In *CFOS 2 GO, Inc. v. CFO 2 GO, Inc.*, the Northern District Court of California found that the facts here were analogous to *Cybersell* and declined to exercise jurisdiction over the defendant.<sup>213</sup> The court determined that the defendant was not a "cyberpirate."<sup>214</sup> Further, the district court determined that the defendant's passive Web site, which was never fully "up and running" and contained only "contact information and a description of the defendant's business," was insufficient for jurisdiction to vest.<sup>215</sup>

Similarly, a magistrate judge in the same court in *No Mayo—San Francisco v. Memminger* held that "simply registering someone else's trademark as a domain name and posting a Web site on the Internet" was insufficient to subject the defendant to the jurisdiction of the forum.<sup>216</sup> The court declined to exercise jurisdiction in spite of plaintiff's allegations that the defendant had offered to sell the issue of the controversy, the domain name, to it.<sup>217</sup>

The Oregon District Court, in *Millennium Enterprises, Inc. v. Millennium Music, L.P.*, declined to exercise jurisdiction over a defendant in a trademark infringement action.<sup>218</sup> The court, borrowing from the Second Circuit Court of Appeals, noted that "attempting to apply traditional notions of personal jurisdiction" to the Internet is "somewhat like trying to board a moving bus."<sup>219</sup> The defendant's Web site was interactive in that it permitted the purchase of compact discs.<sup>220</sup> One forum resident had in fact

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<sup>212</sup> *Cybersell*, 130 F.3d at 419.

<sup>213</sup> *CFOS 2 GO*, 1998 WL 320821, at \*4.

<sup>214</sup> *Id.* at \*3.

<sup>215</sup> *Id.* at \*3 & n.1.

<sup>216</sup> No. C-98-1392 PJH., 1998 WL 544974, at \*4 (N.D. Cal. Aug. 20, 1998).

<sup>217</sup> *Id.* But see *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1319 (9th Cir. 1998) (holding jurisdiction proper in part because the defendant offered to sell the domain name to the plaintiff).

<sup>218</sup> 33 F. Supp. 2d 907 (D. Or. 1999).

<sup>219</sup> *Id.* at 914 (quoting *Bensusan Restaurant Corp. v. King*, 126 F.3d 25, 27 (2d Cir. 1997)).

<sup>220</sup> *Id.* at 911, 921.

purchased a compact disc via the Web site; however, the court was dismayed by the “plaintiff’s counsel’s lack of candor” in that the single purchase was orchestrated by the plaintiff to obtain jurisdiction.<sup>221</sup> The court held, therefore, that since the defendant made no other sales through its Web site to forum residents, “the questionable and unprofessional . . . unilateral acts of the plaintiff” could not subject the defendant to jurisdiction in the forum.<sup>222</sup>

In *Scherr v. Abrahams*, an action of trademark infringement, the Northern District Court in Illinois held that the defendants’ contacts with the forum were insufficient to create jurisdiction.<sup>223</sup> The defendants published a satire publication with fewer than sixty subscribers in the forum state and had an even smaller number of newsstand sales, both of which amounted to a three percent distribution in the forum state.<sup>224</sup> The defendants had also published an electronic newsletter on their Web site to which twenty thousand users had subscribed via e-mail.<sup>225</sup> The court determined that the level of activity on the defendants’ Web site was “rather low” and that nothing on the Internet site was specifically targeted at the forum state and as such jurisdiction could not be obtained over the defendants.<sup>226</sup>

Similarly, the senior judge in the same court, in *Pheasant Run, Inc. v. Moyse* held that a Web site allegedly posted by a third party was insufficient for the exercise of jurisdiction.<sup>227</sup> In this trademark infringement case, the defendant operated a restaurant using the plaintiff’s mark.<sup>228</sup> The Web site, which defendant claimed to be unauthorized, contained a one paragraph advertisement and

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<sup>221</sup> *Id.* at 911.

<sup>222</sup> *Id.*

<sup>223</sup> No. 97 C 5453, 1998 WL 299678, at \*1 (N.D. Ill. May 29, 1998).

<sup>224</sup> *Id.*

<sup>225</sup> *Id.*

<sup>226</sup> *Id.* at \*5. *But see* Bunn-O-Matic Corp. v. Bunn Coffee Serv., Inc., 46 U.S.P.Q.2d 1375, 1377 (C.D. Ill. 1998) (finding jurisdiction proper where the defendant had a passive Web site that invited users to enter a coffee contest which no forum resident entered). *See also* American Network, Inc. v. Access Am./Connect Atlanta, Inc., 975 F. Supp. 494, 499 (S.D.N.Y. 1997) (finding jurisdiction proper where defendant had six subscribers in the forum).

<sup>227</sup> No. 98 C 4202, 1999 WL 58562, at \*1 (N.D. Ill. Feb. 3, 1999).

<sup>228</sup> *Id.*

listed a local phone number for the restaurant.<sup>229</sup> The Web site was passive and did not provide for communication from the user.<sup>230</sup> The court determined that this scenario did "not even come close to establishing . . . minimum contacts with [the] state."<sup>231</sup>

The Kansas District Court, in *SF Hotel Co. v. Energy Investments, Inc.*,<sup>232</sup> a declaratory judgment trademark infringement action, applied the sliding scale analysis set forth in *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.*<sup>233</sup> The court declined to exercise jurisdiction over the defendant based on a passive Web site. The site only provided general information about the hotel.<sup>234</sup> Moreover, the court found that the fact that one forum resident stayed at the defendant's hotel was *de minimis*.<sup>235</sup>

The Northern District Court of Texas, similarly applied the *Zippo* sliding scale analysis in *Origin Instruments Corp. v. Adaptive Computer Systems, Inc.*, a trademark infringement action.<sup>236</sup> In *Origin Instruments*, the court found that the defendant's Web site fell in the middle of the *Zippo* scale as it provided for a "moderate level of interactivity."<sup>237</sup> This "moderate" interactivity included the posting of product information, the ability of a user to purchase the product with the infringing mark, to purchase and immediately download software, and to communicate with the defendant.<sup>238</sup> The court, however, found that the defendant had not made any sales to forum residents and declined to exercise

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<sup>229</sup> *Id.* at \*2.

<sup>230</sup> *Id.*

<sup>231</sup> *Id.* at \*3.

<sup>232</sup> 985 F. Supp. 1032 (D. Kan. 1997).

<sup>233</sup> 952 F. Supp. 1119 (W.D. Pa. 1997).

<sup>234</sup> *SF Hotel Co.*, 985 F. Supp. at 1035.

<sup>235</sup> *Id.* at 1034. *But see* *Superguide Corp. v. Kegan*, 987 F. Supp. 481 (W.D.N.C. 1997) (holding that the exercise of jurisdiction was proper based upon the assumption that forum residents must have transacted business with the defendant because the forum state is densely populated). *See supra* Part III.B, discussing *Superguide* decision.

<sup>236</sup> No. CIV. A. 3:97-CV-2595-L, 1999 WL 76794, at \*1 (N.D. Tex. Feb. 3, 1999).

<sup>237</sup> *Id.* at \*4.

<sup>238</sup> *Id.* at \*1, \*3.

jurisdiction premised upon the possibility that the defendant may do business with a forum resident.<sup>239</sup>

Another judge in the same court, in *CD Solutions, Inc. v. Tooker*, also declined to exercise jurisdiction over the defendant in a declaratory judgment action where the use of a domain name was at issue.<sup>240</sup> The court held that the plaintiff's use of the domain name was the issue of the suit and as such the claim did not arise out of the defendant's contact with the forum.<sup>241</sup> The court transferred the action to the state where the defendant resided.<sup>242</sup>

The Eastern District Court of Pennsylvania, in *Desktop Technologies, Inc. v. Colorworks Reproduction & Design, Inc.*, a trademark infringement dispute, declined to exercise jurisdiction over the defendant.<sup>243</sup> The court characterized the defendant's Web site as "tantamount to a passive advertisement."<sup>244</sup> The court further accepted the analogy that the ability to e-mail the defendant was the "electronic equivalent[] of advertisements' response cards."<sup>245</sup> The court held that the ability to exchange files over the Internet with the defendant coupled with the e-mail capability was insufficient to sustain jurisdiction.<sup>246</sup> The court noted further that the defendant's Web site specifically listed the places that it serviced clients and the forum was not listed among them.<sup>247</sup>

The Connecticut District Court, in *American Homecare Federation, Inc. v. Paragon Scientific Corp.*, a trademark infringement action, declined to exercise jurisdiction based upon a passive

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<sup>239</sup> *Id.* at \*4.

<sup>240</sup> 965 F. Supp. 17, 20 (N.D. Tex. 1997).

<sup>241</sup> *Id.* at 20.

<sup>242</sup> *Id.* at 21.

<sup>243</sup> No. CIV. A. 98-5029, 1999 WL 98572, at \*1 (E.D. Pa. Feb. 25, 1999).

<sup>244</sup> *Id.* at \*4.

<sup>245</sup> *Id.* (quoting *Grutkowski v. Steamboat Lake Guides & Outfitters, Inc.*, No. Civ. A. 98-1453, 1998 WL 962042, at \*5 (E.D. Pa. Dec. 28, 1998) (internal quotations omitted)).

<sup>246</sup> *Id.* at \*6. *But see* *Hasbro, Inc. v. Clue Computing, Inc.*, 994 F. Supp. 34 (D. Mass. 1997) (holding that the 24-hour accessibility of the Web site together with the e-mail capability was sufficient for the exercise of jurisdiction). *See supra* Part III.C.3, discussing *Hasbro* decision.

<sup>247</sup> *Id.* at \*6.

Web site.<sup>248</sup> The defendant's Web site contained the allegedly infringing mark, displayed a toll-free phone number and announced to all hemophilia chapters, including the one located in the forum, an essay writing contest that children afflicted with hemophilia could enter.<sup>249</sup> Further, the defendant advertised once in a national trade journal accessible to forum residents.<sup>250</sup> The court, noting that no essays were received from forum residents, declined to exercise jurisdiction and held that the two acts were de minimis.<sup>251</sup>

Judges of the Southern District Court of New York have held in three different domain name and trademark infringement cases, that the exercise of personal jurisdiction based upon a passive or non-operational Web site violates due process. In *Bensusan Restaurant Corp. v. King*, the court declined to exercise jurisdiction over a defendant who operated a passive Web site.<sup>252</sup> The defendant operated a Web site which allegedly contained a substantially similar mark to the plaintiff's trademark.<sup>253</sup> The court noted that in order for a user to access the Web site, they would be required to take affirmative steps.<sup>254</sup> The court held that "creating a Web site, like placing a product into the stream of commerce, may be

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<sup>248</sup> 27 F. Supp. 2d 109 (D. Conn. 1998).

<sup>249</sup> *Id.* at 112, 114.

<sup>250</sup> *Id.* at 114.

<sup>251</sup> *Id.* But see *Bunn-O-Matic Corp. v. Bunn Coffee Serv., Inc.*, 46 U.S.P.Q. 2d 1375 (C.D. Ill. 1998) (holding that jurisdiction was proper based on passive Web site that enabled users to enter into a coffee contest which no forum user had done). See also *supra* Part III.A, discussing the *Bunn-O-Matic* decision.

<sup>252</sup> 937 F. Supp. 295, 301 (S.D.N.Y. 1996).

<sup>253</sup> *Id.* at 297.

<sup>254</sup> *Id.* at 299. This observation would obviously hold true for every Internet case. See Perritt, *supra* note 65, at 21 (discussing "pulling" technology and analogizing it to a vending machine). The court, apparently failing to appreciate the significance of a recognizable domain name such as "The Blue Note," also noted that an additional step would be needed to access a search engine to locate the site. *Bensusan*, 937 F. Supp. at 299. The court further pointed to the fact that tickets for shows at the defendant's club could only be purchased in the forum state. *Id.*

felt nationwide—or even worldwide—but, without more, it is not an act purposefully directed to the forum state.”<sup>255</sup>

In *K.C.P.L., Inc. v. Nash*, the same court declined to exercise jurisdiction over a California defendant who “registered four domain names, only one of which [was] alleged to resemble another’s trademark.”<sup>256</sup> It was undisputed that the defendant sold no goods or services, his Web site was non-operational and in fact when accessed simply stated “under construction.”<sup>257</sup> The plaintiff alleged that the defendant was a “cyberpirate,” based upon his refusal of its offer to pay him \$1,500 and instead demanded \$15,000.<sup>258</sup> The defendant denied the allegations.<sup>259</sup> The court declined to characterize the defendant as a “cyberpirate” or to exercise jurisdiction.<sup>260</sup>

In *Hearst Corp. v. Goldberger*, a magistrate judge declined to exercise jurisdiction over the defendant whose Web site was not yet operational, stating that the exercise of personal jurisdiction, “would, in effect, create national (or even worldwide) jurisdiction.”<sup>261</sup> The court analogized the defendant’s Web site to a national magazine in that, like an advertisement in a magazine, the Web site may be viewed by people across the country.<sup>262</sup> Further,

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<sup>255</sup> *Id.* at 301. *But see* *Maritz, Inc. v. Cybergold, Inc.*, 947 F. Supp. 1328, 1333 (E.D. Mo. 1996) (holding that the defendant’s not yet operational Web site was sufficient to confer jurisdiction); *Inset Sys., Inc. v. Instruction Set, Inc.*, 937 F. Supp. 161, 165 (D. Conn. 1996) (holding that a passive Web site was sufficient to confer jurisdiction). One commentator has asserted that the *Bensusan* decision “set forth the seminal approach by applying current legal standards in a clear and consistent manner.” Timothy B. Nagy, Comment, *Personal Jurisdiction and Cyberspace: Establishing Precedent in a Borderless Era*, 6 COMMLAW CONSPPECTUS 101, 112 (1998). *But see* Sam Puathasnanon, Note, *Cyberspace and Personal Jurisdiction: The Problem of Using Internet Contacts to Establish Minimum Contacts*, 31 LOY. L.A. L. REV. 691, 721 (1998) (asserting that approach of court in *Bensusan* is unnecessarily restrictive).

<sup>256</sup> 49 U.S.P.Q.2d 1584, 1591 (S.D.N.Y. 1998).

<sup>257</sup> *Id.* at 1587-88.

<sup>258</sup> *Id.* at 1586.

<sup>259</sup> *Id.*

<sup>260</sup> *Id.* at 1591.

<sup>261</sup> No. 96 Civ. 3620, 1997 WL 97097, at \*20 (S.D.N.Y. Feb. 26, 1997).

<sup>262</sup> *Id.* at \*10. *But see* *Haelan Prods., Inc. v. Beso Biological Research, Inc.*, 43 U.S.P.Q.2d 1672, 1675 (E.D. La. 1997) (noting that the difference between

the court declined "to reach such a result in the absence of a Congressional enactment of Internet *specific trademark infringement personal jurisdictional legislation*."<sup>263</sup> Thus, to date, the *Hearst* court is the only court to recognize that the unique problems presented by trademark issues and the Internet require resolution through legislative enactment.

These opinions demonstrate that the application of traditional personal jurisdiction analysis cannot, and has not, been consistently applied by the federal courts. The decisions raise more questions than they answer. It is unclear what factors may constitute manifestations of the defendant's intent satisfying purposeful availment. Additional factors sufficient to qualify as something more remain undefined and it is indeterminate when the defendant's actions will demonstrate his knowledge of the effect his conduct will have on the plaintiff.

Some commentators explain the incongruity of the decisions by charging the courts with a lack of understanding of the Internet.<sup>264</sup> Others charge that traditional legal paradigms cannot be applied to the Internet.<sup>265</sup> It is clear, however, that the courts

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paper medium and a Web site is in the limited life of the paper medium).

<sup>263</sup> *Hearst Corp.*, 1997 WL 97097, at \*20 (emphasis added).

<sup>264</sup> Brodsky, *supra* note 102, at 844; Hamilton & Castanias, *supra* note 13, at 27.

<sup>265</sup> See David R. Johnson & David G. Post, *The Rise of Law on the Global Network*, in BORDERS IN CYBERSPACE 3, 15 (Brian Kahin & Charles Nesson eds., 1998) (advocating separate laws applicable to trademarks in cyberspace); Henry H. Perritt, Jr., *Jurisdiction in Cyberspace: The Role of Intermediaries*, in BORDERS IN CYBERSPACE 164, 188 (Brian Kahin & Charles Nesson eds., 1998) (advocating the creation of a "Virtual Magistrate" to arbitrate cyberspace disputes). *But see* Harlan B. Williams, Jr., *The Internet - A Basis for Jurisdiction?*, INTELL. PROP. TODAY, Feb. 1998 <<http://www.lawworks-iptoday.com/02-98/williams.htm>> (asserting that the minimum contacts test of *International Shoe* provides adequate guidance in Internet litigation); Corey B. Ackerman, Note, *World-Wide Volkswagen, Meet the World Wide Web: An Examination of Personal Jurisdiction Applied to a New World*, 71 ST. JOHN'S L. REV. 403 (1997) (asserting that new rules are unnecessary; only respect for *International Shoe* and its progeny is required); Christine E. Mayewski, Note, *The Presence of a Web Site as a Constitutionally Permissible Basis for Personal Jurisdiction*, 73 IND. L.J. 297 (1997) (contending that traditional jurisdiction doctrine works because it provides flexibility needed for this medium); Dale M. Cendali &

are unable to consistently and uniformly apply a traditional legal framework that has not yet evolved to meet this incomparable medium.

The Supreme Court has said that the "Due Process Clause gives a degree of predictability . . . that allows . . . defendants to structure their primary conduct with some minimum assurance as to where that conduct will or will not render them liable to suit."<sup>266</sup> Unfortunately, the body of law resulting from personal jurisdiction Internet decisions in trademark cases fails to apprise any defendant of what conduct regarding a globally accessible Internet site will subject them to jurisdiction and where. Consequently, these cases violate the purpose of due process.

#### IV. THE HISTORY AND POLICY OF TRADEMARK LAW

Trademark law serves two functions: to protect consumers from deceit and confusion in the marketplace and to protect the trademark holder's goodwill built up in the mark.<sup>267</sup> Trademarks promote economic efficiency in that they encourage the production of quality products and reduce the customer's costs of shopping and making purchase decisions.<sup>268</sup> Uniformity is the underpinning of trademark law. This policy prompted the enactment of the Lanham Act and was reflected in each amendment. The need for uniformity, consistency and predictability compelled Congress to

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Rebecca L. Weinstein, *Personal Jurisdiction in Cyberspace*, N.Y.L.J., July 20, 1998, at S1 (asserting that recent decisions illustrate that traditional tests can be applied with common sense analogies). See also J. Christopher Gooch, Note, *The Internet, Personal Jurisdiction, and the Federal Long-Arm Statute: Rethinking the Concept of Jurisdiction*, 15 ARIZ. J. INT'L & COMP. L. 635 (1998) (contending that the minimum contacts test is obsolete and the focus should be on fair play and substantial justice).

<sup>266</sup> *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297 (1980).

<sup>267</sup> H.R. REP. NO. 79-219, at 2-3 (1945).

<sup>268</sup> 1 MCCARTHY, *supra* note 5, §§ 2:2, 2:3, at 2-3. See also William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265 (1987) (asserting that trademark law tries to promote economic efficiency). But see Stephen L. Carter, Comment, *The Trouble with Trademark*, 99 YALE L.J. 759 (1990) (asserting that recent changes in trademark law are inconsistent with economic efficiency).



act on several occasions in response to court decisions. This policy is again threatened by inconsistent court decisions on Internet trademark controversies and requires Congress to act once again by amending the Lanham Act to provide for nationwide service of process in controversies arising from Internet use.

### A. *Chronicle of Federal Trademark Law*

Although trademark use began thousands of years ago, trademark law is relatively young.<sup>269</sup> The first federal legislation providing for trademark registration was passed by Congress in 1870.<sup>270</sup> However, the Supreme Court held the statute to be unconstitutional as beyond the power of Congress.<sup>271</sup> Some thirty-five years later in 1905, the first "modern" federal registration statute was passed.<sup>272</sup> The Act of 1920 was a major amendment.<sup>273</sup> The purpose of the amendment was to bring national uniformity to trademark law. Between 1920 and 1946, Congress held hearings on various amendments to the Act of 1920.<sup>274</sup> The amendments were proposed "with a view to shortening litigation and simplifying the procedure, and getting to the end of things just

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<sup>269</sup> 128 CONG. REC. 25,867 (1982) (statement of Sen. Hatch).

<sup>270</sup> Act of July 8, 1870, ch. 230, 16 Stat. 198, entitled "An Act to Revise, Consolidate and Amend the Statutes Relating to Patents and Copyrights;" 1 MCCARTHY, *supra* note 5, § 5:3, at 5-6.

<sup>271</sup> 1 MCCARTHY, *supra* note 5, § 5:3, at 5-6. *See* Trade-Mark Cases, 100 U.S. 82 (1879) (holding Act of 1870 unconstitutional because it was beyond the scope of Congress' power to regulate trademarks intrastate). Congress' power to regulate trademarks emanates from the Commerce Clause of the United States Constitution. U.S. CONST. art. I, § 8; 1 MCCARTHY, *supra* note 5, § 5:3, at 5-7.

<sup>272</sup> Act of Feb. 20, 1905, ch. 592, 33 Stat. 724, entitled "An Act to Authorize the Registration of Trade-marks Used in Commerce With Foreign Nations or Among the Several States or With Indian Tribes, and to Protect the Same;" 1 MCCARTHY, *supra* note 5, § 5:3, at 5-7.

<sup>273</sup> Act of Mar. 19, 1920, ch. 104, 41 Stat. 533, entitled "An Act to Give Effect to Certain Provisions of the Convention for the Protection of Trade-marks and Commercial Names, Made and Signed in the City of Buenos Aires, in the Argentine Republic, August 20, 1910, and For Other Purposes;" 1 MCCARTHY, *supra* note 5, § 5:3, at 5-8.

<sup>274</sup> *See, e.g.*, H.R. REP. NO. 78-603, at 1 (1943); H.R. REP. NO. 77-2283, at 1 (1942); H.R. REP. NO. 70-1368, at 1 (1928); S. REP. NO. 69-1576, at 1 (1927).

as quickly as possible.”<sup>275</sup> The ultimate legislation in trademark law came with the enactment of the Federal Trademark Act of 1946, commonly referred to as the Lanham Act.<sup>276</sup>

In reporting the Lanham Bill, the Senate Committee on Patents stated that “the purpose of this bill is to place all matters relating to trademarks in one statute and to eliminate judicial obscurity, . . . to make procedure simple, and relief against infringement prompt and effective.”<sup>277</sup> The Senate Committee concluded that “sound public policy requires that trademarks should receive nationally the greatest protection that can be given them.”<sup>278</sup>

The most sweeping changes to the Lanham Act in forty-two years came in 1988 when Congress enacted the Trademark Law Revision Act.<sup>279</sup> Congress determined that a revision of the Lanham Act was needed to bring trademark law in step with “modern day commercial realities,”<sup>280</sup> given that in the year the Lanham Act was enacted, *Life* reported that seven cities had black and white television, and that full color television was on its way.<sup>281</sup> This revision also proposed the addition of the concept

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<sup>275</sup> *Trade-Marks: Hearings on H.R. 6683 and H.R. 11988 Before the House Comm. on Patents*, 70th Cong. 120 (1928) (statement of Edward S. Rogers).

<sup>276</sup> 1 MCCARTHY, *supra* note 5, § 5:4, at 5-10. Congressman Fritz Garland Lanham, a Texas lawyer who gave his name to the 1946 Trademark Act, spent eight years working to secure its passage. 1 MCCARTHY, *supra* note 5, § 5:4, at 5-11. The Lanham Act is codified, as amended, at 15 U.S.C. §§ 1051-1127 (1994).

<sup>277</sup> S. REP. NO. 79-1333, at 3 (1946).

<sup>278</sup> *Id.* at 6. The Supreme Court reaffirmed these purposes in *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 193 (1985). *See also* 133 CONG. REC. 32,812-13 (1987) (introductory remarks of Sen. DeConcini).

<sup>279</sup> Pub. L. No. 100-667, 102 Stat. 3935 (1988). The Act changed five major areas of federal trademark law. 1 MCCARTHY, *supra* note 5, § 5:3, at 5-16. The Act included an “intent-to-use” basis for applications obviating the necessity for “token use,” added the concept of “constructive use” conferring nationwide priority, redefined bona fide use, shortened the registration period to eliminate “deadwood,” codified case law interpretation of section 43(a) and eliminated the technical inconsistencies from the Act. 1 MCCARTHY, *supra* note 5, § 5:3, at 5-16 to -17.

<sup>280</sup> 134 CONG. REC. 32,052 (1988) (statements of Sen. DeConcini).

<sup>281</sup> S. REP. NO. 100-515, at 4 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5580.

of trademark dilution.<sup>282</sup> The statute, however, was ultimately passed without the dilution amendment.<sup>283</sup>

At the time of the enactment of the Federal Trademark Dilution Act of 1995 only twenty-five states had laws that prohibited trademark dilution.<sup>284</sup> This resulted in a "patch-quilt" system of protection.<sup>285</sup> The Federal Trademark Dilution Act was enacted to "bring uniformity and consistency to the protection of famous marks."<sup>286</sup> This Act has proved to be an effective tool in prosecuting suits arising from domain name disputes.<sup>287</sup> The power of this tool was underscored by Senator Patrick J. Leahy when he expressed his hope "that this anti-dilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others."<sup>288</sup>

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<sup>282</sup> 133 CONG. REC. 32,813 (1987) (introductory remarks of Sen. DeConcini). A famous trademark is diluted when subsequent uses by a third party "blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion" by consumers. H.R. REP. NO. 104-374, at 2 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1029.

<sup>283</sup> 134 CONG. REC. 32,053 (1988) (statement of Sen. DeConcini).

<sup>284</sup> H.R. REP. NO. 104-374, at 3.

<sup>285</sup> *Id.*

<sup>286</sup> *Id.* The Act provides for "a federal cause of action to protect famous marks from unauthorized users that attempt to trade upon the goodwill and established renown of such marks and, thereby, dilute their distinctive quality." *Id.* The Act further provides injunctive relief for the mark holder. *Id.*

<sup>287</sup> *Sutin, supra* note 59, at 5. *See Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1327 (9th Cir. 1998) (holding that defendant's use of plaintiff's mark as a domain name constituted dilution of the mark); *Teletch Customer Care Management (Cal.), Inc. v. Tele-Tech Co., Inc.*, 977 F. Supp. 1407, 1413 (C.D. Cal. 1997) (granting a preliminary injunction because plaintiff's mark is probably famous and defendant's use of the mark as a domain name most likely dilutes it); *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1240-41 (N.D. Ill. 1996) (holding that use of plaintiff's famous mark as domain name which will be displayed on every Web page is sufficient to show a likelihood of dilution).

<sup>288</sup> 141 CONG. REC. S19,312 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy). *See also Intermatic*, 947 F. Supp. at 1238.

## B. Congressional Responses to Federal Court Trademark Decisions

The Lanham Act is “the paramount source of trademark law in the United States.”<sup>289</sup> Almost all trademark disputes are decided under the Lanham Act.<sup>290</sup> Historically, Congress has enacted amendments to the Lanham Act to either codify court decisions or to expressly overrule them.<sup>291</sup> In 1975, in response to the decision in *Fleischmann Distillery Corp. v. Maier Brewing Co.*, Congress amended the Lanham Act to allow for attorney fees in exceptional cases.<sup>292</sup> In 1982, Congress amended the Lanham Act to remind the “trademark community of the constitutional concept of federal supremacy.”<sup>293</sup> The amendment overruled the decision in *Century 21 Real Estate Corp. v. Nevada Real Estate Advisory Commission* by prohibiting states or state agencies from requiring trademarks to be altered or displayed differently from the registered mark.<sup>294</sup>

In 1984, Congress again amended the Lanham Act to nullify the effect of the Ninth Circuit’s decision in *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*,<sup>295</sup> by creating a Trademark

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<sup>289</sup> *The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors*, 77 TRADEMARK REP. 375, 378 (1987) [hereinafter *USTA Report*].

<sup>290</sup> *Id.* at 377.

<sup>291</sup> S. 1883 codified the holding of *California Cooler, Inc. v. Loretto Winery, Ltd.*, 774 F.2d 1451, 1454 (9th Cir. 1985), holding that “registration on the supplemental register means that the commissioner has determined that the mark is ‘capable of distinguishing.’” S. REP. NO. 100-515, at 37 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5600.

<sup>292</sup> 386 U.S. 714 (1967) (holding that the Lanham Act does not provide for an award of attorney fees for the prevailing party in a trademark infringement action). *See USTA Report*, *supra* note 289, at 377.

<sup>293</sup> *USTA Report*, *supra* note 289, at 379.

<sup>294</sup> 448 F. Supp. 1237 (D. Nev. 1978) (holding that the Lanham Act did not preempt the Nevada Real Estate Commission from regulating the use of a federally registered trademark). *See* Lanham Act § 39, 15 U.S.C. § 1121 (1994); H.R. REP. NO. 97-778, at 1 (1982), *reprinted in* 1982 U.S.C.C.A.N. 2621; *USTA Report*, *supra* note 289, at 377.

<sup>295</sup> 684 F.2d 1316 (9th Cir. 1982) (holding that the mark “Monopoly” had become a generic term based on a motivational survey test).

Generic Standard.<sup>296</sup> In a drastic deviation from the accepted standard, the Court of Appeals of the Ninth Circuit reversed the lower court and, based upon a purchaser motivation survey, held that the mark "Monopoly" as the name of Parker Brothers' "Monopoly" game had become generic and therefore would not be entitled to trademark protection.<sup>297</sup> The legislative response was designed to ensure consistency between judicial circuits and to safeguard the predictability of trademark law by providing a uniform test for genericness that repudiated purchaser motivation.<sup>298</sup> The resulting predictability of trademark law serves to protect both consumers and business in furtherance of trademark law's twin purposes.<sup>299</sup>

Congress, undeterred by its unsuccessful attempt to enact an anti-dilution statute in 1988, responded by enacting the Federal Trademark Dilution Act of 1995 to further foster the national uniformity policy of the Lanham Act.<sup>300</sup> Courts had become

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<sup>296</sup> See 129 CONG. REC. 15,279 (1983) (statement of Sen. Hatch); *USTA Report*, *supra* note 289, at 379. Section 14 of the Lanham Act provides that:

A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services.

15 U.S.C. § 1064(3) (1994). Generic marks are unable to perform the specific function of a trademark and are not protected by the Lanham Act as they are unable to distinguish specific goods or services. *ELIAS*, *supra* note 3, at 354. For example, "raisin bran" is a generic phrase because it describes a type of cereal and not the source. *ELIAS*, *supra* note 3, at 354. Consequently, the phrase "raisin bran" by itself is not protectable. *ELIAS*, *supra* note 3, at 354. Marks may also become generic when widely and indiscriminately used. *ELIAS*, *supra* note 3, at 355. For example, the previously protected mark "escalator" became generic and thus not protectable as it became synonymous with all moving stairs regardless of who manufactured them. *ELIAS*, *supra* note 3, at 355.

<sup>297</sup> *Anti-Monopoly*, 684 F.2d at 1326.

<sup>298</sup> 129 CONG. REC. 15,280 (1983) (statement of Sen. Hatch).

<sup>299</sup> 1 MCCARTHY, *supra* note 5, §§ 2:2, 2:3, at 2-3.

<sup>300</sup> *Trademark Legislation: Hearings on H.R. 1295 Before the House Comm. on the Judiciary, Courts and Intellectual Property*, available in 1995 WL 435751 (F.D.C.H.) (statement of Philip G. Hampton II, Assistant Commissioner for

inconsistent in their determination "of the degree of fame which will afford the mark protection against dilution."<sup>301</sup> In *Polaroid Corp. v. Polaroid, Inc.*, an action by the senior user, the camera company, against the junior user, a refrigeration and heating installing company, the court held that the plaintiff's trade name "was a strong name exclusively appropriated by plaintiff . . . [which] had acquired a wide spread reputation and much good will, which plaintiff should not be required to share with defendant."<sup>302</sup>

In contradistinction is *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, where "Lexis," a computerized legal research service, the senior user, commenced an action against the junior user, "Lexus," an automobile manufacturer. The court held that the defendant's mark did not dilute the plaintiff's mark because the mark was not "nationally renown" and therefore not famous.<sup>303</sup> Such "[u]npredictable and inadequate results for the trademark owner" moved Congress to once again enact legislation to promote the uniformity policy of the Lanham Act.<sup>304</sup>

### C. The Need for Congress to Act Once Again

The predictability of trademark law is once again in jeopardy. The decisions determining personal jurisdiction in Lanham Act cases based upon Internet activity are chaotic and inconsistent.<sup>305</sup> Since only Congress possesses the power to authorize "service of process anywhere in the United States," it is appropriate for Congress to intervene.<sup>306</sup> This Congressional power has been

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Trademarks).

<sup>301</sup> *Id.*

<sup>302</sup> 319 F.2d 830, 837 (7th Cir. 1963).

<sup>303</sup> 875 F.2d 1026, 1039 (2d Cir. 1989).

<sup>304</sup> H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030.

<sup>305</sup> *See supra* Part III, discussing personal jurisdiction decisions focused on trademarks and Internet activity.

<sup>306</sup> *Mississippi Publ'g Corp. v. Murphree*, 326 U.S. 438, 442 (1946). Congress has exercised this power in various federal statutes. For example, section 12 of the Clayton Act provides that any suit or action against a corporation under the antitrust laws may be brought in the judicial district where the defendant is an inhabitant, is found or transacts business. 15 U.S.C. § 22

expressly recognized as an exception to the usual limits to service.<sup>307</sup>

The Lanham Act already “confers broad jurisdictional powers upon the courts of the United States . . . by grant[ing] jurisdiction [to the district courts] over all actions ‘arising under’ the Act.”<sup>308</sup> Section 39 of the Lanham Act provides for jurisdiction “without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.”<sup>309</sup> The Act of 1905 was amended by the Lanham Act to permit the courts to have jurisdiction without regard to the citizenship of the parties.<sup>310</sup> Moreover, the remedies of the Lanham Act provide for an injunction that is enforceable nationwide.<sup>311</sup> The Congressional intent was to make the right to an injunction “as national as

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(1994). The statute further provides for service of process in any district where the defendant is an inhabitant or may be found. *Id.* Section 502 of ERISA provides that an action may be brought in a district court where the plan is administered, the place of the breach, or where the defendant resides or is found. 29 U.S.C. § 1132(e)(2) (1994). The statute further provides that service of process may be served in any district in which the defendant is a resident or may be found. *Id.* Section 27 of the Securities Exchange Act of 1934 provides that an action may be brought in any district where the defendant is found, resides or transacts business. 15 U.S.C. § 78aa (1994). The statute further provides that service of process may be served in any district the defendant resides or is found. *Id.* See also CHARLES ALAN WRIGHT, LAW OF FEDERAL COURTS 451 (5th ed. 1994).

<sup>307</sup> WRIGHT, *supra* note 306, at 451. This power is acknowledged in rule 4(k)(1)(D) of the *Federal Rules of Civil Procedure*. Rule 4(k)(1)(D) provides that service of a summons or filing a waiver of service is effective to establish jurisdiction over the person of a defendant when authorized by a statute of the United States. FED. R. CIV. P. 4(k)(1)(D).

<sup>308</sup> *Steele v. Bulova Watch Co., Inc.*, 344 U.S. 280, 283-84 (1952) (holding that Lanham Act has extraterritorial reach beyond the borders of United States).

<sup>309</sup> Lanham Act § 39, 15 U.S.C. § 1121 (1994).

<sup>310</sup> *Trade-Marks: Hearings on H.R. 6248 Before the House Comm. on Patents*, 69th Cong. 69-70 (1926); Act of Feb. 20, 1905, ch. 592, 33 Stat. 724, entitled “An Act to Authorize the Registration of Trade-marks Used in Commerce With Foreign Nations or Among the Several States or With Indian Tribes, and to Protect the Same.”

<sup>311</sup> Lanham Act § 34, 15 U.S.C. § 1116 (1994 & Supp. III 1997).

possible.”<sup>312</sup> The policy of the Lanham Act to promote national uniformity in trademark law will best be served by an amendment permitting nationwide jurisdiction in trademark controversies derived from Internet use.

On October 28, 1998, President Clinton, in recognition of the dilemma posed by jurisdictional problems arising from domain name controversies, signed into law an amendment to the High-Performance Computing Act of 1991.<sup>313</sup> The amendment authorized a study to be completed in nine months with the purpose to “assess and . . . make recommendations for policy, practice, or legislative changes relating to . . . choice of law or jurisdiction for resolution of trademark rights disputes relating to domain names, including which jurisdictions should be available for trademark rights owners to file suit to protect such trademarks rights.”<sup>314</sup>

The President and Congress have recognized one facet of the problem facing intellectual property owners and have taken the first step toward a solution.<sup>315</sup> A more effective potential solution to the problem is an amendment to Section 39 of the Lanham Act authorizing nationwide jurisdiction in unfair competition, dilution, false advertising and infringement controversies arising from electronic contacts on the Internet.

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<sup>312</sup> *Registration of Trade-Marks: Joint Hearings on S. 2679 Before the Comm. on Patents*, 68th Cong. 77 (1925).

<sup>313</sup> Next Generation Internet Research Act of 1998, Pub. L. No. 105-305, 112 Stat. 2919.

<sup>314</sup> *Id.* This issue is being explored in other arenas. The American Bar Association, in conjunction with Chicago-Kent College of Law of the Illinois Institute of Technology, are teamed “to map jurisdictional guidelines for electronic commerce.” *Chair’s Bulletin: Section Happenings*, A.B.A. SEC. OF INTELL. PROP. L., Oct. 1998, at 3.

<sup>315</sup> Prior Senate versions of this bill included the language, “for trademark and intellectual property rights owners to file suit to protect such trademarks and intellectual property rights.” S. 1609, 105th Cong. (1998); S. 1727, 105th Cong. (1998). The version that eventually passed was H.R. 3332, 105th Cong. (1998).



## V. A STATUTORY SOLUTION

There have been various solutions proposed to the problems presented in trademark law by the Internet.<sup>316</sup> The proposed solutions, however, currently center around fixing territorial boundaries to a boundless medium.<sup>317</sup> They fail to focus on the personal jurisdiction issues that arise and will continue to arise. Even if arbitration is an answer to the problem, as commentators suggest and Congress is investigating, the issue of jurisdiction will be the initial hurdle to surmount.<sup>318</sup> It is proposed therefore, that

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<sup>316</sup> See, e.g., Eric Schneiderman & Ronald Kornreich, *Personal Jurisdiction and Internet Commerce*, N.Y.L.J., June 4, 1997, at 1 (suggesting the development of a hierarchy based on the number of hits a Web site receives to determine its degree of interactivity). One trademark holder recently took a different route to avoid the problems inherent in acquiring personal jurisdiction in Internet cases. Porsche Cars, on January 6, 1999, filed an in rem proceeding in the Eastern District Court of Virginia against 166 domain names that contain its trademark "Porsche." Porsche complaint (visited Mar. 19, 1999) <<http://www.mama-tech.com/pc.html>>. Porsche filed the complaint in Virginia because NSI is based there. Wendy Liebowitz, *Courts Struggling With Cyberspace Jurisdiction*, N.Y.L.J., Jan. 26, 1999, at 5. Trademark holders and litigators are watching the litigation to see whether Porsche will be successful in invoking in rem jurisdiction. *Id.*

<sup>317</sup> See, e.g., Jonathan E. Moskin, *New Proposals to Manage Internet Names and Addresses*, INTERNET NEWSL.: LEGAL & BUS. ASPECTS, June 1998, at 3 (suggesting that a third-level domain designating regional use, such as ".ny" (New York) in conjunction with the use of the 241 separate national top-level domains which include ".us" (United States), ".de" (Germany) and ".ne" (Netherlands) would allow domain names and trademarks to exist in harmony). It is significant to note, however, that parties have chosen to embroil themselves in domain name disputes to acquire the ".com" when they have already registered the ".org." See *No Mayo—San Francisco v. Memminger*, No. C-98-1392 PJH, 1998 WL 544974, at \*1 (N.D. Cal. Aug. 20, 1998); *Avery Dennison Corp. v. Sumpton*, 999 F. Supp. 1337 (C.D. Cal. 1998).

<sup>318</sup> See Next Generation Internet Research Act of 1998, Pub. L. No. 105-305, 112 Stat. 2919; Perritt, *supra* note 265, at 188 (espousing arbitration before a "Virtual Magistrate"); WIPO REPORT, *supra* note 8, ch. 3, ¶¶ 107-201 (proposing the use of mediation and arbitration with consent to jurisdiction of particular courts in particular countries, but also suggesting that such procedures not be made mandatory or preclude access to court litigation).

an amendment to section 39 of the Lanham Act, 15 U.S.C. § 1121, would clarify personal jurisdiction in controversies arising from the Internet.

*A. A Parsing of the Proposed Statute*

A statute would serve the policy of trademark law by providing national uniformity and consistency in application. The proposed statute, as set forth in Appendix A, provides for nationwide jurisdiction and service of process in actions brought in a federal district court of the United States for the enforcement of any right created by sections 32<sup>319</sup> and 43<sup>320</sup> or to enjoin any violation of the Lanham Act pursuant to section 34.<sup>321</sup> This statute may be utilized only in those instances where the action or violation complained of arises out of electronic use of a mark or trade name on the Internet.

For the purposes of this statute, the "Internet" is defined in 47 U.S.C § 230(e)(1). This section provides that "[t]he term 'Internet' means the international computer network of both Federal and non-Federal interoperable packet switched data networks." The proposed statute is explicitly applicable to visible electronic use of a mark or trade name as in domain name disputes, hyperlinks, framing and keyword triggering.<sup>322</sup> The statute also expressly applies to invisible electronic use on the Internet in embedded code as utilized in metatags.<sup>323</sup> Further, the statute is intended as a blanket provision to cover other electronic uses on the Internet not yet developed, contemplated or foreseen by the use of the language "or otherwise functions electronically."

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<sup>319</sup> Lanham Act § 32, 15 U.S.C. § 1114 (1994) (providing remedies for infringement of a registered mark used in commerce).

<sup>320</sup> Lanham Act § 42, 15 U.S.C. § 1125 (1994 & Supp. III 1997) (providing remedies for false designations of origin, false descriptions and dilution of a mark used in commerce).

<sup>321</sup> Lanham Act § 34, 15 U.S.C. § 1116 (1994 & Supp. III 1997) (vesting the court with the power to issue an injunction to prevent the violation of the rights of an owner of a mark).

<sup>322</sup> See *supra* notes 4, 6-8 (discussing domain names, hyperlinks, framing and keyword triggering).

<sup>323</sup> See *supra* note 5 (discussing metatags).

The proposed statute is modeled on existing federal statutes that provide for nationwide jurisdiction and service of process.<sup>324</sup> The statute provides that the action may be brought in the district where the harm occurred, where the defendant resides, transacts business or may be found. Service of process may be served where the defendant resides or may be found.

*B. The Benefits and Arguable Disadvantages of the Proposed Statute*

Opponents may charge that violations of the Lanham Act may be pursued in either federal or state court and a statute, such as the one proposed, would serve to encourage litigation in the overburdened federal courts. This argument is without merit because it is unlikely that the federal case load would see a sharp increase as most Lanham Act violations are already pursued in federal court.<sup>325</sup> In theory, federal court judges have an expertise in this area of the law and are therefore better equipped to handle such cases.<sup>326</sup> Moreover, the federal court's injunctive reach exceeds that of state courts and as such could arguably have encouraged federal litigation since its enactment in 1946.<sup>327</sup>

Opponents may also charge that the statute would result in unfairness to defendants because small businesses could be forced to litigate in distant forums. The inescapable reality is that courts across the United States routinely find that the exercise of jurisdiction with this result is fair. The courts, when analyzing the appropriateness of the exercise of personal jurisdiction over a defendant, must determine whether this comports with "fair play and substantial justice."<sup>328</sup> In reaching these decisions, courts consider the burden on the defendant, the interests of the forum and

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<sup>324</sup> See Securities Exchange Act of 1934 § 27, 15 U.S.C. § 22 (1994); Clayton Act § 12, 15 U.S.C. § 78aa (1994); ERISA § 502, 29 U.S.C. § 1132(e)(2) (1994).

<sup>325</sup> 5 MCCARTHY, *supra* note 5, § 32:1, at 32-8.

<sup>326</sup> 5 MCCARTHY, *supra* note 5, § 32:1, at 32-9.

<sup>327</sup> Lanham Act § 34, 15 U.S.C. § 1116 (1994 & Supp. III 1997).

<sup>328</sup> See *Asahi Metal Indus. v. Superior Court*, 480 U.S. 102, 113 (1987). See also *supra* note 91 (discussing the *Asahi* decision).

the plaintiff.<sup>329</sup> The interests of both the forum and the plaintiff can easily be established.

In analyzing the burden on the defendant, courts typically point to the advancements that make travel across the United States convenient when finding that the exercise of jurisdiction is not constitutionally unreasonable.<sup>330</sup> Increasingly, courts in Internet cases turn the defendants' use of the Internet into a sword against them. For example, in *Hasbro, Inc. v. Clue Computing, Inc.*, the defendant's Web site stated that it would "provide services to any customer site."<sup>331</sup> The court found that the burden on the defendant was not unfair because he was "able and willing to travel, as evidenced by [his] self-proclaimed frequent and extensive business travel."<sup>332</sup>

Similarly, jurisdiction was found to be fair in *American Network, Inc. v. Access America/Connect Atlanta, Inc.*, where the defendant's Web site advertised that it could help customers "across the U.S."<sup>333</sup> In *Haelan Products Inc. v. Beso Biological Research, Inc.*, the court found that jurisdiction was fair because the defendant used the modern technology of the Internet "to continuously solicit business nationwide."<sup>334</sup> In *Gary Scott International, Inc. v. Baroudi*, the court found jurisdiction to be fair because the defendant was a business man who marketed his product nationwide through the Internet.<sup>335</sup>

In *Digital Equipment Corp. v. AltaVista Technology, Inc.*, the court opined that the burden of appearing "may well be the price of . . . agreeing to do business involving the Internet."<sup>336</sup> By enacting a statute providing for jurisdiction in these cases the defendants are at least given fair warning that their Internet activity will subject them to the jurisdiction of federal courts nationwide.

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<sup>329</sup> *Asahi*, 480 U.S. at 113.

<sup>330</sup> See *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1323 (9th Cir. 1998).

<sup>331</sup> 994 F. Supp. 34, 44 (D. Mass. 1997).

<sup>332</sup> *Id.* at 45.

<sup>333</sup> 975 F. Supp. 494, 499 (S.D.N.Y. 1997)

<sup>334</sup> 43 U.S.P.Q.2d 1672, 1676 (E.D. La. 1997).

<sup>335</sup> 981 F. Supp. 714, 717 (D. Mass. 1997).

<sup>336</sup> 960 F. Supp. 456, 471 (D. Mass. 1997).

Opponents may further charge that a statute of this type could potentially open the floodgates to jurisdiction in other tort cases. This argument too is without merit. Trademark violations, while held by the courts to be torts, have been repeatedly found to be more closely related to the intentional tort of libel, because the tort of libel is held to occur where the offending material is circulated.<sup>337</sup> Similarly, in trademark infringement cases, courts have held that the claim arises where the "passing off" occurs—where the deceived customer purchases the defendant's goods in the mistaken belief that he is purchasing goods from the plaintiff or where the plaintiff suffers economic impact.<sup>338</sup> In *Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club, L.P.*,<sup>339</sup> the court used an oversimplified version of the "effects test" set forth in the *Calder v. Jones*<sup>340</sup> libel case. In *Indianapolis Colts*, the defendant's entry into the forum consisted only of a planned nationwide television broadcast of its games.<sup>341</sup> This jurisdictional test has been repeatedly applied in trademark controversies as such controversies are analogous to intentional torts.<sup>342</sup>

Opponents may challenge the extremeness of the statute. To serve the purpose of the statute, which is to eliminate personal jurisdiction controversies in Internet trademark actions, the statute can only be at one extreme or the other. The statute may either provide that jurisdiction can not be exercised in these cases based on a Web site or can provide for jurisdiction in all cases arising from the use of a mark on the Internet. A middle ground provides flexibility. Flexibility provides the basis for litigation furthering inequality and inconsistency, as courts have taken divergent views

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<sup>337</sup> 5 MCCARTHY, *supra* note 5, § 32:38, at 32-48. *See, e.g.*, *Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club, L.P.*, 34 F.3d 410 (7th Cir. 1994).

<sup>338</sup> *See Vanity Fair Mills v. T. Eaton Co.*, 234 F.2d 633, 639 (2d Cir. 1956) (where passing off occurs); *Dakota Indus. v. Dakota Sportswear, Inc.*, 946 F.2d 1384 (8th Cir. 1991) (where economic impact felt).

<sup>339</sup> 34 F.3d 410 (7th Cir. 1994).

<sup>340</sup> 465 U.S. 783, 787 (1984). *See supra* note 92 (discussing "effects" test).

<sup>341</sup> *Indianapolis Colts*, 34 F.3d at 411.

<sup>342</sup> *See, e.g.*, *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998); *Digital Equip. Corp. v. AltaVista Tech., Inc.*, 960 F. Supp. 456, 460 n.6 (D. Mass. 1997); *Dakota Indus.*, 946 F.2d at 1391.

on what constitutes additional contacts or is required beyond a passive Web site to satisfy jurisdiction.

Consistency, fair warning, conservation of judicial resources, speedy resolution, clarity, uniformity and faithfulness to the policy of the Lanham Act are the goals of this proposed statute. In 1945, the *International Shoe* Court relaxed jurisdictional standards to keep pace with a progressively mobile society.<sup>343</sup> It is unlikely that the Supreme Court could have imagined that the jurisdictional test they fashioned in a case involving shoes could be appropriately applied more than half a century later to a medium that defies analogy. Congress must again meet the challenge of the courts, as it has repeatedly done in the past, and enact a statute providing for nationwide jurisdiction in trademark disputes derived from Internet use.

## CONCLUSION

The Internet has been a boon to business and the economy. Conversely, the Internet has presented our courts with complex problems, taxing their resources. The policy of the Lanham Act of uniformity, speedy resolution, clarity and consistency is being undermined by the courts. The personal jurisdiction decisions rendered by the courts, in trademark controversies arising from electronic contacts on the Internet, cannot be reconciled.

The inconsistency of application of traditional personal jurisdiction analysis, arguably violates due process as the decisions lack clarity and fail to give defendants "fair warning." Further, the decisions illustrate the inappropriateness of applying traditional personal jurisdiction doctrines which derived from tangible physical contacts to a borderless electronic medium. Congress must solve this dilemma by amending section 39 of the Lanham Act, 15 U.S.C. § 1121, to provide for nationwide jurisdiction in trademark controversies derived from electronic contacts on the Internet.

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<sup>343</sup> 326 U.S. 310, 316 (1945) (holding that the exercise of personal jurisdiction was proper over a defendant who although not present in the forum had "certain minimum contacts with [the state] such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice" was proper). See FREIDENTHAL, *supra* note 95, § 3.10, at 120.

The speed of innovations in technology in this country require a break with the accepted tradition that the law always lags behind technological advances and requires instead that the law be, if not ahead of technology, then at least in pace with it.

**APPENDIX:  
PROPOSED AMENDMENT TO  
15 U.S.C. § 1121 (1994)\***

**§ 1121. Jurisdiction of Federal courts; *Nationwide service of process in controversies arising from electronic use on the Internet*; State and local requirements that registered trademarks be altered or displayed differently; prohibition**

(a) The district and territorial courts of the United States shall have original jurisdiction and the courts of appeal of the United States (other than the United States Court of Appeals for the Federal Circuit) shall have appellate jurisdiction, of all actions arising under this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.

*(1) Any suit or action, brought in a district court of the United States, to enforce any right created by sections 1114 and 1125 of this title or to enjoin any violation of this title pursuant to section 1116, where a mark or trade name is electronically visible, or electronically embedded in code, or otherwise functions on the Internet as it is defined in section 230(e)(1) of title 47, and the claim arises from the electronic use on the Internet of such mark or trade name, may be brought in the district of the situs of the harm or in the district where the defendant is found or is a resident or transacts business or wherever the defendant may be found, and process in such cases may be served in any other district of which the defendant is a resident or wherever the defendant may be found.*

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\* Proposed revisions are denoted by italics.



(b) No State or other jurisdiction of the United States or any political subdivision or any agency thereof may require alteration of a registered mark, or require that additional trademarks, service marks, trade names or corporate names that may be associated with or incorporated into the registered mark be displayed in the mark in a manner differing from the display of such additional trademarks, service marks, trade names, or corporate names contemplated by the registered mark as exhibited in the certificate of registration issued by the United States Patent and Trademark Office.