

Remedies Against Unlawful Domain Names

**A Comparison of Recent Developments under
US and German Law**

by

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I. INTRODUCTION

The exponential growth of the Internet has created a new type of legally objectionable conduct known as “cybersquatting”. It occurs when one party, the cybersquatter, registers as its own domain name the distinctive trademark of another. In the United States the recently enacted, Anticybersquatting Consumer Protection Act¹ (“ACPA”) prohibits the bad faith and abusive registration of distinctive marks as Internet domain names with the intent to profit from the goodwill associated with such mark.

However, cybersquatting is only one manifestation of the domain conflict. The traditional provisions of the Lanham Act covering trademark infringement² and unfair competition³ provide remedies to trademark holders against the use of certain types of domain names. Furthermore, The Federal Trademark Dilution Act of 1995⁴ provides remedies when “famous” marks are adversely affected by domain names.

While the ICANN⁵ policy provides for an alternate dispute resolution policy in case of domain name conflicts, the parties are not limited to those procedures and may seek relief in the courts.⁶

Consequently, a body of US case law is emerging, addressing domain name conflicts, from which certain general rules of US trademark law can now be identified to provide guidance in this new and explosive field of commerce.

The Internet knows no borders and is therefore not limited by the national boundaries of individual countries. In one case, the publisher of *Playboy* magazine was able in a US federal court to obtain jurisdiction over an Italian company that used the domain name <playmen.it> for its adult-oriented web site.⁷ This exercise of extraterritorial jurisdiction for Internet-related activities can also work to the disadvantage of American entities. In one instance, two non-profit organizations dedicated to the preservation of the French language filed suit in a Paris court against Georgia Tech Lorraine, claiming that the school’s web site did not comply with a law mandating use of the French language in advertisements.⁸ Hence, the simple use of a domain name by a resident of the United States can not only violate the rights of a US

¹ Pub. L. No. 106 -113, 113 Stat. 1501 (1999), codified at 15 U.S.C. § 1125(d)

² 15 U.S.C. § 1114(1)

³ 15 U.S.C. § 1125(a)

⁴ Pub. L. No. 104-98, 109 Stat. 985 (1996), codified at 15 U.S.C. § 1125(c)

⁵ Internet Corporation for Assigned Names and Numbers (ICANN) adopted a Uniform Domain Name Dispute Resolution Policy which can be found at <http://www.domainmagistrate.com/dispute-policy.html>

⁶ Paragraph 4 (k) of the ICANN policy provides: “The mandatory administrative proceeding requirements set forth in Paragraph 4 shall not prevent either you or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded.”

⁷ *Playboy Enterprises v. Chuckleberry Publishing, Inc.*, 939 F. Supp. 1032 (S.D.N.Y. 1996)

⁸ The lawsuit was later dismissed on procedural grounds. See Schneiderman and Kornreich, *Personal Jurisdiction and Internet Commerce*, New York Law Journal at 1 (June 4, 1997)

trademark owner, but such practice could also be actionable under the laws of other countries, and vice versa.

German courts have recently handed down quite a number of decisions in this area of unlawful domain names, and this paper attempts to compare how this conflict is currently being viewed under the US and German legal systems.

A. EXPLANATION OF DOMAIN NAMES

Domain names are Internet addresses. In the United States, the domain names contain two components:

1. A top level domain, generally referred to as “TLD” identifying the type of entity possessing the name (“.gov” for government, “.edu” for educational institutions, “.net” for networks, “.org” for industry organizations and the ubiquitous “.com” for commercial businesses); and
2. A second level domain generally referred to as “SLD”, identifying the holder of the domain name.

The author’s domain name is <burkardlaw.com> where “.com” is the TLD and “burkardlaw” is the SLD.

Internationally, the TLD is often used to identify the country of the holder such as “.de” for Germany, “.fr” for France etc. However, due to the immense popularity of “.com”, this TLD is also frequently used outside the United States instead of the respective country abbreviation.

No two domain holders can have the same domain name i.e. identical TLD and SLD. No one except the author can use <burkardlaw.com>, but someone else could register <burkardlaw.org> or <burkardlaw.fr> if those domain names have not already also been taken.

B. CONFLICT BETWEEN DOMAIN NAMES AND TRADEMARKS

The fundamental question underlying the conflicts between domain names and trademarks is whether Internet addresses, such as domain names, can function as trademarks. Those who would deny a trademark function to domain names generally rely on their technical nature, arguing that they serve merely as mechanisms to reach someone in cyberspace, very much as street addresses and telephone numbers do in the physical world. The prevailing view, however, is that domain names can act as trademarks and are therefore entitled to protection under the trademark laws. As suggested by a host of cases, domain names can act as source identifiers and indicators of quality as well as repositories of corporate goodwill, and as such should be given the full range of trademark protection.⁹

⁹ See Sally M. Abel, *Trademark Issues in Cyberspace: The Brave New Frontier*, 5 Mich. Telecomm. Tech. L. Rev. 91 (1999)

II. RECENT DEVELOPMENTS IN THE UNITED STATES

To defend trademarks against attacks by domain names, initially the traditional trademark actions of infringement and unfair competition were employed. In 1995, the Trademark Dilution Act was passed, providing trademark owners additional ammunition against cyberpirates. In 1999, the Anticybersquatting Consumer Protection Act was enacted, and it enhances the trademark owner's position even further in its struggle against offending domain names.

A. STATUTES AND ALTERNATE DISPUTE RESOLUTION POLICY

1. TRADEMARK INFRINGEMENT

Section 32(1) of the Lanham Act applies to federally registered marks and provides in pertinent part:

Any person who shall, without the consent of the registrant—
(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;...shall be liable in a civil action by the registrant for the remedies hereafter provided.¹⁰

2. UNFAIR COMPETITION

A similar standard as in Section 32(1) of the Lanham Act is embodied in Section 43(a)(1) of that Act, and it applies to both registered and unregistered trademarks:

Any person who, on or in connection with any goods or services, ... uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, ... shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.¹¹

¹⁰ 15 U.S.C. § 1114(1)

¹¹ 15 U.S.C. § 1125(a)(1)

This section of the Lanham Act is generally referred to as “unfair competition”, but it should not be confused with the unfair competition provisions under the Federal Trade Commission Act¹² nor the state competition laws.

3. TRADEMARK DILUTION

In January of 1996, the Federal Dilution Act was passed, which added subsection (c) to Section 43 of the Lanham Act in order to provide a national remedy for dilution of “famous” marks.¹³ The legislative history of the Act indicates that it was intended to apply to domain names and specifically work to remedy the problem of one entity registering the domain name that matches another entity’s famous mark.¹⁴

The Federal Dilution Act provides:

The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.¹⁵

On the question whether the mark is famous, The Federal Dilution Act lists for consideration eight factors, not intended to be all-inclusive.¹⁶

4. ANTICYBERSQUATTING CONSUMER PROTECTION ACT

On November 29, 1999, the President signed into law the Anticybersquatting Consumer Protection Act (“ACPA”).¹⁷ The ACPA expressly amends §§ 32(2), 34(a), 35, 43, and 45 of the Lanham Act, also known as the Trademark Act of 1946. The ACPA creates a civil cause of action that a mark owner can assert against those who, in bad faith, “register, traffic in, or use” a domain name that is identical or confusingly similar to the mark owner’s distinctive or famous mark; or dilutive of its famous mark; or a mark, word or name specifically protected by federal statute.

¹² 15 U.S.C. §45.

¹³ 15 U.S.C. § 1125(c)

¹⁴ 141 Cong. Rec. S. 19312-01 (daily ed. Dec. 29, 1995) statement of Sen. Leahy (VT)

¹⁵ 15 U.S.C. § 1125(c)(1)

¹⁶ 15 U.S.C. § 1125(c)(1)

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

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

(C) the duration and extent of advertising and publicity of the mark;

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

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

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

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

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

¹⁷ Pub. L. No. 106 -113, 113 Stat. 1501 (1999), to be codified at 15 U.S.C. § 1125(d). The full text of the ACPA is available at <http://www.aipla.org/html/S.1948IS.html>.

a) Civil In Personam Action

The ACPA provides for a civil *in personam* action against offending domain name holders¹⁸ and protects against the unauthorized use of trademarks as domain names by targeting

1. those registering a domain name that is identical or confusingly similar to the mark owner's distinctive or famous mark, dilutive of its famous mark, or identical to a mark specifically protected by federal statute;
2. those registrants or their licensees operating under such a domain name; and
3. those who "traffic in" the domain name by selling or otherwise exchanging it for consideration.

To avoid imposing liability on innocent parties or violating a registrant's constitutional first amendment rights, the ACPA requires the plaintiff to show that the defendant registered, used or trafficked in the domain name with a "bad faith intent" to profit from the mark. The ACPA specifically lists factors in 15 U.S.C. § 1125(d)(B)(i) that a court may consider in determining whether the defendant had such intent.¹⁹

¹⁸ 15 U.S.C. § 1125(d)(1)(A) "A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person--

(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

(ii) registers, traffics in, or uses a domain name that--

(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;

(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark...

(C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.... "

¹⁹ 15 U.S.C. § 1125(d)(1)(B)(i) "In determining whether a person has a bad faith intent described under subparagraph (A), a court may consider factors such as, but not limited to--

(I) the trademark or other intellectual property rights of the person, if any, in the domain name;

(II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

(III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

(VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;

(VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous

(ii) Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful...."

The ACPA additionally contains an escape clause preventing a court from finding bad faith intent if the court determines that the defendant both believed and had reasonable grounds to believe that use of the domain name was a fair use or was otherwise lawful.²⁰

b) Special In Rem Civil Action

Almost as an afterthought, provisions for *in rem* proceedings²¹ were included to address the concerns voiced by Porsche Cars North America, among others, in the U.S. Senate Judiciary Committee Hearing on *Cybersquatting and Consumer Protection: Ensuring Domain Name Integrity*. Porsche was having great difficulty in reaching certain domain name holders,²² either *in personam* or *in rem*, and hence this provision was included in the ACPA, seemingly at the last minute.

To cover situations in which the mark owner cannot bring a cause of action against a potential defendant because such defendant is not subject to *in personam* jurisdiction, or has successfully eluded the plaintiff, the ACPA permits the mark owner to file suit literally against the domain name itself. In order to proceed with this *in rem* action against the domain name, the mark owner must send a notification of intent to proceed *in rem* to the postal and e-mail addresses given by the domain name registrant to the registrar, and by publishing notice of the action as the court may direct after filing. The *res* is deemed to be located in the federal judicial district in which the authority that registered or assigned the domain name is located, and the action may be brought in that federal judicial district.²³

c) Damages

Trademark owners filing a cause of action under the ACPA may request monetary relief including profits, damages (which may be trebled), costs, and, in exceptional cases, attorneys fees. Trademark owners proceeding under the Act can also elect to receive an award of

²⁰ *id.*

²¹ 15 U.S.C. § 1125(d)(2)(A) “The owner of a mark may file an in rem civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located if--

(i) the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c); and

(ii) the court finds that the owner--

(I) is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action under paragraph (1); or

(II) through due diligence was not able to find a person who would have been a defendant in a civil action under paragraph (1) by--

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

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

(B) The actions under subparagraph (A)(ii) shall constitute service of process.

(C) In an in rem action under this paragraph, a domain name shall be deemed to have its situs in the judicial district in which--

(i) the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or

(ii) documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.

(D)(i) The remedies in an in rem action under this paragraph shall be limited to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark....”

²² See *Porsche Cars North America v. Porsche.com*, 51 Fed. Sup. 2d 707 (E.D. Va. 1999)

²³ *In rem* proceedings are discussed further in section II, C, 2 *infra*.

statutory damages from between \$1,000 to \$100,000 per domain name. Statutory damages are only available for domain names that were registered on or after November 29, 1999.²⁴

With respect to *in rem* proceedings, remedies are limited to a court order for forfeiture or cancellation of the domain name, or the transfer of the domain name to the mark owner.²⁵

5. ICANN POLICY

a) Uniform Domain Name Resolution Policy

The Internet Corporation for Assigned Names and Numbers (“ICANN”) has approved a final version of the Uniform Domain Name Dispute Resolution Policy (“the Policy”)²⁶ to be implemented by all registrars of “.com,” “.net” and “.org” TLDs. The Policy provides a procedure for the resolution of disputes involving the bad faith registration of a domain name that is identical or confusingly similar to another’s trademark. The Policy is incorporated by reference into the registration agreement of each accredited registrar.

(1) Approved Dispute Resolution Service Providers

Under the Policy, domain name registrants are required to submit to a mandatory administrative proceeding if a third party complainant files a complaint with a dispute resolution service provider (“Provider”) approved by ICANN. The first Provider approved by ICANN was the World Intellectual Property Organization (“WIPO”).²⁷

(2) Elements of a Complaint and Defense

Complaints under the Policy must assert each of the following elements:

1. the registrant’s domain name is identical or confusingly similar to the complainant’s mark;
2. the registrant has no legitimate interest in the domain name; and
3. the domain name was registered in bad faith. “Bad faith” is defined under the Policy as registration of a domain name primarily for the purpose of selling, renting or transferring the domain name; preventing the trademark owner from reflecting its mark in a domain name; disrupting a competitor’s business; or intentionally attracting Internet users to a Web site for commercial gain by causing a likelihood of confusion.

In its defense, the registrant can file a response claiming that it registered the domain name in connection with a bona fide offering of goods or services; or for a legitimate noncommercial or fair use without intent for commercial gain, consumer confusion or dilution of the complainant’s mark. The registrant can also claim that it is commonly known by the domain name (i.e. the domain name represents the registrant’s commonly known nickname).

²⁴ 15 U.S.C. § 1117

²⁵ 15 U.S.C. § 1125(d)(2)(A)(D)(i)

²⁶ The full text of the Policy and the required elements of a complaint or defense are listed at <http://www.icann.org/udrp/udrp-policy-24oct99.htm>.

²⁷ A listing of all approved Providers is maintained by ICANN at <http://www.icann.org/udrp/approved-providers.htm>. Because additional Providers are expected to be approved by ICANN, it is recommended that trademark owners periodically check this site. A summary of WIPO’s dispute resolution services and its fee structure can be found at <http://arbiter.wipo.int/domains/>.

(3) Remedies

The available remedies under the Policy are limited to cancellation or transfer of the domain name. The Policy does not preclude the parties from submitting the dispute to a court of competent jurisdiction.

6. SUMMARY OF ACTIONS AVAILABLE TO TRADEMARK OWNERS

Trademark owners in the United States have five powerful weapons to combat the encroachment upon their trademark rights by domain name holders:

1. Infringement of Registered Trademarks
2. Unfair Competition,
3. Trademark Dilution,
4. Anticybersquatting Consumer Protection Act, and
5. ICANN Dispute Resolution Policy.

The following outline lists the elements of proof necessary to bring a particular action.

a) Registered Trademark Infringement

The plaintiff must show that

1. the mark is a registered trademark;²⁸
2. defendant is making commercial use of the mark in commerce; and
3. such use is likely to cause confusion, to cause mistake, or to deceive.²⁹

b) Unfair Competition

The plaintiff must show that

1. the defendant is making commercial use of a registered or unregistered mark in commerce;³⁰
2. such use is likely to cause confusion.³¹

c) Trademark Dilution

The plaintiff must show that

1. the mark is famous;
2. defendant is making commercial use of the mark in commerce;
3. the defendant's use began after the mark became famous; and
4. the defendant's use of the mark dilutes the quality of the mark.³²

²⁸ "...use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use..." 15 U.S.C. § 1125(a)(1).

²⁹ "...is likely to cause confusion, or to cause mistake, or to deceive..." 15 U.S.C. § 1125(a)(1)

³⁰ "Any person who, on or in connection with any goods or services,...uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact..."

³¹ "...is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person."

³² "Dilution" is defined as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake or deception." 15 U.S.C. §1127(6).

d) Anticybersquatting Consumer Protection Act

The plaintiff must show that:

1. defendant has a bad faith³³ intent to profit from plaintiff's distinctive or famous mark;
2. defendant registers, traffics in or uses a domain name;
3. if the mark is distinctive, the domain name must be identical or confusingly similar to the mark;
4. if the mark is famous at the time of the domain name registration, the domain name must be identical or confusingly similar to, or dilutive of the mark.

Furthermore, the ACPA provides for an *in rem* civil action when the domain name registrant is not subject to personal jurisdiction or cannot be found.³⁴

e) ICANN Dispute Resolution Policy

Currently the Policy applies only to “.com”, “.net”, and “.org” domain names. The Policy requires a showing that:

1. a registered or unregistered mark is being infringed by a domain name which is identical or confusingly similar to the mark,
2. the registrant has no legitimate interest in the domain name, and
3. the domain name was registered in bad faith.

The registrant has the available defense that it registered the domain name in connection with a bona fide offering of goods or services; or for a legitimate noncommercial or fair use without intent for commercial gain, consumer confusion or dilution of the complainant's mark. The registrant can also claim that it is commonly known by the domain name (i.e. the domain name represents the registrant's commonly known nickname).

The remedies available under the Policy are limited to cancellation or transfer of the domain name.

B. CASE LAW

To illustrate US federal case law in domain conflicts, three rulings, recently handed down by the Circuit Courts of Appeal for the Second and Ninth Federal Circuits, are discussed.

1. INFRINGEMENT AND UNFAIR COMPETITION – BROOKFIELD V. WEST COAST

In *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*³⁵ the Ninth Circuit held that registration of a domain name for a web site does not trump long-established principles of trademark law. This decision, the first by a circuit court on the issue of trademark infringement via domain name use, affirms the precedence of trademark law over Internet customs and practices.

³³ See Note 19, *supra*.

³⁴ 15 U.S.C. § 1125(d)(2)(A)(i) “if the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c)...” Subsection (a) covers unfair competition and subsection (c) covers trademark dilution.

³⁵ 174 F.3d 1036 (9th Cir. 1999)

a) Facts

Since 1987, Brookfield Communications, Inc. had gathered and sold information about the entertainment industry for the purpose of creating and marketing software and services for professionals in that industry. In 1993, Brookfield expanded into the consumer market, offering computer software featuring a searchable database containing entertainment-industry-related information marketed under the MOVIEBUFF mark. In 1996, Brookfield attempted to register the domain name <moviebuff.com>, but the name had already been registered by West Coast Entertainment Corp., one of the nation's largest video rental store chains. West Coast claims that it chose the domain name because the phrase "Movie Buff" is part of its service mark, "The Movie Buff's Movie Store", for which a federal registration issued in 1991. Since <moviebuff.com> was taken, Brookfield began selling its software and access to its MOVIEBUFF database at <brookfieldcomm.com> and <moviebuffonline.com>. Brookfield also applied for and received two federal registrations for the MOVIEBUFF mark. In October 1998, Brookfield learned that West Coast intended to launch a web site at <moviebuff.com> containing, among other things, a searchable entertainment database similar to its own MovieBuff database. Brookfield sent a cease and desist letter to West Coast. The next day, West Coast issued a press release announcing the imminent launch of its web site. Brookfield filed a complaint alleging that West Coast's proposed offering of online services at <moviebuff.com> would constitute trademark infringement and unfair competition.³⁶ In footnote eight the court states that Brookfield framed its claims under sections 32 and 43(a) of the Lanham Act in terms of trademark infringement and unfair competition, respectively. Despite the differences between those two sections, the court found that the analysis under the two provisions is frequently identical. Therefore, for simplicity's sake, the court used the term "infringement" to refer to Brookfield's claims under both sections of the Lanham Act.

b) Statutory Requirements

Brookfield brought this action on the grounds of trademark infringement and unfair competition. Brookfield dropped its claim for trademark dilution, possibly because there might have been some difficulty in showing that the mark was famous.

As mentioned above, to claim trademark infringement and unfair competition, the plaintiff must show that

- the mark is a registered trademark;
- the defendant is making commercial use of the mark in commerce, and
- such use is likely to cause confusion.

c) Decision

There was no dispute that plaintiff's MOVIEBUFF mark was registered and that defendant was making commercial use of <moviebuff.com> in commerce. The court pointed out that the core element of trademark infringement is the likelihood of confusion and goes on to say:

We look to the following factors for guidance in determining the likelihood of confusion: similarity of the conflicting designations;

³⁶ Brookfield chose not to argue its trademark dilution claim in its opening brief, and therefore the court limited its attention to Brookfield's trademark infringement and unfair competition claims.

relatedness or proximity of the two companies' products or services; strength of Brookfield's mark; marketing channels used; degree of care likely to be exercised by purchasers in selecting goods; West Coast's intent in selecting its mark; evidence of actual confusion; and likelihood of expansion in product lines. ...

A word of caution: this eight-factor test for likelihood of confusion is pliant. Some factors are much more important than others are, and the relative importance of each individual factor will be case-specific. Although some factors—such as the similarity of the marks and whether the two companies are direct competitors—will always be important, it is often possible to reach a conclusion with respect to likelihood of confusion after considering only a subset of the factors. ... Moreover, the foregoing list does not purport to be exhaustive, and non-listed variables may often be quite important. We must be acutely aware of excessive rigidity when applying the law in the Internet context; emerging technologies require a flexible approach.

The court found that West Coast's domain name <moviebuff.com> was essentially identical to Brookfield's mark MOVIEBUFF. The differences in capitalization and the addition of ".com" were held to be inconsequential in light of the fact that web addresses are not caps-sensitive and the ".com" TLD signifies the commercial nature of the site. Since MOVIEBUFF and <moviebuff.com> are fundamentally identical in terms of sight, sound, and meaning, the court concluded that the similarity factor weighs heavily in favor of Brookfield.

The court noted, however, that similarity alone does not necessarily lead to consumer confusion. Since related goods are more likely than unrelated goods to confuse the public, the court also considered the relatedness and competitiveness of the products and services offered. If Brookfield and West Coast did not compete to any extent whatsoever, there would be little likelihood of confusion. The court explains:

A Web surfer who accessed <moviebuff.com> and reached a web site advertising the services of Schlumberger Ltd. (a large oil drilling company) would be unlikely to think that Brookfield had entered the oil drilling business or was sponsoring the oil driller.

The court refused to classify Brookfield and West Coast as non-competitors. In fact, it found that the competitive proximity of their products to be quite high. Furthermore, the court held that in addition to the relatedness of the products, West Coast and Brookfield both utilized the Web as a marketing and advertising facility which factor exacerbates the likelihood of confusion.

The court held that when a firm uses a competitor's trademark in the domain name of its web site, users are likely to be confused as to its source or sponsorship. Such confusion is exacerbated if both competitors use the Web as a marketing and advertising facility. The court concluded that it is these forms of confusion, which the trademark laws are designed to prevent.

The tests for both trademark infringement and unfair competition were met. The court found commercial use in commerce of a registered trademark and the likelihood of confusion.

2. TRADEMARK DILUTION – PANAVISION V. TOEPPEN

The case *Panavision Int'l L.P. v. Toeppen*³⁷ represents one of many lawsuits in which Mr. Toeppen became involved, but it is the only one of those cases, to date, on which there has been a ruling by a federal circuit court of appeals.

a) Facts

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

Thereupon, Panavision's counsel sent a letter to Toeppen informing him that Panavision held a trademark in the name PANAVISION and telling him to stop using that trademark and the domain name <Panavision.com>.

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

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

Panavision brought this action under the Federal Dilution Act.³⁸

b) Statutory Requirements

As mentioned above, under the Federal Trademark Dilution Act the plaintiff must show that

- the mark is famous;
- the defendant is making commercial use of the mark in commerce;
- the defendant's use began after the mark became famous; and
- the defendant's use dilutes the quality of the mark.

c) Decision

Toeppen did not challenge the district court's determination that Panavision's trademark is famous, that his alleged use began after the mark became famous, or that the use was in commerce. Toeppen challenged the district court's determination that he made "commercial use" of the mark and that this use caused "dilution" in the quality of the mark. With respect to commercial use, Toeppen argued that his use of Panavision's trademarks simply as his domain

³⁷ 141 F.3d 1316 (9th Cir. 1998)

³⁸ 15 U.S.C. § 1125(c)

names cannot constitute a commercial use under the Act. The court agreed with Toeppen up to this point.

Developing this argument, Toeppen contended that a domain name is simply an address used to locate a web page. He asserted that entering a domain name on a computer allows a user to access a web page, but a domain name is not associated with information on a web page. If, at that time, a user were to type <Panavision.com> as a domain name, the computer screen would have displayed Toeppen's web page with aerial views of Pana, Illinois. The screen would not have provided any information about Panavision, other than a location window, which displays the domain name. Toeppen argued that a user who types in <Panavision.com>, but who sees no reference to the plaintiff Panavision on Toeppen's web page, is not likely to conclude that the web page is related in any way to the plaintiff, Panavision. The court did not agree.

In the court's opinion, Toeppen's "business" was to register trademarks as domain names and then sell them to the rightful trademark owners. He acted as a spoiler, preventing Panavision from doing business on the Internet under its trademarked name unless they pay his fee. The court found that this was a "commercial use". Toeppen traded on the value of Panavision's marks. So long as he held the Internet registrations, he curtailed Panavision's exploitation of the value of its trademarks on the Internet, a value that Toeppen then used when he attempted to sell the <Panavision.com> domain name to Panavision.

With respect to the issue of "commercial use", the court opined that Toeppen did in fact make a commercial use of Panavision's trademarks. It did not matter that he did not attach the marks to a product. Toeppen's commercial use was his attempt to sell the domain names themselves. Under the Federal Trademark Dilution Act and the California Anti-dilution statute, this was sufficient commercial use as far as the court was concerned.

With respect to dilution, the court pointed out that "dilution" is defined as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake or deception."³⁹

The court concluded that trademark law should also protect the trademark itself. Whereas traditional trademark law is intended primarily to protect consumers, dilution laws place more emphasis on protecting the investment of the trademark owners.

According to the court, to find dilution, it need not rely on the traditional definitions such as "blurring" and "tarnishment"⁴⁰ Indeed, in concluding that Toeppen's use of Panavision's

³⁹ 15 U.S.C. § 1127(6)

⁴⁰ Blurring occurs when a defendant uses a plaintiff's trademark to identify the defendant's goods or services, creating the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff's product. Ringling Bros.-Barnum & Bailey, Combined Shows, Inc. v. B.E. Windows, Corp., 937 F. Supp. 204, 209 (S.D.N.Y. 1996) (citing Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 43 (2d. Cir. 1994)); Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, S 24:68 at 24-111 (4th ed. 1997); see also Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Development, 955 F. Supp. 605, 614-15 (E.D. Va. 1997) (discussing the inadequacies of current definitions of blurring and determining that blurring requires consumers to mistakenly associate a defendant's mark with a plaintiff's famous trademark).

trademarks diluted the marks, the lower court noted that Toeppen's conduct varied from the two standard dilution theories of blurring and tarnishment. The court found that Toeppen's conduct diminished "the capacity of the Panavision marks to identify and distinguish Panavision's goods and services on the Internet". Toeppen argued he did not dilute the capacity of the Panavision marks to identify goods or services. He argued that even though Panavision could not use <Panavision.com> and <Panaflex.com> as its domain name addresses, it could still promote its goods and services on the Internet simply by using some other "address" and then creating its own web page using its trademarks.

The court rejected Toeppen's premise that a domain name is nothing more than an address. A significant purpose of a domain name is to identify the entity that owns the web site. The court reasoned that a customer who is unsure about a company's domain name would often guess that the domain name is also the company's name. "[A] domain name mirroring a corporate name may be a valuable corporate asset, as it facilitates communication with a customer base."⁴¹ Using a company's name or trademark as a domain name was also found to be the easiest way to locate that company's web site. Use of a search engine can turn up hundreds of web sites, and there is nothing equivalent to a phone book or directory assistance for the Internet.

Moreover, in the court's opinion, potential customers of Panavision would be discouraged if they cannot find its web page by typing in <Panavision.com>, but instead were forced to wade through hundreds of web sites. This dilutes the value of Panavision's trademark. Toeppen's use of <Panavision.com> also puts Panavision's name and reputation at his mercy and could be associated with an unimaginable amount of messages on Toeppen's web page.

The court held that where one party uses the famous trademark of another in its domain name, that use alone is not actionable. However, when that same party makes it its business to register domain names containing the famous marks of others in order to sell such domain names to the trademark owners, that business constitutes a commercial use of the mark under the Federal Trademark Dilution Act. The inclusion in a domain name of another's famous mark, diminishes the capacity of the trademark owner to identify its goods and services on the Internet, and therefore such use dilutes the famous mark.

The tests for trademark dilution were met. The defendant Toeppen conceded that the mark was famous and that his use began after the mark became famous. The court found that defendant made commercial use of the mark and that the defendant's use diluted the quality of the mark.

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

⁴¹ MTV Networks, Inc. v. Curry, 867 F. Supp. 202, 203-204 n.2 (S.D.N.Y. 1994).

3. ACPA – SPORTY’S FARM V. SPORTSMAN’S MARKET

The first appellate decision based on the ACPA was *Sporty’s Farm L.L.C. v. Sportsman’s Market, Inc.*⁴² published on February 2, 2000. This case involved Sporty’s Farms, LLC (“Farm”), Omega Engineering, Inc. (“Omega”), and Sportsmen’s Market, Inc. (“Sportsmen’s”).

a) Facts

Sportsmen’s had been using the registered trademark SPORTY’S, to sell products to pilots and aviation enthusiasts through a mail order catalogue. It distributed approximately 18 million catalogues nationwide and had yearly sales of \$50 million. Aviation sales counted for sixty percent of Sportsmen’s revenues. Sportsmen’s had been using the mark since the 1960’s and in 1985 registered the SPORTY’S trademark with the United States Patent and Trademark Office. It used the mark in both its domestic and international toll-free numbers.

Omega sold scientific process measurement and control instruments through a mail order catalogue. In late 1994 or early 1995, the owners of Omega decided to enter the aviation catalogue business. They formed a wholly owned subsidiary called Pilot’s Depot, LLC. Shortly thereafter, Omega registered the domain name <sportys.com>. The owner of Omega was a pilot who received the Sportsmen’s catalogue. In January 1996, nine months after registering <sportys.com>, Omega formed another wholly owned subsidiary named “Sporty’s Farm LLC” and sold it the rights to <sportys.com> for \$16,200. Farm grows and sells Christmas trees and soon began advertising its Christmas trees on the <sportys.com> web page. In March 1996, Sportsmen’s discovered that Omega had registered <sportys.com> and demanded its transfer. Farm brought the declaratory relief action to continue its use of <sportys.com>. At the district court level, the court rejected Sportsmen’s trademark infringement claim and all claims based on likelihood of consumer confusion on the grounds that the parties operate wholly unrelated businesses and therefore confusion in the market place was not likely to develop. However, the district court, finding the mark to be famous, granted relief based on trademark dilution under the Federal Trademark Dilution Act, where it was not necessary to prove a likelihood of confusion. The district court awarded injunctive relief but did not award punitive damages or attorney’s fees because it did not find the actions of Farm and Omega to be willful dilution under the Federal Trademark Dilution Act. Both sides appealed this decision.

b) Statutory Requirements

As mentioned above, in a claim brought under the ACPA the plaintiff must show that

- the defendant has a bad faith intent to profit from the plaintiff’s distinctive or famous mark;
- the defendant registers, traffics in or uses a domain name;
- if the mark is distinctive, the domain name must be identical or confusingly similar to the mark;
- if the mark is famous at the time of domain name registration, the domain name must be identical or confusingly similar to, or dilutive of the mark.

⁴² 202 F.3d 489 (2d Cir. Conn. 2000)

c) Decision

On appeal, the Second Circuit viewed the case under the ACPA, which in the meanwhile had been passed into law. First, the court found that the mark SPORTY'S was distinctive as defined in the ACPA and, thus, it did not need to find whether the mark was famous. The court also concluded that the defendant had registered and was using the domain name <sportys.com>, which was confusingly similar to the SPORTY'S mark.

Most importantly, the court found that there was more than enough evidence in the record below of "bad faith intent to profit" on the part of Sporty's Farm, so that no reasonable factfinder could return a verdict against Sportsman's, because:

1. It was clear that neither Farm nor Omega had any intellectual property rights in <sportys.com> at the time Omega registered the domain name. Farm was not formed until nine months after the domain name was registered, and it did not begin operations or obtain the domain name from Omega until after this lawsuit was filed.
2. The domain name did not consist of the legal name of the party that registered it, Omega. Moreover, although the domain name did include part of the name of Farm, that entity did not exist at the time the domain name was registered.
3. The lack of prior use of the domain name in connection with the bona fide offering of any goods or services, also cuts against Farm since it did not use the site until after this litigation began, undermining its claim that the offering of Christmas trees on the site was in good faith.
4. Farm did not claim that its use of the domain name was "noncommercial" or a "fair use of the mark."
5. Omega sold the mark to Farm under suspicious circumstances.
6. The SPORTY'S mark was undoubtedly distinctive.

After thus having evaluated the various statutory factors for finding bad faith intent, the court pointed to the unique circumstances of this case which it also considered in its evaluation. The court knew from the record and from the district court's findings that Omega planned to enter into direct competition with Sportsman's in the pilot and aviation consumer market. As recipients of Sportsman's catalogs, Omega's owners were fully aware that SPORTY'S was a very strong mark for consumers of those products. Omega registered <sportys.com> for the primary purpose of keeping Sportsman's from using that domain name. Several months later, and after this lawsuit was filed, Omega created another company in an unrelated business that received the name Sporty's Farm so that it could 1) use the <sportys.com> domain name in some commercial fashion, 2) keep the name away from Sportsman's, and 3) protect itself in the event that Sportsman's brought an infringement claim alleging that a likelihood of confusion had been created by Omega's version of cybersquatting. Finally, the explanation given for Farm's desire to use the domain name, based on the existence of the dog Spotty, was not accepted by the court. Given these facts, the court found that there was ample and overwhelming evidence that, as a matter of law, Farm acted with a "bad faith intent to profit" from the domain name <sportys.com>, as those terms are used in the ACPA.

The court held that where a party registers and uses a domain name, in which is contained an identical or confusingly similar version of the distinctive trademark of another, such person is liable in a civil action by the trademark owner, if such person has a bad faith intent to profit from that distinctive mark.

Although the court does not expressly so state, it might have been difficult to find the mark SPORTY'S to be famous under the Federal Trademark Dilution Act. Consequently, the lower standard permitted by the ACPA for "distinctive" marks was of significant benefit to Sportsmen's in their dispute to obtain the <sportys.com> domain name.

C. EXTRATERRITORIAL APPLICATION

The issue of liability based on extraterritorial activity is particularly interesting given the borderless nature of the Internet. It ought to be easier to establish that allegedly infringing online activities of someone located outside the political boundaries of the state, or outside the entire country for that matter, have an effect within the state when those activities are instantly available to countless citizens within the state, at home or at work, who have access to the Internet. The most common form of jurisdiction in domain name disputes is personal jurisdiction over the alleged infringer. However, the ACPA has given trademark owners the additional weapon of *in rem* jurisdiction over the domain name itself.

Below, are two recent examples of actions brought by US residents against Canadian defendants, demonstrating how US trademark laws can reach non-US domain name holders as well as their domain names themselves.

1. PERSONAL JURISDICTION

Plaintiffs can sue only in courts that have personal jurisdiction over the defendant. This requires that there be meaningful minimum contacts between the defendant and the forum so that out-of-state defendants become subject to the forum's long arm statute, satisfying the requirements of due process.⁴³

With respect to minimum contacts involving the Internet, courts have adopted a sliding scale that addresses the minimum contacts issue by measuring: 1) the extent to which a web site interacts with users in the forum state; and 2) the nature of that interaction.⁴⁴ The scale divides web sites into three categories:

1. "integral" -- where the defendant clearly uses the site in e-commerce to do business with residents in the forum state, thus purposefully availing itself of the privilege of conducting business within the forum state and thus becoming subject personal jurisdiction;
2. "passive" -- where the web site does nothing more than offer information about the defendant and its products, with respect to which many courts, not all, have held that the existence of the passive site, standing alone, is insufficient to justify the exercise of personal jurisdiction;
3. "interactive" -- where the web sites fall somewhere between "integral" and "passive", and there is some exchange of information between the user and the site. Courts have differed widely on the issue of how much interactivity will establish the minimum contacts necessary for personal jurisdiction.

⁴³ World-Wide Volkswagen Corp. V. Woodson, 444 U.S. 286, 100 S.Ct. 559, 62 L.Ed.2d 490 (1980)

⁴⁴ The sliding scale was first used in Zippo Manufacturing Co. v. Zippo Dot Com, Inc., 952 Fed. Supp. 1119 (W.D. Pa. 1997) and has since been applied by numerous other courts. See K.D. STUCKEY, INTERNET AND ONLINE LAW (2000) at § 7.02[1][iii].

The recent case, *Northern Light Technology, Inc. v. Northern Lights Club*,⁴⁵ is instructive, since it involves personal jurisdiction over a Canadian domain name holder in the United States District Court for Massachusetts. Here the US owner of the registered trademark NORTHERN LIGHT alleged that with its domain name <northernlights.com>, the Canadian defendant Northern Lights Club 1) infringed the trademark,⁴⁶ 2) cyberpirated the trademark under the ACPA,⁴⁷ and 3) unfairly competed with the plaintiff⁴⁸ through the use of the web site at <www.northernlights.com>. The plaintiff argued that the court had specific personal jurisdiction under the Massachusetts long arm statute,⁴⁹ or in the alternative, in rem jurisdiction over the domain name under the ACPA.

The court found the web site to fall into the “interactive” category. The site itself, which was accessible throughout Massachusetts, invited users to inquire both about being listed at the site and about advertising on the site. The court held that it had personal jurisdiction, since through it the defendants have regularly solicited business in Massachusetts. The web site operates twenty-four hours a day, seven days a week. Through the web site and other communications, the defendant also attempted to do business with plaintiff. Therefore, the requirements of the long arm statute were satisfied because the web site was held to do business in Massachusetts. The court held that mere existence of a web site was not sufficient for personal jurisdiction in Massachusetts. Instead, the court required some additional expression of a desire to do business in that state.

Since the court held that there was personal jurisdiction, it did not discuss the *in rem* provisions of the ACPA.

The court discussed the issues of trademark infringement, unfair competition and cybersquatting, and found for the plaintiff.

2. IN REM JURISDICTION

Before the enactment of the ACPA, the courts refused to exercise *in rem* jurisdiction over domain names that allegedly infringed or diluted trademarks,⁵⁰ in cases where the plaintiff could not obtain personal jurisdiction over the defendant. The ACPA, however, provides for *in rem* jurisdiction, which allows a mark owner to seek the forfeiture, cancellation, or transfer of the infringing domain name by filing an *in rem* action against the name itself.⁵¹

In what seems to be the first decision on ACPA’s newly instituted *in rem* proceedings, *BroadBridge Media, L.L.C. v. Hypercd.com*,⁵² BroadBridge, the owner of the registered trademark “Hypercd” had, since 1996 distributed more than 4,500,000 compact discs bearing the trademark as well as the domain name <hypercd.com>. Through inattentiveness,

⁴⁵ 97 F. Supp. 2d 96 (D. Mass. 2000)

⁴⁶ 15 U.S.C. § 1114(1)

⁴⁷ 15 U.S.C. § 1125(d)

⁴⁸ 15 U.S.C. § 1125(a)

⁴⁹ Mass. Gen. Laws ch. 223A § 3

⁵⁰ See *Porsche Cars North America v. Porsche.com*, 51 Fed. Sup. 2d 707 (E.D. Va. 1999)

⁵¹ Note 21 *supra*.

⁵² 2000 U.S. Dist. LEXIS 9516, ___ F. Supp. 2d ___ (S.D.N.Y. July 7, 2000).

BroadBridge failed to renew its domain name registration, and the registration along with its e-mail address terminated on March 1, 2000. Three weeks later, a Canadian resident (second party), over whom the court lacked jurisdiction, registered the name, and wanted \$ 46,000 to transfer the name back to BroadBridge. BroadBridge brought an *in rem* action under the ACPA and the court, upon finding bad faith on the part of the second party, ruled in favor of BroadBridge.

The court held that a showing of bad faith was required to bring *in rem* civil actions under the ACPA, for the following reasons:

...Congress clearly intended to use the bad faith element of the statute as a way to narrow the breadth of the statute. “The bill is carefully and narrowly tailored, however, to extend only to cases where the plaintiff can demonstrate the defendant ... used the offending domain name with bad-faith intent to profit from the goodwill of a mark belonging to someone else. Thus, the bill does not extend to innocent domain name registrations by ... someone who is aware of the trademark status of the name but registers a domain name containing the mark for any reason other than with bad faith intent to profit from the goodwill associated with that mark.” H.R. Conf. Rep. 106-412 ... Reflecting this intent, Congress limited the *in rem* action against a domain name to those situations where the court finds the owner is unable to “obtain *in personam* jurisdiction over a person who would have been a defendant under paragraph (1).”...To be brought in as a defendant under paragraph (1) requires, in addition to other elements, a bad faith intent to profit.

Thus, the plaintiff holder of a US trademark can bring an *in rem* proceeding against an offending domain name owned by a non-US resident over whom the plaintiff could not obtain personal jurisdiction. The court stated that bad faith on the part of the owner of the domain name must be shown. The action may be brought in the judicial district where the domain name is registered.

Network Solutions Inc. (NSI) is the registrar of most domain names in the United States. NSI is located in the judicial district of the Eastern District of Virginia, and therefore its federal district court is the one which is likely to hear the most *in rem* cases under the ACPA.. Hence the August 15, 2000 decision in *Harrods Limited v. Sixty Internet Domain Names*⁵³ is highly significant. Here the court agreed entirely with the finding in the *BroadBridge* decision and held that bad faith intent to profit is a necessary element of an *in rem* action under the ACPA.

⁵³ 2000 U.S. Dist. LEXIS 11911 (E.D. Va. 2000)

III. RECENT DEVELOPMENTS IN GERMANY

A. BACKGROUND - GERMAN LEGAL SYSTEM

It can be misleading to compare US court decisions with those in Germany, without first having some understanding of the differences between the two legal systems.

Even though Germany is a Federal Republic, its legal system is not separated into “federal” and “state” as in the United States. While the German states (Länder) have legislative powers, such powers are, in most cases, preempted by the federal government (Bund). On the topic of our discussion here, we need only be concerned with German federal law (Bundesgesetz). In Germany there is no need to show an affect on “interstate commerce” to grant subject matter jurisdiction, such as in the United States under the Lanham Act.

Similarly, there are no competing federal and state courts in Germany. Germany has a single court system. In addition to the regular courts (ordentliche Gerichte), there are several special courts (besondere Gerichte) such as Labor Courts, Tax Courts, Administrative Courts etc. The regular courts have the following hierarchical structure:

1. Lower Court – Amtsgericht (“AG”)
2. District Court – Landgericht (“LG”)
3. Court of Appeals – Oberlandesgericht (“OLG”), and
4. Supreme Court – Bundesgerichtshof (“BGH”)

German courts are not bound by the doctrine of *stare decisis*. While lower courts generally follow the opinions of higher courts, particularly those of the BGH, they are not compelled to do so. None of the German court decisions is a legally binding precedent on other courts, but reported decisions do have a persuasive effect as *obiter dictum* has in the United States.

While Anglo-American law derives its basic rules from precedent and is, in theory, flexible, nearly all German law, including fundamental definitions, consists of legislative enactments, codes and statutes. German legal practice tends towards more extensive interpretation of statutory law and is more concerned with the purpose of the statute and the intent of the lawmakers. As such, German academic legal scholars play a predominant role, compared to the role of secondary authority which scholars are given under the US system.

It is also a basic principle of German law that a “special” statutory provision covering a particular subject in a more detailed and limited manner, prevails over a “general” provision (Generalklausel) which relates broadly to all cases.

The German Civil Code “BGB” (Bürgerliches Gesetzbuch) is the most general of all civil laws and applies to matters that are not specifically treated in other laws, such as, for our purposes, the Law Against Unfair Competition “UWG” (Gesetz gegen den unlauteren Wettbewerb) and Trademark Law “MarkenG” (Markengesetz).

Since there has not yet been any German legislation covering the registration and use of domain names, comparable to the ACPA in the United States, German legal analysis on this subject would first look to special statutory provisions in MarkenG and UWG, and if nothing therein can be found to cover the facts in question adequately, the more general provisions of BGB would be applied.

Similar to US courts, the German courts have struggled intensively with the conflicts created by the registration and use of domain names. Even though there have not yet been any decisions on this subject by the highest court BGH, lower court decisions demonstrate tendencies and patterns which permit interesting comparisons with US case law.

B. STATUTORY PROVISIONS

1. PROTECTION OF NAMES

The civil code §12 BGB⁵⁴ protects the rightful ownership and use of the names of natural and juridical persons, and it was this provision that generated some of the early judicial decisions involving domain name conflicts.

In a civil code such as BGB, individual rights are carefully organized in a logical fashion beginning with definitions and descriptions of basic rights, among which is the right to the integrity of one's name. In the United States, rights involving names would be a matter of state law, and in the individual states it is difficult to find statutory provisions which specifically protect names. Hence one would search through the common law to determine if someone's rights in a name were infringed. In the United States, it would be difficult to apply any such rights in a name to the domain name conflict, since the laws of the several states might be quite different, and applying the common law of a state against the use of an infringing domain name might be quite a challenge. For example, could Mr. Smith in state A obtain injunctive relief against Mr. Jones in state B who registers the domain name <smith.com>? While in Germany such an action is possible under §12 BGB, it is difficult to imagine such an action being brought in the United States without a showing of specific intent to profit from the name by reselling it.

The ACPA prohibits in subsection (b) the registration of a domain name that is the name of another living person, or a name that is substantially and confusingly similar thereto, without such person's permission, if the registrant's specific intent is to profit from the domain name by selling it for financial gain to such registrant or to a third person. The protection of personal names in the United States is, therefore, much more narrow and limited than under the German BGB.

2. TRADEMARK AND TRADE NAMES

The German trademark law is embodied in Markengesetz "MarkenG", §14 of which deals with trademark infringement and §15 with trade name infringement.

⁵⁴ §12 BGB: "Wird das Recht zum Gebrauch eines Namens dem Berechtigten von einem anderen bestritten oder wird das Interesse des Berechtigten dadurch verletzt, daß ein anderer unbefugt den gleichen Namen gebraucht, so kann der Berechtigte von dem anderen Beseitigung der Beeinträchtigung verlangen. Sind weitere Beeinträchtigungen zu besorgen, so kann er auf Unterlassung klagen."

The firm names of business establishments are more specifically protected by §37 HGB.

§14 (2) MarkenG provides as follows:⁵⁵

Third parties are prohibited, in commercial transactions, without the consent of the owner of the trademark, from using a mark if, because of (i) its the identity with or similarity to the trademark and (ii) the identity or similarity of the products or services covered by the mark and trademark, there is a risk of public confusion, including a risk that the mark will be mentally associated with the trademark.⁵⁶

§15 (2) MarkenG provides as follows:⁵⁷

Third parties are prohibited from using the trade name or a similar mark in commerce in an unauthorized manner, which is likely to create confusion with the protected mark.

§15 (3) MarkenG contains a provision, which prohibits the dilution of a famous mark.⁵⁸

3. COMPETITION LAWS

The Law Against Unfair Competition “UWG” is somewhat similar to the unfair competition provisions of the United States Federal Trade Commission Act.⁵⁹ §1 UWG⁶⁰ provides:

Whoever in commerce, for competitive purposes, acts contra bonos mores⁶¹ is subject to an action for injunctive relief or damages.

⁵⁵ §14 MarkenG: “(2) Dritten ist es untersagt, ohne Zustimmung des Inhabers der Marke im geschäftlichen Verkehr 1.ein mit der Marke identisches Zeichen für Waren oder Dienstleistungen zu benutzen, die mit denjenigen identisch sind, für die sie Schutz genießt, 2.ein Zeichen zu benutzen, wenn wegen der Identität oder Ähnlichkeit des Zeichens mit der Marke und der Identität oder Ähnlichkeit der durch die Marke und das Zeichen erfaßten Waren oder Dienstleistungen für das Publikum die Gefahr von Verwechslungen besteht, einschließlich der Gefahr, daß das Zeichen mit der Marke gedanklich in (2) Dritten ist es untersagt, ohne Zustimmung des Inhabers der Marke im geschäftlichen Verkehr

1.ein mit der Marke identisches Zeichen für Waren oder Dienstleistungen zu benutzen, die mit denjenigen identisch sind, für die sie Schutz genießt,

2.ein Zeichen zu benutzen, wenn wegen der Identität oder Ähnlichkeit des Zeichens mit der Marke und der Identität oder Ähnlichkeit der durch die Marke und das Zeichen erfaßten Waren oder Dienstleistungen für das Publikum die Gefahr von Verwechslungen besteht, einschließlich der Gefahr, daß das Zeichen mit der Marke gedanklich in Verbindung gebracht wird...”

⁵⁶ This and all other translations herein are unofficial, non-literal translation by the author.

⁵⁷ § 15 MarkenG: “(2) Dritten ist es untersagt, die geschäftliche Bezeichnung oder ein ähnliches Zeichen im geschäftlichen Verkehr unbefugt in einer Weise zu benutzen, die geeignet ist, Verwechslungen mit der geschützten Bezeichnung hervorzurufen.”

⁵⁸ §15 (3) MarkenG: “Handelt es sich bei der geschäftlichen Bezeichnung um eine im Inland bekannte geschäftliche Bezeichnung, so ist es Dritten ferner untersagt, die geschäftliche Bezeichnung oder ein ähnliches Zeichen im geschäftlichen Verkehr zu benutzen, wenn keine Gefahr von Verwechslungen im Sinne des Absatzes 2 besteht, soweit die Benutzung des Zeichens die Unterscheidungskraft oder die Wertschätzung der geschäftlichen Bezeichnung ohne rechtfertigenden Grund in unlauterer Weise ausnutzt oder beeinträchtigt.”

⁵⁹ 15 U.S.C. § 45 (a)(1) (1): “Unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, are hereby declared unlawful.”

⁶⁰ §1 UWG: “Wer im geschäftlichen Verkehre zu Zwecken des Wettbewerbes Handlungen vornimmt, die gegen die guten Sitten verstoßen, kann auf Unterlassung und Schadensersatz in Anspruch genommen werden.”

⁶¹ “gegen die guten Sitten” is a term of art which is generally translated as “contra bonos mores” or “harmful to the general welfare of society”. While this concept, derived from Roman law, is included in most civil law systems, there is no exact equivalent in the Anglo-American common law system. In the United States, we would describe the unlawful behavior in question as “unfair competition”.

§3 UWG makes it possible to bring an injunction against anyone who in commercial advertising, for competitive purposes, makes any statements or claims, which are likely to be misleading.⁶²

While no US case law comes to mind under the Federal Trade Commission Act attacking domain names, the unfair competition provisions of the Lanham Act are used instead for such purposes, as explained above. In Germany, the trademark law does not have its own unfair competition provisions, as does the Lanham Act, and therefore the provisions of the UWG are applied in those cases.

C. REPORTED DECISIONS

As of the date of this publication, there have been no decisions on this subject by the BGH, the highest civil and criminal court in Germany. However, the lower courts (LG and OLG) have handed down a host of decisions relative to domain conflicts. Those cases fall into three broad categories: Protection of Name, Trademark and Trade Name Infringement (Cybersquatting), and Violation of Competition Laws. As in the United States, all such laws are limited by the constitutional provision protecting freedom of speech under §5 Grundgesetz "GG".⁶³

There are a few German decisions holding that meta tags can also infringe trademarks and trade names.⁶⁴

1. PROTECTION OF NAMES

In the early decision *heidelberg.de* by the LG Mannheim,⁶⁵ the defendant registered the domain name <heidelberg.de> in connection with its computer software business. The defendant's firm name did not include the term "Heidelberg". The city of Heidelberg brought an action for injunctive relief under §12 BGB on the grounds that the city's rights to the name "Heidelberg" had been infringed.

In Germany, the most common TLD is ".de", since it represents that country's ISO country code. At the time of registration, <heidelberg.com> had already been taken by the US subsidiary of Heidelberger Druckmaschinen, and <heidelberg.edu> had been registered by Heidelberg College in the United States. The plaintiff only attacked <heidelberg.de>.

The defendants pointed out that in Germany there were two additional municipalities named "Heidelberg" and that there were approximately 400 families in Germany carrying the "Heidelberg" surname. Hence, the defendants maintained that the name "Heidelberg" should not be reserved exclusively for the plaintiff city of Heidelberg.

⁶² §3 UWG: "Wer im geschäftlichen Verkehr zu Zwecken des Wettbewerbs über geschäftliche Verhältnisse, insbesondere über die Beschaffenheit, den Ursprung, die Herstellungsart oder die Preisbemessung einzelner Waren oder gewerblicher Leistungen oder des gesamten Angebots, über Preislisten, über die Art des Bezugs oder die Bezugsquelle von Waren, über den Besitz von Auszeichnungen, über den Anlaß oder den Zweck des Verkaufs oder über die Menge der Vorräte irreführende Angaben macht, kann auf Unterlassung der Angaben in Anspruch genommen werden."

⁶³ See OLG Köln, 10 March 2000 – 6 U 152/99 – Urinierendes Männchen.

⁶⁴ LG Hamburg, 13 September 1999 – 315 O 258/99 META TAGS; LG Frankfurt 14 December 1999 – 3/11 O 98/99 – Meta Tags IV.

⁶⁵ LG Mannheim, 8. März 1996 – 7 O 60/96 -- "heidelberg.de".

The court held that the plaintiff had a right to injunctive relief under §12 BGB, since with its domain name <heidelberg.de> defendants were making use of the plaintiff's name. Such use of the plaintiff's name by the defendant injures the rights and interests of the plaintiff, since a substantial number of Internet users would associate the domain name with the plaintiff. According to the court, most Internet users would believe that <heidelberg.de> will lead to a site from which information about the city of Heidelberg and surrounding region will be available. The fact that other municipalities and persons also carry that name, is of no consequence. Even if Internet users were aware of those other municipalities and persons carrying that name, such users would not expect that behind <heidelberg.de> there were no persons or entities with the name "Heidelberg" nor persons who did not live in Heidelberg. In this case, defendants had no rights whatsoever to the name "Heidelberg". If the defendants had shown legitimate rights to the name "Heidelberg", such as one of the other municipalities, or a person with the surname "Heidelberg" could have done, there might have been a different result. However, the court refused to speculate. The court upheld the injunction prohibiting defendants from using the name "Heidelberg" in their domain name.⁶⁶

The decisions involving the names of German cities generally hold that under §12 BGB a domain name patterned as <cityname.de> can only be used by the city itself. The principal reason behind this line of decisions is that a user seeing the domain name in the pattern of <cityname.de> expects a web site by the city with information about the city. Hence it is misleading for someone other than the city to use that domain name.⁶⁷

In the "*bad-wildbad.com*" decision by the OLG Karlsruhe,⁶⁸ the city's name was also protected against the use of the domain name <bad-wildbach.com>. The fact that the ".com" registration was granted by a registrar in the United States and the additional fact that ".com" signifies a commercial registrant, did not persuade the court. In the court's opinion, even with a ".com" TLD, users would be led to believe that <bad-wildbach.com> led to a web site with information by and about the city of Bad Wildbach. Since the domain name was readily accessible by German Internet users, the domain name had an effect within Germany, and therefore German law was applicable. Since the defendant was a German resident, the court clearly had jurisdiction. Had the defendant been a non-German residing outside Germany, there would have been a more serious question about the jurisdiction of the court, which question will be reviewed in the discussions further below.

In the case *krupp.de*,⁶⁹ the OLG Hamm was confronted by two parties, each of which had legitimate rights to the name "Krupp". The plaintiff was the world-renowned Fried. Krupp AG Hoesch-Krupp and the defendant an individual with the surname "Krupp" doing business as W. Erich Krupp Kommunikation. The defendant had registered the domain name <krupp.de> and the plaintiff brought the action under §12 BGB to enjoin the defendant from using the name "Krupp" in its domain name on the grounds that the defendant's use of that

⁶⁶ A similar case, LG Köln, 17. December 1996 - 3 O 477/96 - "kerpen.de" held that the city of Kerpen had no such rights under §12 BGB against the registration of <kerpen.de> by a Mr. Kerpen. This decision, however, represents the minority view and was disavowed by OLG Köln, 18 December 1998 - 13 W 48/98 - "herzogenrath.de". See also LG Duisburg, 2 December 1999 - 8 O 219/99 - "kamp-linfort.cty.de".

⁶⁷ See LG Lüneburg, 29 January 1997 - 3 O 336/96 - "celle.de / celle.com"; LG Braunschweig, 28 January 1997 - 9 O 450/96 - "braunschweig.de".

⁶⁸ OLG Karlsruhe, 9 June 1999 - 6 U 62/99 - "bad-wildbach.com".

⁶⁹ OLG Hamm, 13 January 1998 - 4 U 135/97 - "krupp.de".

name created confusion and dilution of a famous name. The court found that the name “Krupp” was indeed famous and that it served as a slogan (Schlagwort) for plaintiff’s company and business. Slogans are equally protected under §12 BGB, and the use of that slogan by the defendant in his domain name, infringed upon the plaintiff’s rights under that section. Not only is the name “Krupp” protected as a slogan, but §12 BGB also protects the plaintiff’s unencumbered right to use its company name “Krupp”. The court stated that it was irrelevant that the public was not likely to be confused about any business or organizational connection between the plaintiff and the defendant. Since the parties operated in completely different market sectors, such confusion was not probable.⁷⁰

Due to its overwhelming notoriety, the slogan “Krupp” was not only protected against confusion, but also against dilution of a famous name.⁷¹ The court determined independently that the name was famous, since it could be found and researched in several reference works, which indicated that the name “Krupp” was virtually synonymous with the German steel industry. This overwhelming notoriety permitted the plaintiff to prevent others from using the name and by such use weakening its famous name. The defendant argued that he was entitled to use his own family name, to which the court responded that such conflicts of identical names should be resolved in accordance with established legal principles which call for a compromise between the parties. The defendant was therefore prohibited from using the domain name <krupp.de>, but the court suggested that the defendant could use his family name in his domain name if some modification were made to distinguish the defendant from the plaintiff on the Internet.⁷²

2. CYBERSQUATTING DECISIONS

In Germany the equivalent term for cybersquatting is “domain grabbing”. With respect to domain grabbing, the most carefully researched landmark decision is known as *epson.de*,⁷³ where the defendant seems to be the equivalent of Mr. Toeppen in the United States.⁷⁴ In reported court decisions, the German practice is to leave the names of plaintiffs and defendants blank, which means that we have no official knowledge of the name of Mr. Toeppen’s German counterpart.

In the decision *epson.de*, the LG Düsseldorf had before it what was obviously the German subsidiary of Epson as plaintiff and the unnamed, alleged cybersquatter as defendant. The defendant had registered nearly 200 domain names, including the company names of many large and famous enterprises, of which <epson.de> was one. When the plaintiff wanted to register <epson.de> it learned that the name had already been taken by the defendant, whereupon the plaintiff contacted the defendant. The defendant offered to transfer the domain name to the plaintiff for the sum of DM 3,000, which offer the plaintiff, accepted. Simultaneously, the defendant agreed to permit a distributor of the plaintiff’s products to use the domain name for a monthly fee of DM 800. The plaintiff sent written objections to the

⁷⁰ There was no mention of §15 MarkenG protecting against infringement of trade names, possibly because there was no evidence of confusion.

⁷¹ The concept of dilution of a famous name or mark is well accepted by German legal authorities under §12 BGB and §16 UWG. See BAUMBACH/HEFERMEHL, WETTBEWERBSRECHT 17th ed. §16 UWG No. 61; PALANDT, BGB 57th ed. §12 BGB No. 31.

⁷² See also OLG München, 25 March 1999 – 6 U 4557/98, CR 1999, 382 – “shell.de”.

⁷³ LG Düsseldorf, 4 April 1997 – 34 O 191/96 – “epson.de”.

⁷⁴ See section II, B, 2 *supra*.

defendant and the distributor, in response to which the defendant suggested an out of court settlement of DM 25,000. The plaintiff then brought this action to enjoin the defendant from any further use of the domain name <epson.de> and to cause defendant to cancel the registration of the domain name with DE-NIC in favor of the plaintiff.

After dealing with complex issues concerning the appropriate venue for this action, the court found that the mark in question was a registered trademark owned by the plaintiff's parent company. Although the court leaves the name of the trademark blank, it stands to reason that it was EPSON. The domain name <epson.de> is, within the meaning of §14 MarkenG, identical to the registered trademark and as such infringes upon the plaintiff's right to the exclusive use of that mark. The suffix ".de" is irrelevant and has no independent significance in determining whether the marks are identical.

The defendant argued that he had simply reserved the domain name, but was not using it in connection with an actual web site. Therefore, there was no actual use of the mark as required under §14 MarkenG. The court disagreed by saying that §14 MarkenG applied not only to the actual use of a mark, but could also be employed to prevent a convincing and concrete threat of such an injurious use of a mark. The court found that such a threat was real, since the defendant actually intended for third parties, i.e. the distributor, to use the mark. The plaintiff was threatened with the unauthorized use of its trademark which threat could be countered by an action for injunctive relief under §14 V MarkenG.⁷⁵

Under §14 MarkenG, it is necessary to show confusion with respect to the goods and services offered.⁷⁶ The court held that the content of the web page in question was not of concern, but that it was the homepage itself which constituted the product or service subject to confusion. The court noted that just as in the *heidleberg.de* decision discussed above, the Internet user expects a homepage by or about the plaintiff when accessing <epson.de>. If the user's expectations are not realized when viewing that web site, confusion results, and therefore the requirements of §14 MarkenG are met.

While the plaintiff's case under §14 MarkenG would probably have been sufficient to support the injunction against the defendant, the court did not stop there, but went on to analyze the case under §15 MarkenG, infringement of trade name. The court determined independently that the mark involved, i.e. EPSON, was a slogan (Schlagwort) with a strong, intrinsic commercial reference to the plaintiff company, which is one of the most prominent manufacturers of computers in Germany. Therefore the plaintiff could prevent others from using that mark in a manner which is likely to cause confusion under §15 MarkenG and §12 BGB. The court maintained that there could be no doubt that users of the Internet would assume that the domain name <epson.de> was an abbreviated reference to the plaintiff.

The court goes even further by stating that the plaintiff's injunctive relief could also be based upon §1 UWG. It explained that the registration of a domain name under these circumstances has the effect of blocking the rightful owner of the mark from obtaining such a domain name registration for itself. The facts showed clearly that the purpose of such registration by the

⁷⁵ As authority the court cites Kur, *Kennzeichenkonflikte im Internet*, in: FS-Beier, 1996, pp 265, 273; Bettinger, *Kennzeichenrecht im Cyberspace*, <http://www.nic.de/rechte/bettinger.html>, p. 38 (Fn. 74); Strömer, *Business Online* 1996, Nr. 2; Graefe, *Marken im Internet*, MA 1996, 100, 102.

⁷⁶ See III, B, 2 *supra*.

defendant was to hold the domain name hostage, to be surrendered to the plaintiff upon payment of the ransom. Because of the defendant's behavior, a competitive relationship was created between the plaintiff and the defendant, satisfying the competition requirement of §1 UWG. The defendant's actions were anticompetitive and *contra bonos mores*, thus supporting the plaintiff's claim for injunctive relief.⁷⁷

It is interesting to compare the *epson.de* decision with *Panavision v. Toeppen*⁷⁸. Both cases involved cybersquatters who intended to profit by registering domain names containing trademarks and trade names belonging to others. The *Panavision* case was decided on the grounds of trademark dilution and the *epson.de* decision was based on trademark infringement, trade name infringement and violation of competition laws. It would have been difficult for the US court to find for the plaintiff in *Panavision* on the basis of trademark or trade name infringement, since those provisions of the Lanham Act require that there be a likelihood of confusion.⁷⁹ As we saw in *Brookfield v. West Coast*,⁸⁰ the court held that if the parties did not compete with one another, there could be little likelihood of confusion merely because the domain name was identical or similar to the trademark or trade name. Since Mr. Toeppen did not compete with Panavision, it might have been difficult to show likelihood of confusion, and hence the case was decided on the basis of dilution, which does not require a showing of confusion.⁸¹ The German court in *epson.de* had no difficulty in finding a likelihood of confusion. If the public believes that the domain name <epson.de> would lead to a site by and about the Epson enterprise, there is confusion if the site leads elsewhere.

Presumably, the plaintiff in *epson.de* could have argued dilution of a famous name (Verwässerung), but for reasons unknown to the author, this was not done.

In *Panavision* Mr. Toeppen said in his defense that he was not making commercial use of the trademark. The court disagreed by holding that Mr. Toeppen's attempt to sell the domain names themselves constituted commercial use.⁸² The defendant in *epson.de* also argued that he was not using the domain name commercially, as required by the statute. The court disagreed and stated that the statute applied not only to the actual use of a mark, but also to the threatened use of such mark. In Germany, the threat of a commercial use constitutes commercial use for the purpose of the statute.

3. COMPETITION LAWS

There are a line of German cases which maintain that the wording of the domain name itself can constitute an act of unfair competition under §§ 1 and 3 UWG. The *wirtschaft-online.de*⁸³ decision by the OLG Frankfurt involved two news publishers in the field of business and

⁷⁷ LG Braunschweig, 15 August 1997 – 9 O 188/97, CR 1998, 364 – “deta.com” involves a similar cybersquatting situation where the court, applying §12 BGB, §§ 14 and 15 MarkenG and §§ 1 and 3 UWG, granted injunctive relief against the further use of the domain name as well as an order to compel defendant to change its “.com” registration with IANA in the US in favor of plaintiff. In addition to the injunctive relief, the court also awarded compensatory damages to the plaintiff. See also LG Köln, 23 April 1997 – 315 O 282/97 – “sharp.de”; LG Frankfurt, 4 April 1997 – 2/06 O 194/97 – “honda.de”; LG Köln, 14 June 1996 – “toyota.de”; OLG Stuttgart, 3 February 1998 – 2 W 77/97, MMR 1998, 543 – “steiff.com”.

⁷⁸ See section II, B, 2 *supra*.

⁷⁹ *Id.*

⁸⁰ See section II, B, 1 *supra*.

⁸¹ See section II, A, 6, c) *supra*.

⁸² See section II, B, 2 *supra*.

⁸³ OLG Frankfurt, 13 February 1997 – 6 W 5/97 – “wirtschaft-online.de”.

economics. The plaintiff brought the action to prohibit the defendant from using the domain name <wirtschaft-online.de>. In this context “Wirtschaft” means “economy”. It was stipulated that “Wirtschaft” was a generic, descriptive term, which was not protected by MarkenG. The plaintiff’s objection was based on the theory that Internet users might assume that this domain name covered all online sources of business and economic information. Since the domain name only led to the defendant’s web site, the plaintiff argued that the defendant was, in essence, monopolizing the word “Wirtschaft” on the Internet, thus channeling business only to the defendant, to the detriment of the plaintiff. In ruling for the defendant, the court first pointed out that the use of the term “Wirtschaft” was not a false or misleading claim under §3 UWG, since it was unreasonable to argue that the domain name implied that all economic news services would be included thereunder. Furthermore, the plaintiff is not precluded from using the term “Wirtschaft” in its domain name; it could simply include a modification which would distinguish its domain name from that of the defendant. The court explained further that there was no channeling effect as far as it could determine. If in fact such a domain name channels users to the defendant’s web site to the detriment of the plaintiff, it is up to the plaintiff to show that under the particular search techniques of a substantial number of users, such unfair channeling does occur. Hence, there was no unfair competition under §1 UWG.

There are, however, a few cases where the content of the domain name was held unlawful on the grounds of unfair competition and false or misleading advertising under §§ 1 and 3 UWG. In *aerztekammer.de*⁸⁴ (medical association), *rechtsanwaelte-koeln.de*⁸⁵ (attorneys Köln), and *zivildienst.de*⁸⁶ (civil service) the courts held that those domain names were prohibited under §§ 1 and 3 UWG, since they could be interpreted as leading to web sites which included all medical associations, attorneys in Köln, or civil service, respectively.

The July 13 1999 decision by the OLG Hamburg known as “mitwohnzentrale.de”⁸⁷ is quite remarkable, and as such has come under heavy criticism.⁸⁸ Both the plaintiff and the defendant were competitive associations comprised of agencies engaged in arranging living quarters, on a short term basis, for what in English we would call “room mates”. The plaintiff’s association included approximately 40 of such agencies while the defendant’s association included approximately 30. The defendant registered the domain name <mitwohnzentrale.de>, which could be loosely translated as “room mate headquarters” (literally the term means “cohabitation headquarters”). The defendant operated a web site under that domain name to promote the business. It was agreed that “Mitwohnzentrale” was a generic term, not protected by the trademark and trade name provisions of MarkenG.

The plaintiff brought the action to prohibit the defendant from using that domain name without some modification for more precise identification. The action is based upon §1 UWG, claiming that it was an act of unfair competition for the defendant to lock up the generic term “Mitwohnzentrale” in the domain name, thus depriving the plaintiff the opportunity of using the same generic term for its Internet web site. The plaintiff maintained that when searching for a web site, many users, before employing search engines, will enter a

⁸⁴ LG Heidelberg, 13 August 1997 – F 40774/97, WRP 1997, 1230 – “aerztekammer.de”.

⁸⁵ LG Köln, 7 September 1998 – 31 O 723/98 – “rechtsanwaelte-koeln.de”.

⁸⁶ LG Köln, 28 May 1998 – 15 O 15/98 – “zivildienst.de”.

⁸⁷ OLG Hamburg, 13 July 1999 – 3 U 58/98 – “mitwohnzentrale.de”.

⁸⁸ Strömer, *Abschied von schönen Internet-Adressen?*, <http://www.netlaw-de/newsletter/news0001/adressen.htm>.

generic concept together with the TLD “.de” to save time. Therefore, someone searching for a site helping “room mates” to find living quarters, might automatically enter “http://www.mitwohnzentrale.de”, and thus be directed to the defendant’s web site. Once the user has accessed the defendant’s site, the user might not continue the search to find the plaintiff’s site, which would give the defendant an unfair advantage over the plaintiff in the market place.

The defendant argued that, based on a consumer survey, the direct entry of a generic term was practiced by a only small and diminishing group of users, and that such direct entry was not customary, since the user would have to enter the precise domain name to achieve the intended result. It was conceded that direct entry is employed by some when searching for web sites of well known companies, but that it was not common for searchers to enter directly a generic concept in order to find multiple web sites under that category. According to the defendant, the common usage was to search through search engines, and the defendant produced evidence that search engines actually gave the plaintiff’s web site more visibility than that of the defendant. Hence, the defendant gained no competitive advantage over the plaintiff through the use of the domain name in question.

The lower court LG was not convinced and neither was the OLG when hearing this case on appeal. The issue seems to have turned on a question of fact. If a large and significant share of the market successfully uses the direct entry system and thus finds defendant’s web site to the exclusion of plaintiff’s site, the defendant might be guilty of unfair competition. However, if most of the relevant market uses search engines to find an appropriate site, there can be no question of unfair competition on the part of the defendant. The court conceded that the plaintiff introduced no evidence about the search practices of users. It went on to say that it did not need any expert testimony, since the three judges themselves were Internet users and could independently make an appropriate finding of fact. Ignoring the consumer survey introduced by the defendant, the court found, based on the personal opinions of its three judge panel, that since search engines were not always satisfactory, at least a substantial segment of users tended to use the direct entry method. That convinced the court that the use of the domain name gave the defendant an unfair hold on a substantial portion of the market, constituting unfair competition under §1 UWG. Consequently, the defendant was enjoined from using the domain name without first making distinguishing additions thereto. For someone steeped in the common law system, this is indeed a remarkable decision.

While we have found no US cases objecting to the use of generic terms in domain names, we did see in the *Panavision* case⁸⁹ that the US courts recognize that a significant purpose of a domain name can be to identify the entity that owns the web site. In the US it is accepted that many users unsure about a company’s domain name will guess that the domain name is also the company name. When searching for Ford Motor Company, one could safely guess that one would find the company site at <ford.com>. However, it is highly unlikely that in the US one would expect Ford Motor Company and its competitors to be found when accessing a generic domain name such as <carmanufacturers.com>.

⁸⁹ See section II, B, 2 *supra*.

D. EXTRATERRITORIAL APPLICATION

In the decision by the LG Berlin *concert concept .de / concert concept.com*⁹⁰ a Kansas City USA company was enjoined by the German court from using <concertconcept.de> <concertconcept.com> <concert-concept.de> and <concert-concept.com> on the grounds that those domain names infringed the plaintiff's trade name pursuant to §15 MarkenG. The defendant also operated an Internet cafe in Berlin. The court held that defendant's use in its domain names of plaintiff's trade name was likely to lead to confusion in commerce, and that therefore the injunction was warranted. The court noted that it was irrelevant that the ".com" registration took place in the United States. The only relevant criterion was the fact that the web site could be accessed in Germany. If the unlawful effect took place in Germany, the German courts would have jurisdiction and German law would be applicable. The court stated that it would have jurisdiction over the defendant, even if the defendant did not have a place of business in Germany. The mere fact that the web site was accessible in Germany was enough.⁹¹

⁹⁰ LG Berlin November 20, 1996 -- 97 O 193/96 – “concertconcept.com”, upheld on appeal KG Berlin 25 March 1997, 5 U 659/97, NJW 1997, 3321.

⁹¹ See also OLG Frankfurt, 30 April 1998 – 6 W 58/98.

IV. COMPARISON OF US AND GERMAN JURISPRUDENCE

The German court decisions on unlawful domain names are based on the protection of names under the BGB, the protection of trademarks and trade names under MarkenG, and the competition laws of UWG. In the United States, the battle against unlawful domain names is limited to the confines of the Trademark Act, or as it is popularly known, the Lanham Act. Outside the Lanham Act, domain names with “.com”, “.net” and “.org” TLD’s can also be attacked under the ICANN Policy.

A. NAMES

In the United States, we have found no cases, which attack domain names based on infringement of a personal name. As pointed out above, the ACPA has a weak section prohibiting the registration of the personal name of another living person with the intent to profit from such registration by selling it to that person or a third person. In Germany, however, there are quite a few cases, which prohibit the use of a domain name on the grounds that it infringes upon the rights to the integrity of one’s name under §12 BGB.

We saw several German cases where private individuals or entities attempted to register a domain name containing the name of a German city. In almost all cases, the German courts struck down such domain names on the grounds that there was an infringement upon the city’s rightful use of the name under §12 BGB. The courts generally added that the Internet user is likely to be confused if the domain name does not lead to a web site by and about the city itself. Hence the principle of “first come, first served” does not apply in Germany when domain names contain the names of cities. In the United States one can find numerous domain names with city names which do not lead to an official web site by and about the city itself. For example <www.boston.com> leads to a site hosted by one of the city’s newspapers, The Boston Globe.

The principle of “first come, first served” is also not applicable in Germany when an individual registers his/her own name, if such a name conflicts with the famous name of another. In the *krupp.de* decision, we saw that an individual was forced to yield to the rights of a famous company with the same name. In that same decision, the doctrine of dilution of a famous mark (Verwässerung) was also included as yet another reason to rule for the plaintiff.

B. TRADEMARK INFRINGEMENT

The provisions of the trademark statutes of both countries are quite similar. Both countries protect registered and unregistered marks against infringement, and both prohibit unlawful domain names under those statutes.

In Germany §14 (2) MarkenG requires that 1.) the marks be identical or similar and 2.) the goods and services covered by the marks be identical or similar, so as to cause public confusion. When determining whether the goods and services were identical or similar, the German courts did not compare the goods and services offered on the web site, but instead treated the homepages as goods and services in and of themselves to satisfy the requirements

of this section. The Lanham Act is not quite so specific about the similarity of goods and services covered. However, as we saw in the *Brookfield* decision, the court would not find confusion unless there was some competition between the products and services covered by the mark. The court in *Brookfield* looked to the content of the web site to determine if the companies were in competition with each other. The German court in *epson.de* disregarded the content and said that the competing product was the web site itself.

The US courts seem to find public confusion less readily than the German courts. As we saw in *Brookfield*, if a surfer enters <brookfield.com> and reaches the oil services company Schlumberger, there is no confusion, according to the court, since it is unlikely that the surfer would be misled into believing that Brookfield had entered the oil business.⁹² The German courts, however, seem to take the view that if the surfer expects an entertainment web site by Brookfield and reaches Schlumberger instead, there is sufficient confusion to satisfy the statutory requirements.

Both the Lanham Act and MarkenG require that there be some use in commerce. In the *Panavision* case, the court found that Mr. Toeppen's registration of the domain name for the purpose of reselling it, was a commercial act to satisfy the requirements of the statute. As we saw in *epson.de*, the German court found commercial use when the registered, offending domain name posed a threat of infringement. The threat alone became commercial use.

The Lanham Act includes the Federal Dilution Act, which protects famous marks. As discussed above, in Germany famous names are protected against dilution (*Verwässerung*) in accordance with the jurisprudence developed under §12 BGB, which can also be applied in the case of famous trademarks and trade names.

C. CYBERSQUATTING

Cybersquatting, or domain grabbing as it is called in Germany, is clearly proscribed in both countries. However, the approaches to cybersquatters are quite different.

In the United States, the ACPA can now be used effectively against cybersquatters upon showing a bad faith intent to profit from the registration and use of the domain name. The other provisions of the Lanham Act will probably now only be used against domain names where there is insufficient evidence of bad faith.

In Germany the competition law (UWG) and the trademark law (MarkenG) are used to contain this practice. Under the UWG a broader type of conduct than bad faith, known as *contra bonos mores* (against public policy), is required. In both countries, the cybersquatting activities of people such as Mr. Toeppen have, therefore, been greatly curtailed.

Since the ICANN Policy currently extends only to three generic TLD's, its application in Germany would seem to be very limited, because there the TLD ".de" is most prevalent. Presumably, the reach of the ICANN Policy will increase over time so that eventually that dispute resolution policy will also be used in Germany.

⁹² See section II, B, 1, c) *supra*.

D. FALSE AND MISLEADING CLAIMS

The German courts appear to give much more significance to the actual perceived meaning of the words in a domain name than do the US courts. In the cases involving city names, the courts emphasized that the public would interpret the city name within a domain name as meaning that the web site was hosted by the city itself. Therefore, if a private person were to use the domain name <heidelberg.de>, the public would be confused and misled.

Similarly, we saw that a law firm in Köln was prohibited from using the domain name <rechtsanwaelte-koeln.de>, translated as “lawyers-koeln.de”. This was seen as false and misleading advertising under §§ 1 and 3 UWG, since not all lawyers located in Köln were included in that web site. More recently, we saw that a generic domain name <mitwohnzentrale.de> was struck down, because the court found that Internet users were led to believe that all agencies finding “room mates” should be included in the web site in order not to mislead the public.

Under US law, there seems to be no concern about the registration of generic concepts as domain names. When accessing <software.com> in the United States, one finds a private company offering its products over the Internet, which obtained that domain name on a “first come, first served” basis. In Germany, that domain name might be unlawful, since a court might hold that Internet users expect to find access to all software companies on that site. The *mitwohnzentrale.de* decision could lead to the conclusion that a large number of users searching for software web sites would enter “software.com” in order to find companies like Microsoft. When a substantial number of users do not find what they are seeking with such a direct entry method, the domain name is misleading under the UWG. In the United States a domain name could conceivably be unlawful under the Federal Trade Commission Act if the name itself made a clearly false and misleading claim, which claim would be otherwise unlawful if it were made in some other context. In this author’s opinion, a clearly false and misleading domain name such as <guaranteed-cancer-cure.com> might well be struck down by the US courts. However, there is no indication in the US that generic terms such as <chicagolawyers.com> is in any way unlawful, even if that site only refers to six out of the countless lawyers practicing in Chicago.

E. EXTRATERRITORIALITY

The German decisions touched upon the issue of extraterritoriality. The expressed view was that if a web site could be accessed in Germany, it can have an effect within Germany and thus grant jurisdiction to the German courts.

We have found no cases where such a broad application of German jurisdiction has actually been litigated. In the *concert.com* case the US defendant did indeed provide a Berlin address for its Internet Cafe, and the web site was clearly targeted at prospective customers in Germany. As mentioned in the discussion of the case *heidelberg.de*, the domain names <heidelberg.com> and <heidelberg.edu> had previously been taken by US entities. In theory, the City of Heidelberg could have attacked those two domain names as well, on the grounds that the respective web sites could also be accessed in Germany. However, there was no mention of attacking the domain names of the US parties, even though one could easily make the argument that they were just as much in violation of §12 BGB as <heidelberg.de> was held to be.

The US courts are somewhat more cautious on this issue, and we found that minimum contacts with the forum were generally required to grant jurisdiction. The *in rem* provisions of the ACPA, however, can give US courts a world-wide reach in affecting the interests of domain name owners who registered in the United States. Germany has no equivalent to this *in rem* proceeding.

With the Internet turning the world into one global village, we will undoubtedly see infinitely more cross-border transactions through this electronic medium. Therefore, it behooves individuals to have some understanding of the laws of the other countries, which might feel the effect of their Internet publications. Furthermore, it should become a priority among nations to harmonize their laws as much as possible to avoid great disparities in the local treatment of omnipresent web sites.