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Shifting the Paradigm in E-commerce: Move Over Inherently Distinctive Trademarks, The E-brand, I-brand and Generic Domain Names Ascending to Power?

Xuan-Thao Nguyen
University of Washington School of Law

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SHIFTING THE PARADIGM IN E-COMMERCE: MOVE OVER INHERENTLY DISTINCTIVE TRADEMARKS—THE E-BRAND, I-BRAND AND GENERIC DOMAIN NAMES ASCENDING TO POWER?^{*}

XUAN-THAO N. NGUYEN^{**}

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^{**} Associate Professor of Law, *Texas Wesleyan University School of Law*, J.D., *Northeastern University School of Law*, B.A., *Oberlin College*; Former Intellectual Property Associate at Fried, Frank, Harris, Shriver & Jacobson and Pryor, Cashman, Sherman & Flynn. Professor Nguyen wishes to thank her excellent research assistants, Dean Taylor, LLB, Danika Taylor and Jason Sodd. Special thanks to her partner Erik Darwin Hille and son Khai-Leif Nguyen-Hille for their love and support.

INTRODUCTION

"What's in a name!" laments Juliet at her Shakespearean balcony.¹ Four hundred years later, in the world of e-commerce, Juliet's question would be "What's in a domain name?" After spending all of the Montague's wealth, Romeo might be able to respond, "Call me but love.com." The price tag for some generic domain names cost a small fortune: Sex.com for \$250 million,² Business.com for \$7.5 million,³ Broadband.com for \$6 million,⁴ Loans.com for \$3 million, Flu.com for \$1.4 million,⁵ and Bingo.com for \$1.1 million.⁶

In 1995, Procter and Gamble registered hundreds of generic domain names and offered them for sale at auction web sites five years later.⁷ The high price tags on generic domain names in the

1. WILLIAM SHAKESPEARE, *ROMEO AND JULIET*, act 2, sc. 1, lns. 80-90 (William Shakespeare The Complete Works, Barnes & Noble, Inc. 1994).

Juliet:

'Tis but thy name that is my enemy;
Thou art thyself though, not a Montague.
What's Montague? it is nor hand, nor foot,
Nor arm, nor face, nor any other part
Belonging to a man. O, be some other name!
What's in a name! that which we call a rose
By any other name would smell as sweet;
So Romeo would, were he not Romeo call'd,
Retain that dear perfection which he owes
Without that title: - Romeo, doff thy name;
And for that name, which is no part of thee,
Take all myself.

Romeo.

I take thee at thy word:

Call me but love, and I'll be new baptized;
Henceforth I never will be Romeo.

2. See Jon Swartz, *Sex.com Ownership Ruling Expected Domain Name Hotly Disputed*, USA TODAY, Aug. 2, 2000, at 3B.

3. See Greg Johnson, *The Costly Game for Net Names: In the Dot-com World, Recognition is Everything*, L.A. TIMES, Apr. 10, 2000, at A1 (reporting eCompanies, a Santa Monica-based e-commerce incubator firm, bought the domain name business.com for \$7.5 million).

4. See Mark Ribbing, *Local Firm Seeks Profit in Sale of Dot-com Name; By One Valuation, It Could Bring From \$5,000 to \$5 million*, BALT. SUN, Mar. 23, 2000, at 1C ("The name 'broadband.com' is on sale for \$6 million, while 'in.com' could be yours for \$10 million.").

5. See Cynthia Flash, *Are They Cybersquatters or Cyberentrepreneurs?*, CMP TECHWIRE, July 20, 2000 (reporting that "loans.com" was sold to Bank of America; "beautiful.com" is on sale at \$3 million and flu.com for \$1.4 million).

6. See Nick Wingfield, *The Game of the Name: Thinking Up the Perfect Address is Crucial; Just Hope Nobody Else Owns It*, WALL ST. J., Nov. 11, 1999, at R14 (reporting bingo.com sold for \$1.1 million, drugs.com for \$823,456, and university.com for \$530,000).

7. See Patrick Larkin, *Profit.com: P & G Sells Net names*, CIN. POST, Aug. 30, 2000, at 6B (reporting Procter and Gamble are selling almost 100 generic Internet domain

world of electronic commerce ("e-commerce") represents a challenge to established trademark law. Internet companies spend large sums of money to acquire generic domain names and then expect certain legal protections for their investment. They look to trademark and unfair competition law to protect their domain names.⁸ Large monetary investment and high speculation in generic domain names bring into question whether trademark and unfair competition law can protect generic domain names. This conflict gives rise to several issues. First, whether trademark and unfair competition law under the Lanham Act⁹ should be extended to protect generic domain names that are highly valued in e-commerce. Second, whether extending the established trademark law to generic domain names will destroy the basic fabrics of trademark jurisprudence. Third, whether the extension hinders the growth of e-commerce to grant trademark exclusivity to generic domain name. Finally, whether it contradicts the existing domain name system that provides registrations on a first come first serve basis where registration of almost identical domain names, such as computer.com and computers.com, are allowed to co-exist peacefully.

Part I of the Article will focus on the trademark paradigm before the arrival of e-commerce. The historical roots of trademarks and development of modern trademark law will be discussed to provide

names through the auction site greatdomains.com); *see also* Flash, *supra* note 5 (reporting Proctor and Gamble are among large corporations selling generic domain names that they had registered).

Auction web sites are selling generic domain names for commissions in the secondary domain name market. *See* Flash, *supra* note 5 (stating there are at least twenty-seven companies selling domain names); Sabra Chartrand, *Auctioning second-hand domains gives rise to another internet*, DESERET NEWS, Aug. 26, 2000 (reporting web domain names are now being sold in the secondary market). Bank of America bought "loans.com" for \$3 million from a California businessman who had no operating web site but received 3,000 to 4,000 hits a day. *See* Larkin, *supra* note 7; *BoFA Was Winning Bidder of Loans.com Web Domain*, WALL ST. J., Feb. 8, 2000, at B15. There is an on-going bitter litigation over the ownership of the domain name "sex.com" spanning the last two years. *See* Martin Kady II, *Sex.com fight rages*, BUS. J., Aug. 18, 2000, at 3; *see also* Cohen v. Carreon, 94 F. Supp. 2d 1112, 1120 (D. Or. 2000) (staying of action pending resolution of California case, *Kremen v. Cohen*, involving the ownership of the domain name "sex.com").

8. The Thomson-Thomson Monitor reported that there were 1,700 trademark application filings trademarks beginning with the prefix "e" in 1999, a 220% increase from the 530 such applications in 1998. The Thomson-Thomson Monitor also reported that in 1999, 12,150 domain names ending in ".com" were filed as trademarks or a 636% increase from 1,650 in 1998. Further, there are 110,000 domain names that begin with "e". *See* Thomson & Thomson, *Thomson-Thomson Monitor* (Oct. 23, 2000), available at <http://www.thomson-thomson.com>; *see also* BigStar Entm't, Inc. v. Next Big Star, Inc., 105 F. Supp. 2d 185, 218 (S.D.N.Y. 2000) (declining to extend trademark protection to BigStar.com because the mark is descriptive and has not acquired a secondary meaning).

9. 15 U.S.C. § 1051 (1994).

an understanding of trademarks and their functions in commerce. Part II will address how e-commerce fosters the creation of online branding with generic domain names. The demand for generic domain names in e-commerce is at a feverish stage and online companies are willing to pay high price tags for domain names solely for the purpose of getting Net surfers, i.e., potential customers, to their sites. Part III will examine the functions of domain names and whether such functions could be qualified as a trademark function. Finally, Part III will also examine whether a domain name that is capable of functioning as a trademark, but is not a valid trademark, can be protected under unfair competition law.

I. THE TRADEMARK PARADIGM BEFORE E-COMMERCE

Trademark protection is "the law's recognition of the psychological function of symbols."¹⁰ Justice Felix Frankfurter observed that we live by symbols and thus spend significant money on goods and services bearing symbols.¹¹ The power of a symbol dates back to the ancient times when humans used symbols to mark their goods for ensuring the identification of ownership.¹² The idea of using a mark or symbol to identify the source of the goods remains a passion of competing companies.¹³ In recent years, however, that idea has evolved into a

10. *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942).

11. *See id.*

12. For a general explanation of the historic origins of trademarks, see, e.g., FRANK L. SCHECTER, *THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADEMARKS* (1925) (discussing the legal implications of trademarks from the Middle Ages to the 1920s); Sidney A. Diamond, *The Historical Development of Trademarks*, 65 TRADEMARK REP. 265 (1975) [hereinafter Diamond] (tracing the development of trademarks from roots in Antiquity); Abraham S. Greenberg, *The Ancient Lineage of Trademarks*, 33 J. PAT. OFF. SOC'Y 876 (1951) (discussing trademark usage from the Book of Genesis through the age of the Guild System); Beverly W. Pattishall, *Two Hundred Years of American Trademark Law*, 68 TRADEMARK REP. 121 (1978) (providing a bicentennial overview of trademark usage and development in the United States from 1772 to 1977); Gerald Ruston, *On the Origin of Trademarks*, 45 TRADEMARK REP. 127 (1955); *Trademark Timeline*, 82 TRADEMARK REP. 1022-40 (1992) (providing a timeline of trademark usage from the ancient to the present time).

Animal branding is an ancient form of marking to identify cattle with certain owners and such branding practice was depicted in wall paintings in Egypt and cave paintings in southwestern Europe, dating back to the Stone Age. *See* Diamond, *supra* note 12, at 266-67. As far back as 4000 B.C., quarry marks and stonemasons' signs were common in Egyptian structures for purposes of proving stone cutter's claim to wages. *See* WILLIAM H. BROWNE, *A TREATISE ON THE LAW OF TRADEMARKS AND ANALOGOUS SUBJECTS* 1-14 (1885) (tracing the history of trademarks). Artisans in ancient China used marks of designs, colors and names on pottery to indicate the destination or the place of manufacture. *See* Greenberg, *supra* note 12, at 878.

13. Companies spend millions of dollars annually to advertise their trademarks. Through various means, from hand flyers, billboards, newspapers, trade journals, and television to electronic banner advertisements, companies use trademarks as

quest of transforming a mark into a "brand" that enjoys all the rights of trademark protection.¹⁴

Trademark protection has evolved over the years. Both common law and federal trademark statutes exist side by side to protect marks from unfair competition,¹⁵ infringement,¹⁶ dilution,¹⁷ and cybersquatting dilution.¹⁸ Prior to the enactment of the first federal trademark statute, early common law trademark cases provided protection to the senior user of a trademark, prohibiting subsequent

shorthand for the source of various products. See John Kimelman, *Free Tony the Tiger*, FIN. WORLD, Sept. 1, 1993, at 50 ("the value of brands [are] created in large part as a direct result of the companies' advertising campaigns over the years"). See also McCarthy on Trademarks & Unfair Competition, § 1.20 (4th ed. 1997) ("Competing sellers fight among themselves for the dollars of the consumer. To get the dollars, sellers of goods and services may spend substantial amounts in advertising the trade symbol of their product, which we label a "trademark."). Companies understand that the greater recognition a mark has among the public and the more it is identified with a product or products, the more valuable the trademark will become. See Maria Mallory, *Pop Goes the Pepsi Generation: A Struggling Pepsi-Cola Offers a Cautionary Tale in Brand Stewardship*, U.S. NEWS & WORLD REP., June 16, 1997, at 48-9. In other words, the stronger the identification of the mark with the product, the stronger the "brand equity" the trademark enjoys. The brand equity of a trademark is measured by translating consumer loyalty and recognition of the trademark into estimated financial value. For example, the Coca-Cola trademark is valued at \$24 billion, while the Nike trademark has an estimated value of \$7.3 billion. See Industry Calls for Stiffer Enforcement of Anti-counterfitting Laws Abroad, 44 Pat., Trademark & Copyright J. (BNA) 585, 586 (Oct. 1, 1992); Mallory, *supra*, at 49.

14. See *Mishawaka Rubber*, 316 U.S. at 205 (recognizing the merchandising power of trademarks); Rochelle C. Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397 (1990) (discussing how trademarks have invaded the popular culture); Alex Kozinski, Essay, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 961-63 (1993) (analyzing how the role of trademarks has changed from identifying the source to identifying the product itself).

15. See Lanham Act § 43(a), 15 U.S.C. § 1125(A) (1994). Unfair competition, palming off, deceptive trade and business practices are state claims commonly asserted along with the federal Lanham Act claims. See *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 149 (2d Cir. 1997) (common law unfair competition claims closely resemble Lanham Act claims except the state claim may require an additional element of bad faith or intent); *WSM, Inc. v. Hilton*, 724 F.2d 1320, 1331 n.6 (8th Cir. 1984) (indicating that Missouri common law of unfair competition is in accord with the Lanham Act). See generally J. THOMAS MCCARTHY, 1 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, (West) § 1:16, 1:32-34 (4th ed. 1997) (discussing state and federal unfair competition and highlighting Supreme Court decisions retreating from "federal only" unfair competition position); J. Thomas McCarthy, *Important Trends in Trademark and Unfair Competition Law During the Decade of the 1970s*, 71 TRADEMARK REP. 93 (1981); U.S. TRADEMARK ASSOC., STATE TRADEMARK AND UNFAIR COMPETITION LAW (1989) (Clark Boardman Callaghan).

16. See Lanham Act § 32, 15 U.S.C. § 1114(1) (1994 & Supp. 2001) (imposing liability for infringement of registered trademarks).

17. See Lanham Act § 43(c), 15 U.S.C. § 1125(c) (1994) (imposing liability for dilutive use of famous trademarks). There are twenty-eight states with anti-dilution statutes. See Courtland L. Reichman, *State and Federal Trademark Dilution*, 17 FRANCHISE L.J. 111, 132 (1998) (discussing state dilution laws).

18. See Lanham Act § 43(d), 15 U.S.C. § 1125(d) (1994) (imposing liability for unauthorized domain registrations of trademarks with bad faith intent to profit from the goodwill of the trademarks).

use of the same trademark by junior users on the same types of goods.¹⁹ Unlike patents and copyrights,²⁰ trademark rights are not expressly stated in the Constitution.²¹ Congress enacted the first federal trademark statute in 1870²² under the patent and copyrights clause of the Constitution,²³ but the Supreme Court struck it down in 1879.²⁴ Two years after the Supreme Court's decision, Congress exercised its power under the Commerce Clause²⁵ to extend protection to trademarks.²⁶ Trademark rights protect all valid trademarks without proof of novelty or originality.²⁷ Before the arrival of e-commerce, trademark common law and the federal trademark statutes shaped the landscape of trademark protection.

Trademark law seeks to accomplish two goals. First, trademark law strives to protect consumers who form a particular association with a trademark.²⁸ Second, trademark law attempts to preserve the rights

19. See, e.g., *Sykes v. Sykes*, 107 Eng. Rep. 834 (1824) (affirming the jury verdict in favor of the plaintiff in a case where the defendants marked their inferior goods with the same "Sykes Patents" mark used by the plaintiff "for the express purpose of being resold, as goods of the plaintiff manufacture").

20. See U.S. CONST. art. I, § 8, cl. 8 ("The Congress shall have Power To . . . promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries").

21. See, e.g., *Trade-Mark Cases*, 100 U.S. 82, 94 (1879).

The trade-mark recognized by the common law is generally the growth of a considerable period of use, rather than a sudden invention. It is often the result of accident rather than design, and when under the act of Congress it is sought to establish it by registration, neither originality, invention, discovery, science, nor art is in any way essential to the right conferred by that act. . . . [W]e are unable to see any such [Congressional] power in the constitutional provision concerning authors and inventors, and their writings and discoveries.

Id.

22. See *id.* at 92 (citing the relevant Act at "chap. 2, tit. 60, Sects. 4937 to 4947 of the Revised Statutes . . . as being 'An Act to revise, consolidate, and amend statutes relating to patents and copyrights,' 16 Stat. 198").

23. See U.S. CONST. art. I, § 8, cl. 8.

24. See *Trade-Mark Cases*, 100 U.S. at 96 (holding the federal trademark statute as beyond the power of Congress to enact under the patent and copyright clause of the Constitution and, therefore, finding the statute unconstitutional).

25. See U.S. CONST. art. I, § 8, cl. 3.

26. In 1881, Congress enacted the federal trademark protection statute under the Commerce Clause. See Act of Mar. 3, 1881, ch. 138, 21 Stat. 502-04 (1881). In 1905, the statute was modified significantly. See Act of Feb. 20, 1905, ch. 592, 33 Stat. 724-31 (1905). The statute went through further changes in 1920. The present federal trademark protection statute is the 1946 Lanham Act, 15 U.S.C. 1051 et seq. See Act of July 5, 1946, ch. 540, 60 Stat. 427-46 (1946), codified at 15 U.S.C. § 1051 et seq. The Trademark Counterfeiting Act of 1984, 18 U.S.C. § 2320, criminalizes trafficking in goods or services bearing counterfeit trademarks. The Trademark Law Revision Act of 1988 permits a bona fide intent to use trademark registration, in addition to the option of registering a mark previously used in commerce.

27. *Trade-Mark Cases*, 100 U.S. at 94 ("The ordinary trademark has no necessary relation to invention or discovery.").

28. See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-64 (1995)

of the trademark owner who substantially invested in their trademarks.²⁹ These two goals balance each other. The source-identifying role of trademarks is to benefit both the consuming public and trademark owners.³⁰

Trademarks broadly include any word, phrase, name, symbol, logo, device, or image that is used or intended to be used by a person in commerce.³¹ Not all trademarks are entitled to protection.³² The more distinctive a trademark, the more protection it is entitled.³³ Like most other aspects of law, the rule sounds easier in the abstract than in practice.³⁴

(explaining that trademark law aims to reduce the consumer's risk of purchasing the wrong product).

29. See *id.* at 164 (stating that trademark law aims to assure producers that they will be able to "reap the financial, reputation-related rewards" of their product).

30. See, e.g., *Walt-W. Enters., Inc. v. Gannett Co.*, 695 F.2d 1050, 1057 (7th Cir. 1982) (stressing the importance of remembering that "the wrong involved is diverting trade from the first user by misleading customers who meant to deal with him"). The court warns that producers may gain "unwarranted competitive advantage" if property rights in a name are assumed without considering the extent of consumer misunderstanding. See *id.* (citing *James Burrough, Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976) ("A trademark is not that which is infringed. What is infringed is the right of the public to be free of confusion and the synonymous right of a trademark owner to control his product's reputation.")); *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 919 (9th Cir. 1980) ("The property right or protection accorded a trademark owner can only be understood in the context of trademark law and its purposes. A trademark owner has a property right only insofar as is necessary to prevent consumer confusion as to who produced the goods and to facilitate differentiation of the trademark owner's goods.") (citing J. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 2:6-2:7 (1973)). See generally Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1714-15 (1999) (explaining the fundamental shift in trademark law to value trademarks as property themselves and suggesting courts eradicate the property-based rationale by protecting trademarks against likelihood of confusing use and true dilution); Glynn S. Lunney, Jr., *Trademark: Monopolies*, 48 EMORY L.J. 367, 370 (1999) (recognizing trademark protection can both advance and disserve the development of an efficient and competitive market).

31. See 15 U.S.C. § 1127 (1994) (defining trademarks).

32. See *Horizon Fin., F.A. v. Horizon Bankcorp.*, 2 U.S.P.Q.2d (BNA) 1696, 1701 (E.D. Pa. 1987) ("Not all names or designations may receive protection."); *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999) (explaining that "no one can claim the exclusive right to use" a mark like "CAR" which has little or any "distinctiveness"). The court explains that a mark with little or no distinctiveness can be protected only if the "consuming public has come to associate [it] with the products or services of its user," which is the concept of secondary meaning. See *id.*

33. See *Nabisco, Inc.*, 191 F.3d at 215-16 ("Distinctiveness is a crucial trademark concept, which places marks on a ladder reflecting their inherent strength or weakness. The degree of distinctiveness of a mark governs in part the breadth of the protection it can command. . . . The strongest protection of the trademark laws is reserved for these most highly distinctive mark."); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 258 (2d Cir. 1987) (holding the "unparalleled strength" of plaintiff Mobil's Pegasus trademark deserves "broad protection against infringer").

34. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976) (stating that the difficulties of demarcation "are compounded because a term that is in one category for a particular product may be in quite a different one for

Common law attempted to measure trademarks and accord them with appropriate protection.³⁵ Not until 1976 and Judge Henry Friendly's decision in *Abercrombie & Fitch Co. v. Hunting World, Inc.*,³⁶ however, did a trademark scale based on distinctiveness become the authoritative instrument to measure trademarks.³⁷ The *Abercrombie & Fitch* distinctive spectrum dictates that a trademark will be accorded as inherently distinctive if it is "arbitrary," "fanciful," or "suggestive" in relation to the goods bearing the trademark.³⁸

Arbitrary and fanciful trademarks receive automatic trademark protection because they serve solely to identify the particular source of a product.³⁹ Indeed, arbitrary and fanciful trademarks bear no relationship with the goods the marks represent.⁴⁰ Arbitrary trademarks can be common words, but they are used in very uncommon ways.⁴¹ Examples of such marks include HORIZON (banking services);⁴² APPLE (for computers);⁴³ AMAZON (for on-line retailing bookstore).⁴⁴ Fanciful trademarks are non-dictionary

another, because a term may shift from one category to another in light of differences in usage through time, because a term may have one meaning to one group of users and a different one to others, and because the same term may be put to different uses with respect to a single product." See also *Thompson Med. Co. v. Pfizer Inc.*, 753 F.2d 208, 213 n.8, 215 (2d Cir. 1985) (finding the lines between classes of trademarks are "chimerical" and "illusory").

35. See *Trade-Mark Cases*, 100 U.S. 82, 92 (1879) ("The right to adopt and use a symbol or a device to distinguish the goods or property made or sold by the person whose mark it is, to the exclusion of use by all other persons, has long been recognized by the common law.").

36. 537 F.2d 4 (2d Cir. 1976).

37. See *Abercrombie & Fitch*, 537 F.2d at 9-11 (organizing the "principles of trademark law" into four eligibility groups in order of increasing protection); see also *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 211 (2000) (referring to the *Abercrombie* distinctiveness test as the "now-classic test originally formulated by Judge Friendly").

38. 537 F.2d at 11 (contrasting suggestive, arbitrary, and fanciful with "descriptive" marks which "conveys an immediate idea of the ingredients, qualities in characteristics of the goods"); *Wal-Mart Stores, Inc.*, 529 U.S. at 211 (explaining that inherently distinctive marks primarily refer to the source of the product).

39. See *Wal-Mart Stores, Inc.*, 529 U.S. at 210 (reaffirming the general rule that arbitrary, fanciful and suggestive marks are inherently distinctive); *Abercrombie & Fitch*, 537 F.2d at 11 (explaining that as with suggestive terms, arbitrary or fanciful terms do not require further justification for protection).

40. See *Sara Lee Corp. v. Kay Ser-Roth Corp.*, 81 F.3d 455, 464 (4th Cir. 1996) (explaining that both arbitrary and fanciful words "neither suggest any mental image of the associated product nor describe it in any way").

41. See *id.* (explaining that certain trademarks are labeled as arbitrary because the word or words seem "arbitrarily assigned" to the good they designate even though such words do "denot[e] 'real' things").

42. See *Horizon Fin., F.A. v. Horizon Bankcorp.*, 2 U.S.P.Q.2d (BNA) 1696, 1702 (E.D. Pa. 1987) (concluding that the HORIZON trademark is arbitrary for banking services).

43. See *Sara Lee Corp.*, 81 F.3d at 464 (noting "Apple" is an arbitrary trademark for computers).

44. Amazon is the name of a river in South America and a mythical tribe of

words.⁴⁵ Examples of such marks include EXXON (gasoline), CLOROX (detergent),⁴⁶ and KODAK (for film goods).⁴⁷ Trademark law provides arbitrary and fanciful trademarks the highest level of trademark protection because these highly unique and inherently distinctive trademarks have a greater chance of the public mistaking a similar or related junior mark from the original mark.⁴⁸

Suggestive trademarks require consumers to draw a conclusion or guess the connection between the trademarks and the goods.⁴⁹ Suggestive trademarks reflect “creativity; abstract thought and intuition; allegorical reference; metaphorical resemblance; figurative imagery . . . and sheer incongruity.”⁵⁰ For example, PENGUIN (refrigerators)⁵¹ CITIBANK (banking services)⁵² GOLIATH (for pencils)⁵³ ROACH MOTEL (insect trap)⁵⁴ are all suggestive trademarks.

women warriors. There is no relationship between “Amazon” and the goods and services provided under the mark (online book sales). *See* Wingfield, *supra* note 6, at R14 (reporting that “Amazon” is a highly “elastic” brand name that provides much flexibility for expansion of goods and services under the same brand name).

45. *See Sara Lee Corp.*, 81 F.3d at 464 (describing fanciful marks as “made-up words”).

46. *See id.* (noting “Exxon” and “Clorox” are fanciful trademarks).

47. *See Eastman Kodak Co. v. Rakow*, 739 F. Supp. 116, 118 (W.D.N.Y. 1989) (characterizing the Kodak trademark as one of the strongest and most distinctive trademarks in the world).

48. *See Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 258 (2d Cir. 1987) (explaining that the unparalleled strength of Mobil’s mark makes it more likely to be confused with similar marks and thus deserving of broad protection against infringers) (citing *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 276 (7th Cir. 1976) (“A mark that is strong because of its fame or its uniqueness, is more likely to be remembered and more likely to be associated in the public mind with a greater breadth of products or services than is a mark that is weak . . .”).

49. *See Stix Prods., Inc. v. United Merchants & Mfgs., Inc.*, 295 F. Supp. 479, 488 (S.D.N.Y. 1968) (determining that the trademark “CON-TACT” is suggestive because “more than mere observations is required to reach the conclusion that a product so branded is self-adhesive decorative covering, that it may be applied to a surface with ease upon fingertip pressure, and that when so applied it adheres to the surface”).

50. *BigStar Entm’t Inc. v. Next Big Star, Inc.*, 105 F. Supp. 2d 185, 196-97 (S.D.N.Y. 2000) (emphasizing the role of “creativity” both in devising suggestive marks and perceiving how they are linked to their products).

51. *See Union Nat’l Bank of Texas, Laredo, TX v. Union Nat’l Bank of Texas, Austin, TX*, 909 F.2d 839, 845 (5th Cir. 1990) (“An oft-cited example of suggestive term is ‘Penguin’ as applied to refrigerators.”).

52. *See Pita Delight, Inc. v. Salami*, 24 F. Supp. 2d 795, 800 (E.D. Mich. 1998) (calling “Citibank” a suggestive mark because it “connotes an urban or modern bank”).

53. *See id.* at 800 (noting that “Goliath” connotes a large size and thus it is a suggestive trademark for pencils).

54. *See Am. Home Prods. Corp. v. Johnson Chem. Co.*, 589 F.2d 103, 106 (2d Cir. 1978) (holding that ROACH MOTEL is “at least” suggestive—if not arbitrary—because even though some motels have roaches, “motels are surely not built for roaches to live in”).

A descriptive trademark is not inherently distinctive because it describes the quality or characteristic of the goods or services upon which it is affixed.⁵⁵ A descriptive trademark is protected only if it has acquired distinctiveness or secondary meaning through marketing, sales, usage, and passage of time that consumers have come to associate the descriptive trademark with a particular source or origin.⁵⁶ COCA-COLA is an example of a descriptive trademark that has acquired a secondary meaning.⁵⁷ Similarly, to be eligible for federal trademark registration, the descriptive trademark must have acquired secondary meaning.⁵⁸ Registration of a merely descriptive trademark that has obtained "incontestable" status after five years of continuous use from the registration date will not be subject to cancellation.⁵⁹ Examples of descriptive trademarks include AFTER TAN (post-tanning lotion), KING SIZE (men's clothing) and YELLOW PAGES (telephone directory).⁶⁰

A generic trademark refers "to the genus of which the particular product is a species."⁶¹ Examples of generic marks include CONVENIENCE STORE (retail stores), DRY ICE (solid carbon dioxide) and LIGHT BEER (ale-type beverage).⁶² Most courts favor an absolute rule that generic trademarks are not entitled to protection.⁶³ The rationale for this rule is that trademark protection

55. See *Zatarain's, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 790 (5th Cir. 1983) (explaining that descriptive terms by themselves "ordinarily are not protectable as trademarks"); *Pita Delight Inc.*, 24 F. Supp. 2d at 800 ("A descriptive term specifically describes a characteristic or ingredient of the article.").

56. See *Zatarain's, Inc.*, 698 F.2d at 795-96 (affirming the district court's finding that "Fish-Fri" merits trademark protection because the term carries a secondary meaning in the New Orleans area).

57. See *Sara Lee Corp. v. Kay Ser-Roth Corp.*, 81 F.3d 455, 464 (4th Cir. 1996) ("'Coca-Cola' is probably the paradigm of a descriptive mark that has acquired a secondary meaning.").

58. See 15 U.S.C. § 1052(f) (1994) (permitting registration of descriptive trademarks only upon proof of acquired distinctiveness).

59. See *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 205 (1985) (holding that the trademark registrant "may rely on incontestability [of the trademark] to enjoin infringement and that such action may not be defended on the grounds that the mark is merely descriptiveness").

60. See *Sara Lee Corp.*, 81 F.3d at 464 (noting that After Tan, 5 Minute glue, King Size men's clothing, and Yellow Pages for telephone directory are all descriptive marks).

61. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

62. See *Sara Lee Corp.*, 81 F.3d at 464 (providing several examples of generic marks).

63. See *Abercrombie & Fitch*, 537 F.2d at 9 (explaining the "doctrine of impossibility of achieving trademark protection for a generic term"); *Miller Brewing Co. v. G. Heileman Brewing Co.*, 561 F.2d 75, 79 (7th Cir. 1977) (finding that a generic trademark can never become a protectable trademark); *Nat'l Fed'n of the Blind, Inc. v. Loompanics Enter., Inc.*, 936 F. Supp. 1232, 1246 (D. Md. 1996) ("A generic term is never protectable as a trademark"); *TCPIP Holding Co., Inc. v. Haar*

of generic marks would have an anti-competitive effect.⁶⁴ Exclusive use by the owner of a generic term would hamper fair competition since competitors would be barred from using the name of the article that they seek to market.⁶⁵

To summarize, while arbitrary, fanciful, and suggestive trademarks receive automatic protection because of their inherent distinctiveness, descriptive marks are only protected upon proof of acquired distinctiveness.⁶⁶ Generic marks, in contrast, are never protected.⁶⁷ Currently, traditional trademark jurisprudence is being challenged by a new kind of mark claimed by e-commerce businesses: domain names.

Communications, Inc., 244 F.3d 88, 93 (2d Cir. 2001) ("Generic marks, consisting of words that identify the type or species of goods or services to which they apply, are totally lacking in distinctive quality; they are not entitled to any protection against infringement, even if they have become famous as marks, because according such protection would deprive competitors of the right to refer to their goods by name."); *see also* Sunrise Jewelry Mfg. v. Fred, S.A., 175 F.3d 1322, 1323 (Fed. Cir. 1999) (noting that registration for a jewelry design product configuration may be cancelled notwithstanding "incontestable" status); Kendall-Jackson Winery v. E. & J. Gallo Winery, 150 F.3d 1042, 1053 (9th Cir. 1998) (holding that the autumnal grape-leaf designs featured on wine bottles is generic in the wine industry).

64. *See Abercrombie & Fitch*, 537 F.2d at 10 (discussing anti-competitive effects of protecting generic trademarks).

65. *See, e.g.,* Genesee Brewing Co. v. Stroh Brewing Co., 124 F.3d 137, 147 (2d Cir. 1997) (stating that a mark is generic when applied to goods or services that require the use of the mark in order to convey their nature to the consuming public); *Abercrombie & Fitch*, 537 F.2d at 9 (noting that "the user of a generic term" cannot deprive competing manufacturers of the product of the right to call an article by its name"); A.J. Canfield Co. v. Honickman, 808 F.2d 291, 305 (3d Cir. 1986) ("[I]f a term is necessary to describe a product characteristic that a competitor has a right to copy, a producer may not effectively preempt competition by claiming that term as its own."); CES Pub. Corp. v. St. Regis Publications, Inc., 531 F.2d 11, 13 (2d Cir. 1975) ("To allow trademark protection for generic terms, i.e., names which describe the genus of goods being sold, even when these have become identified with a first user, would grant the owner of the mark a monopoly, since a competitor could not describe his goods as what they are."); *Holzappel's Compositions Co. v. Rahtjen's Am. Composition Co.*, 183 U.S. 1, 9 (1901) (finding no protection for "the only name by which it was possible to describe" the product). *See generally* Ralph H. Folsom & Larry L. Tepley, *Trademarked Generic Words*, 89 YALE L.J. 1323, 1328-29 (1980) ("[W]hen no name other than the trademarked word is available to the public or competitors to indicate the type or class of product on which the trademark is used, exclusive control of the trademarked word has not been permitted.").

66. The Lanham Act generally denies protection of descriptive marks, subject to the following exception in § 2 (c) stating that "nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce." 15 U.S.C. § 1052(f) (1982).

67. *See supra* note 65 and accompanying text.

II. THE E-I-G MOVEMENT IN E-COMMERCE

A. *Brief Overview of E-Commerce*

In the last few years the transformation of cyberspace⁶⁸ has created an open system which fosters new innovations, creates numerous opportunities, and generates numerous uncertainties.⁶⁹ The Internet, particularly the World Wide Web, (“the Web”)⁷⁰ has enabled the growth of e-commerce by providing consumers, businesses, and trading partners with the ability to connect to a global network of computers.⁷¹

The rapid growth of e-commerce is evidenced by the creation of more than twenty-one million websites in a period of less than five years⁷² and the substantial investment in sales, transactions,

68. See Robert Hobbes Zakon, *Hobbes' Internet Timeline v5.2*, at <http://www.zakon.org/robert/internet/timeline/> (visited Feb. 20, 2001) (describing significant advances in Internet technology in recent years).

69. See generally Mark Cooper, *Open Access to the Broadband Internet: Technical and Economic Discrimination in Closed, Proprietary Networks*, 71 U. COLO. L. REV. 1011, 1013-15 (2000) (discussing the control access issue on the Internet); Office of the New York State Attorney General Eliot Spitzer, *From Wall Street to Web Street: A Report on the Problems and Promise of the Online Brokerage Industry Prepared by Investor Protection Internet Bureau & Securities Bureau* (Nov. 22, 1999), 1189 P.L.I./CORP 355 (June 2000) (discussing the risks and limitations of online trading); Debra A. Valentine, *Privacy on the Internet: The Evolving Legal Landscape*, 16 SANTA CLARA COMPUTER & HIGH TECH. L.J. 401, 403 (2000) (arguing that self-regulation, consumer education, technological empowerment, and legislation are needed to ensure meaningful privacy protection on the evolving Net); Tara C. Hogan, *Now that the Floodgates Have Been Opened, Why Haven't Banks Rushed Into the Certification Authority Business?* 4 N.C. BANKING INST. 417, 419 (2000) (arguing that growth in e-commerce requires a level of trust in the security of the messages businesses send over the Net).

70. See generally TIM BERNERS-LEE, *WEAVING THE WEB* (1999) (discussing the differences between the “Internet” and the “World Wide Web”).

The Internet (“Net”) is a network of networks. Basically it is made from computers and cables... The Web is an abstract (imaginary) space of information. On the Net, you find computers—on the Web, you find documents, sounds, videos... information. On the Net, the connections are cables between computers; on the Web, connections are hypertext links. The Web exists because of programs which communicate between computers on the Net. The Web could not be without the Net. The Web made the Net useful because people are really interested in information (not to mention knowledge and wisdom!) and don't really want to have to know about computers and cables. Tim Berners-Lee Personal Web Page, available at <http://www.w3.org/People/Berners-Lee/FAQ.html> (last visited July 14, 2001).

71. See Jane Kaufman Winn, *Open Systems, Free Markets, and Regulation of Internet Commerce*, 72 TULANE L. REV. 1177 (1998) (describing the impact of the open networks of the Internet on commercial transactions and arguing that legislation regulating Internet technology will harm consumers).

72. In January 1996, there were only 100,000 web sites on the World Wide Web. Less than five years later, as of September 2000, there are 21,166,912 web sites on the World Wide Web. See Zakon, *supra* note 68 (providing a comprehensive timeline of significant developments in the evolution of the Internet).

advertising, and expenditures on the Internet.⁷³ For example, retail sales over the web in 1998 were \$9 billion,⁷⁴ in the first quarter of 2000 retail e-commerce sales⁷⁵ were approximately \$5.2 billion⁷⁶ and are expected to grow to \$1.1 trillion by 2002.⁷⁷ In 1994, business-to-business⁷⁸ e-commerce sales were in excess of \$114 billion and are projected to reach \$1.5 trillion by 2004.⁷⁹

Rushing to the Internet, companies create web sites to serve as storefronts, offices, headquarters, marketing, and distribution centers in cyberspace.⁸⁰ Using the worldwide network of computers through the Internet, companies create and apply their new business models to the fast changing online commerce.⁸¹ Many traditional, brick-and-

73. According to The Industry Standard's Internet Economy Indicators for the week of August 21 to 25, 2000, there were 54.9 million web users, 4.1 million orders for goods sold at about 70% of online retailers, the average amount spent on Internet banner ads per company that advertised online is \$29,000. See Nicholas G. Carr, *Giant Steps*, THE INDUS. STANDARD, Sept. 4, 2000, at 122.

74. See Steven Andersen, *Six E-commerce Pitfalls and How to Avoid Them*, 9/00 CORP. LEGAL TIMES 1.

75. Retail e-commerce sales are sales of goods and services over the Internet. Retail e-commerce sales do not include on-line travel services, financial brokers, or ticket sales. See U.S. Dep't of Commerce News, Monthly Retail Surveys Branch, U.S. Census Bureau (May 31, 2000), available at <http://www.census.gov/mrts/www/current.html>.

76. See *id.*

77. See Andersen, *supra* note 74, at 1 (reporting that web retail sales are expected to top \$1.1 trillion by 2002).

78. Unlike retail e-commerce ("B2C"), in which e-companies' products and services are aimed directly at the traditional consumers, business to business ("B2B") e-commerce is a "system of suppliers, distributors, commerce services providers, infrastructure providers and customers that use the Internet for communications and transactions." Don Tapscot, *Manager's Journal: Virtual Webs Will Revolutionize Business*, WALL ST. J., Apr. 24, 2000, at A38. Consequently, among other benefits, B2B e-commerce allows companies to streamline and augment supply chain processes to their business customers. See U.S. Department of Commerce, *The Digital Economy II*, chp. 1, Electronic Commerce in the Digital Economy (1999), available at <http://www.ecommerce.gov/ede/chapter1.html> (last visited July 14, 2001).

79. See Goldman Sachs, *E-Commerce/Internet, B2B: 2B or Not 2B?*, pt.1 (Nov. 12, 1999) (discussing recent statistics relating to business-to-business e-commerce), available at <http://www.gs.com/hightech/research/b2b>.

80. See generally A. Michele Dickerson, *From Jeans to Genes: The Evolving Nature of Property of the Estate*, 15 BANKR. DEV. J. 285, 299-300 (1999) (noting that many cybercompanies have their presence on the Net through their web pages and many cybercompanies own very few tangible assets). For example, Amazon.com owns no stores and few tangible assets, yet, it is worth as much as Barnes & Noble, Inc. and Borders Groups, Inc. combined. See also Marc S. Friedman & Jonathan Bick, *The Electronic Commerce Landscape*, 198 N.J. LAW. 14 (Aug. 1999) (reporting First Data Merchants Services and IBM are building online storefronts that provide e-commerce services such as payments, credit-card process, and shipping coordination).

81. An example of companies that have been capitalizing on the Internet medium are e-learning companies. E-learning companies offer distance learning and training of corporate employees. In 1999 alone e-learning companies received approximately \$1.2 billion in private capital and \$302 million in public equity. The corporate e-learning market is expected to reach \$11 billion in 2003. See Elizabeth

mortar companies rapidly expanded their businesses to the Internet⁸² to take advantage of Internet-based technology.⁸³ An example of an Internet-based company is Priceline.com. The Internet enables Priceline.com to use a proprietary system to analyze quickly the vast data needed in its reverse auction sales.⁸⁴

New web sites with new business models are developing quickly on the Internet. New think-tank groups, such as Walker Digital, Corp., are filing business method patent applications at the rate of one patent application every two weeks.⁸⁵ Other Internet companies are shifting from business-to-customers operations to business-to-business practices⁸⁶ and from Internet service providers to commerce service

Lamb, *E-learning Goes the Distance*, RED HERRING, Oct. 30, 2000, at 62-63. In fact, Internet-based companies that want to remain successful must be willing to cultivate, change and move from one business model to another. See Nicholas G. Carr, *Giant Steps*, THE INDUS. STANDARD, Sept. 4, 2000, at 139.

82. See Andersen, *supra* note 74 (noting bulk of companies doing business on-line are brick-and-mortar companies that "have integrated their web sites into long-standing corporate missions," however, these companies "may be at particular risk for online liability because, unlike dot-coms, their operations are not exclusively tailored around the Internet").

83. See Christian N. Watson, *Notes & Comments, The Growth of Internet-Only Banks: Brick and Mortar Branches Are Feeling the "Byte"*, 4 N.C. BANKING INST. 345, 353-56 (2000) (discussing how brick-and-mortar banks are moving to the Net by extending their existing bank brand to the Net or creating a new entity that distances itself from the parent company); Don Tapscot, *Manager's Journal: Virtual Webs Will Revolutionize Business*, WALL ST. J., Apr. 24, 2000, at A38 (reporting that General Motors, Ford and DaimlerChrysler are planning "to move all their business, involving more than \$250 billion and 60,000 suppliers, to the Internet [replacing] a bloated procurement process built on phone calls and fax machines").

84. "Reverse auction" was defined as a "process initiated by the prospective purchaser who solicits bids. After the low bidder is identified, the other bidders have an opportunity to rebid until the buyer is satisfied it has secured the best terms, which usually means the lowest price." *Outboard Marine Corp. v. Peretel*, 461 F. Supp. 384, 389 (D.C. Del. 1978). Priceline's reverse auction is an Internet-based process that allows multi-party interaction: consumers naming their own prices for airline tickets or hotel rooms; website servers facilitating the bidding-matching process; service provider (hotel or airline) responding to the consumer's bid. See Robert E. Lyon & Christopher A. Vanderlaan, *Method Madness*, LOS ANGELES LAWYER, Oct. 2000, at 28. Priceline.com owns the reverse auction and other Internet patents (5,897,620 Method and Apparatus for the Sale of Airline-Specified Flight Tickets; 6,041,308 System and Method for Motivating Submission of Conditional Purchase Offers; 6,085,169 Conditional Purchase Offer Management System; 6,108,639 Conditional Purchase Offer Management System for Collectibles). See United States Patent and Trademark Office (Oct. 4, 2000), available at <http://www.uspto.gov>.

85. See Julia Angwin, *"Business Method" Patents, Key to Priceline, Draw Growing Protest*, WALL ST. J., Oct. 3, 2000, at B1 (reporting that patent applications for software and business methods are soaring, for example, Walker Digital's portfolio of 66 patents and 400 pending patent applications are valued at \$1 billion).

86. See Suein Hwang & Mylene Mangalindan, *Watch This Space: Yahoo's Grand Vision for Web Advertising Takes Some Hard Hits*, WALL ST. J., Sept. 1, 2000, at A1 (discussing how Yahoo's new Corporate Yahoo platform aims to move Yahoo into the business-to-business market by integrating Yahoo's portal to companies' internal Web networks in light of possible failure of Web-based advertising); Tapscot, *supra* note 83, at A38:

providers.⁸⁷

The explosive growth of millions of websites has taught Internet companies that the prospect of luring potential customers to its site, maintaining the customers' interest, and developing loyal, return customers are daunting tasks.⁸⁸ The ability to anticipate trends and be ahead of the competition is also key to survival in e-commerce.⁸⁹ The dot.com companies, to thrive in the e-commerce economy, must do more than grow quickly, they must be profitable.⁹⁰ Dot.com companies attempt to distinguish themselves from competitors

B2B exchanges pave the way for the new model of the company in the digital economy. The vertically integrated industrial corporation is giving way to a form of wealth creation called the business web. A b-web is a distinct system of suppliers, distributors, commerce services providers, infrastructure providers and customers that use the Internet for communications and transactions.

Id.

87. See Chana R. Schoenberger, *Don't Go There*, FORBES, Oct. 2, 2000, at 174 (discussing commerce service providers). Commerce service providers build and run others' storefronts, handling merchandising, inventory, and shipping. Commerce service providers sites such as Vitessa, Iconomy and Escalate charge an up-front development fee of \$10,000-\$100,000, plus a percentage of sales commission from content sites that once used to refer their users to online retailers in exchange for a five to seven percent cut of any sale. See *id.* The deals between content sites and online retailers are referred to as "affiliate deals." Affiliate deals reportedly account for \$5 billion in annual sales, or 13% of Web retailer commerce. Amazon, for example, has about 430,000 affiliates. See *id.*

88. See Stephanie Gruner, *Web Failure boo.com Gets a New Lease on Life as a Unit of fashionmall.com*, WALL ST. J., Sept. 6, 2000, at B8 (reporting that the old boo.com's failure as an e-tailing company cost investors \$135 million and now the new boo.com site "hasn't sold anything for months"); Che Odom, *VirtualBank Takes Big Step Toward Real Operations with Co-Branding Deals*, MIAMI DAILY BUS. REV., June 27, 2000, at 1 (reporting many Internet banks have failed and how the new VirtualBank's complete suite of banking products and services coupled with immediate customer service through chat, e-mail and telephone services would give an edge over other online banks).

89. See Nikhil Deogun & Keith Johnson, *Lycos, Terra Networks of Spain Discuss Merger to Create Global Internet Portal*, WALL ST. J., May 15, 2000, at A3 ("[I]n the Internet world, even more than in bricks-and-mortar boardrooms, the ability to anticipate trends and stay one step ahead of the competition is crucial not just to growth, but survival.").

90. See Pete Henig & Nicole Sperling, *The Fantasy World of Jeff Bezos*, RED HERRING, Oct. 30, 2000, at 42-44 (reporting that Amazon.com took \$1.5 billion in losses on \$3.6 billion in revenue); Jim Kerstetter, *Finding the Right Formula*, BUS. WK., Oct. 23, 2000, at 44-45 ("Ever since the Net craze began, dot-coms have relied on outside capital and hyped valuations to feed their expansion plans. Now that the bubble has burst and venture capitalists have lost their enthusiasm, many dot-coms are stranded with little prospect of ever making it."); David Lipschultz, *Growing Pains*, RED HERRING, Oct. 30, 2000, at 222-27 (observing that Internet startups that fail to manage growth, making mistakes such as Amazon's "money-losing revenue" model, wrong products, wrong direction, wrong manufacturing process, wrong employees and lack of office space that occur in a short period can mean corporate death); Mark Roberti, *B-to-B: Evolution, Not Revolution*, THE INDUS. STANDARD, Sept. 4, 2000, at 79-80 ("With venture capitalists and Wall Street looking for profits—or at least the prospect of profits—independent market makers need to find new sources of revenue. The answer, for some at least, is to transform themselves into application service providers.").

through "branding" in the Internet.⁹¹

B. "Branding" the E-Commerce Way: Here Comes E-I-G

It is common for some dot.com companies to spend millions of dollars on on-line advertising and branding campaigns. Branding is a marketing tool used by companies to portray a consistent and effective image in the market place, i.e. the Nike symbol or Coca-Cola's signature red and white colors.⁹² Given the crowded dot.com web, startup companies in the e-commerce economy choose to focus most of their attention on branding through quick growth.⁹³ Many dot.com companies are selling products and services at their web sites without making any profits.⁹⁴ Other dot.com companies give away devices or hardware with the hope that consumers will remember their domain name and web site and ultimately complete a sales transaction with the dot.com companies.⁹⁵

For example, Virgin Megastore Online offered Internet customers a free WebPlayer, a keyboard, and flat-panel display with Web access

91. See James F. Haggerty, *Marketing Your Firm Toward Common Sense Branding Strategies*, N.Y. L.J., Mar. 14, 2000, at 5 (observing that the "rise of the Internet and other technologies, in fact, is where this focus on 'branding' all began"); Odom, *supra* note 88 (reporting that the use of such names as Compaqvirtualbank.com, EMCvirtualbank.com and Textronvirtualbank.com will enable VirtualBank and its business partners Compaq, EMC Corp. and Textron Financial Corp. to appeal to worker loyalty and that the new banking arrangement "will be a useful inducement to attract and retain talent" at the participating companies); Joe Starkey, *Brand-Building More Important to Web Sites; Online Companies Scramble to Stand Out From Crowd*, STAR TRIB. Minneapolis, MN, Jan. 24, 2000, at 5D ("In the famous cocktail-party scene in 1967's landmark film 'The Graduate,' a helpful older man whispers a single word of business advice to callow, befuddled young Benjamin, played by Dustin Hoffman: 'Plastics.' Remake the movie today and you'd have to change the line to 'Branding.'"); Andrew J. Trackman & Robert M. Stern, *Federal Circuit Ruling, Largely Ignored, Impacts Patent Infringement Equation; Effect Predicted Particularly for Business Method Litigation*, N.Y. L.J., Apr. 17, 2000, at S7 (noting "the key to success on the Internet turns on branding and the first-mover advantage").

92. See Haggerty, *supra* note 91.

93. See Dickerson, *supra* note 80 at 299 (observing that "[c]ybercompanies seem to be highly valued because of investors' view of their projected growth, not because of current profits"); Scott McNealy, *It's Like Businesses Built on Metaphors Still Need Value*, FORBES ASAP, Oct. 2, 2000, at 47 ("Startups may put rapid growth ahead of profits for a time, but eventually they will have to return to the true nature of business. They will have to charge more than the cost of the goods and services they deliver, and make a profit").

94. See Dickerson, *supra* note 80, at 299 (noting that most cybercompanies "have generated little earnings and, thus, have never made a profit"); see also Hwang & Mangalindan, *supra* note 86, at A1 (reporting that Yahoo is one of the few dot-com companies that earn profits).

95. See, e.g., Alexei Oreskovic, *Take My Device, Please*, THE INDUS. STANDARD, Sept. 4, 2000, at 146-48 ("[b]usinesses are giving away so-called information appliances to bring customers to their Web sites. This motley group of devices runs the gamut from wireless two-way pagers to flat-panel Internet terminals. All share the ability to access a site's content and services.").

to surf the Internet, send e-mail, or shop online.⁹⁵ The manufacturer's regular price for a WebPlayer is around \$400.⁹⁷ Virgin Megastore Online required its customers to use the WebPlayer ten (10) hours a month or they must return the machine.⁹³ The company received commissions from its strategic partners, including Expedia, Gap.com, and Tickets.com. Each time a WebPlayer user bought a ticket from Tickets.com or clothing item from Gap.com, Virgin Megastore Online takes a commission.⁹⁹ Other dot-com companies such as ebay.com,¹⁰⁰ fidelity.com,¹⁰¹ sega.com,¹⁰² ticketmaster.com,¹⁰³ weather.com,¹⁰⁴ and zdtv.com¹⁰⁵ offer various free Internet appliances to their customers. A dot.com company that is even more aggressive in its tactics to lure and retain loyal surfers to its web site is Iwon.com.¹⁰⁶ Iwon.com gave millions of dollars in sweepstakes to visitors who use its site to surf the Internet.¹⁰⁷

For many dot.com start-ups, having the right domain name is a significant step toward branding.¹⁰⁸ Some companies believe that

96. *See id.* (reporting that the company distributed 10,000 webplayers to customers).

97. *See id.*

98. *See id.* (stating that while consumers must use the machine, they are not required to spend money shopping on it).

99. *See id.* (remarking how "the company effectively owns the webplayer surfers and profits from their every move").

100. *See id.* (noting that eBay gives its customers eBay branded pagers that will alert owners when they have been outbid on an auction and when an auction has closed).

101. Fidelity Investments gives its customers the RIM Interactive 950 two-way pagers that allows their InstantBroker customers to check their account information, receive stock alerts and trade stocks. Fidelity Investments also participates in a program in which its customers receive free IBM desktop Internet terminals. *See id.* at 147-48.

102. *See* Dean Takahashi, *Sega Will Give Away Dreamcast Players to Lure Subscribers to the Web*, WALL ST. J., Apr. 4, 2000, at B1 (reporting that starting in August 2000, Sega.com will give its Dreamcast video game console free to customers who subscribe to Sega Web services for two years at \$21.95 a month).

103. Ticketmaster gives its customers the branded Ticketmaster.com pagers that alert owners when tickets for their favorite artists or events are available. *See* Oreskovic, *supra* note 95, at 148.

104. Weather.com gives its customers the branded Weather.com pagers with personalized, location-specific weather alerts and forecasts. *See id.*

105. ZDTV gives its customers webcams to participate in live video conferences with people working on its TV show and site. *See id.*

106. *See* <http://www.iwon.com/> (visited on Dec. 11, 2000) (displaying an on-line sweepstakes website).

107. *See* Nanette Byrnes, *Can Iwon Keep Winning?*, BUS. WK., Oct. 9, 2000, at 192 (daily visitors to the Iwon site is 2.9 million and Iwon has given away \$26 million to more than 1,000 people).

108. *See* Lee J. Plave, *ACPA Gives Franchisors New Weapon in War Against Cybersquatting*, 6 LEADER'S FRANCHISING BUS. & L. ALERT 1 (Jan. 2000) (recognizing domain names have become an important part of branding and commercial identification); Wingfield, *supra* note 6 (reporting that budding Internet entrepreneurs who search for the right name of their new companies encounter a

paying the high price for the right domain name will reduce the cost of advertising a new Web site.¹⁰⁹ Others even attempt to secure a domain name first, then develop the business around the name.¹¹⁰ Often the right domain name is the name that describes the products or services offered at the web site.¹¹¹ Indeed, having a memorable or easily accessible domain name that users relate to a product or on-line service is considered owning one of the most valuable cyber-assets.¹¹²

When potential consumers surf the Internet by using common names for products or services, they will quickly be linked to sites where the domain name is the name of the product or services offered for sale. These are generic or G-domain names. Examples of G-domain names include sex.com, business.com, loans.com, bingo.com, drug.com and university.com.

In addition to the G-domain names, there are domain names with the "e" prefix. According to one estimate, there are about 110,000 domain names with this prefix.¹¹³ The "e" prefix stands for "electronic" and is synonymous with "online" or "high tech."¹¹⁴ Like the G-domain names, E-domain names are in high demand.¹¹⁵ E-

"nightmare" process because most memorable dot-com addresses are no longer available and selecting a difficult to remember company name is a bad idea).

109. See Johnson, *supra* note 3, at A1 (reporting companies such as Idealab in Pasadena will pay one million dollars for domain names with the belief that the name will offset the advertising cost).

110. See *id.* (reporting Marketvision's "game plan: Secure domain names first, then develop appropriate businesses around them").

111. See Jonathan Lambeth, *The-telegraph.com: Domainia as Net Names Go for Millions*, THE DAILY TELEGRAPH, June 8, 2000, available at 2000 WL 21888662 (reporting the offer of 4.4 million pounds for e-buy.com, an inactive web site for "an international department store," has been turned down while BrainwareMedia paid \$8 million for mp3audiobooks.com to a Boston resident).

112. See Thomas E. Weber, *Register.Com Aims to Market Internet Addresses to Everyone*, WALL ST. J., Apr. 1, 1999, at B7.

Domain names have evolved into one of the Internet's most important commodities—and an increasingly scarce resource. Though the universe of online addresses is theoretically unlimited, the best addresses get snapped up quickly. A latecomer might find himself stuck with an unwieldy address like "joespizzaofbrooklyn.com" instead of the easier to type, and remember, "joes.com."

Id.

113. See Thomson & Thomson, *supra* note 8 (reporting that there are 4,900 trademark filings and 110,000 domain names begin with "e").

114. See Johnson, *supra* note 3, at A1 (reporting that companies who add "e" or "i" to domain names are hoping their names "sound high-tech and that e-buy.com, e-sell.com, e-tail.com, e-toys.com and i-tail.com are all not available on the primary domain name market").

115. See Lambeth, *supra* note 111 (reporting on current prices for several popular domain names); David Montgomery, *Owner of 63 pound e-name turns down 4.4m pound offer from U.S.*, SCOTSMAN, June 3, 2000, at 5 (noting that the owner of e-buy.com rejected a California company's offer to buy the domain name, even when the

domain names include etoy.com (selling toys on the Internet), erealty.com (real estate business), emortgages.com (online mortgage company), ebank.com (online banking services), and etrade.com (online brokerage trading services). Though not as popular as e-domain names, domain names with the "i" prefix are also gaining popularity. The "i" prefix stands for "Internet" and, as with the "e" prefix, is synonymous with "online" or "high tech."¹¹⁶ Examples of i-domain names include iWireless.com, currently being offered for sale at \$500,000, and iAutos.com, which is offered for sale at \$250,000.¹¹⁷

Generic domain names are presently seen as the most coveted virtual real estate on the Internet.¹¹⁸ The more generic the better. Internet surfers frequently use simple, generic words to search for a site.¹¹⁹ Thus, the generic quality of a domain name dramatically increases its value.¹²⁰ Start-up dot.com companies are often willing to pay hefty prices for generic domain names that describe their on-line product in lieu of spending even more on a branding campaign to increase name recognition.

The demand for simple generic domain names has caused the monetary value of G-domain names to skyrocket.¹²¹ Many individuals and companies registered generic domain names in the early stages of e-commerce without ever using the names.¹²² The owners of generic domain names are now cashing in on the current demand.

In addition, there are numerous Internet companies specializing in domain name brokerage. These domain name brokers usually take a ten percent commission for the sale of a domain name to the highest

company increased its original offer from 2 million pounds to 4.4 million pounds).

116. See Johnson, *supra* note 3 (reporting that "e" and "i" domain names denote high tech).

117. See Greatdomains.com (Oct. 23, 2000) (featuring iWireless.com and iAutos.com among the new high-profile domain names), available at <http://www.greatdomains.com>.

118. See Johnson, *supra* note 3, at A1 (noting that most of the obvious names have been taken, either by online companies or by entrepreneurs hoping to sell the names to online start-ups).

119. See Wendy R. Leibowitz, *Going Once, Going Twice-Sold! Domain Name Market Heats Up*, NAT'L L.J., Mar. 28, 1998, at B6 (commenting that this practice increases the value of generic domain names).

120. See *id.* (discussing the criteria for appraising the value of domain names).

121. See Wingfield, *supra* note 6 and accompanying text. Wingfield also professes that a demand for and scarcity of memorable domain names has resulted in a "mad land grab," causing the inflated prices. See *id.*

122. Procter & Gamble, for example, was one of the companies that registered numerous domain names. *The Wall Street Journal* reported that Procter & Gamble will offer a collection of potentially lucrative names such as romantic.com, sensual.com, beautiful.com, sensitive.com, dry.com, scent.com, thirst.com, and nails.com for sale through GreatDomains.com. See *P&G to Unload 100 Names of Sites Through Auction*, WALL ST. J., June 29, 2000, at C18.

bidder.¹²³ Currently, there are dozens of domain name auction sites including greatdomains.com, bestdomains.com, domains.com, and domainmart.com.¹²⁴ Some sites have taken a step further by capitalizing on their success of selling domain names to reach out to new investors who would pay \$10,000 to \$100,000 to be an investor in domain names.¹²⁵ Domain Name Investors recently announced a plan to seek domain name investors because the high appreciation value in some domain names have out-performed commodities, stocks, or bonds.¹²⁶ Other domain name brokerage web sites receive millions of dollars from venture capitalists as the domain name market becomes a significant virtual real estate market.¹²⁷

A second level domain name¹²⁸ in the “.com” suffix is viewed as the must-have Internet address.¹²⁹ Since most if not all memorable names in the “.com” top level domain are no longer available on the primary market,¹³⁰ other top level domain names such as “.tv” and “.cc” have

123. See Rachael King, *What's Wireless.com Worth? Maybe \$15M*, INTERACTIVE WK. FROM ZDWIRE, Jan. 31, 2000, available at 2000 WL 4064606 (reporting that SiteJockey.com will get a ten percent commission on the sale price of the Wireless.com domain name).

124. See Leibowitz, *supra* note 119, at B6 (listing several domain name brokers available on the Internet); see also Wingfield, *supra* note 6, at R14 (noting that, according to Greatdomains.com, online domain brokerages have more promise than traditional real estate brokerages).

125. See *Domain Name Investors to Spread the Wealth*, PR NEWSWIRE, June 1, 2000 (announcing that domain name investors will bring in investors who must make a minimum investment of \$10,000 per entity).

126. See *id.* To capitalize on the expanding domain name secondary market, Afternic.com has established a domain name portal that publishes URLy Indicator, a domain name industry newsletter and provides a comprehensive source of resources to domain name investors. See Afternic.com (providing extensive information about the exchange of domain names), available at <http://afternic.com> (last visited Jan. 2, 2001); see also *First Domain Name Industry Newsletter Launched*, BUS. WIRE, Feb. 11, 2000 (noting that afternic.com's newsletter provides insight into the rapidly expanding domain name market).

127. See Karen Kaplan, *Domain Name Trade Gives Rise to Whole New Breed of Brokers Internet: They're Betting that the Buying and Selling of Web Addresses Will Be Big Business for a Long Time to Come*, L.A. TIMES, Dec. 13, 1999, at C1 (explaining that the internet domain name Business.com sold for \$7.5 million and several other domain names have received bids in excess of \$1 million).

128. Generally, domain names consist of a second-level domain which is typically the name of a company—such as Texaco, Microsoft, or Blockbuster—followed by a period (the “dot”), and a top-level domain which indicates the nature of the company such as “com” (commercial), “edu” (educational), “org” (non-profit organizations), “net” (network providers), “gov” (government), and “mil” (military).

129. See Wingfield, *supra* note 6, at R14 (“In the world of online real estate, the ‘dot-com’ at the end of ForMyHome.com and other Web sites’ addresses is the most fashionable ZIP Code for Internet businesses. It’s a suffix that has become a universal signifier for all things Internet. Other so-called top-level domains—particularly ‘dot-net’ are considered far less desirable by Web entrepreneurs.”).

130. See *Keep the Game Fair*, L.A. TIMES, Nov. 21, 2000, at B8 (noting that there is a shortage of “.com” domain names).

become the latest fad in new Internet address registrations.¹³¹ Some domain names in “.tv”¹³² like free.tv, china.tv, and net.tv have been sold for initial annual registration fees of \$100,000.¹³³ Similarly, memorable domain names in the “.cc”¹³⁴ are demanding high price tags.¹³⁵ For example, Beauty.cc was reportedly sold for \$1 million by webdomains.cc.¹³⁶

The desire for an E-I-G domain name is premised on the belief that Internet surfers who search for web sites use domain name searches as one of the two principal means of being linked to the desired web site.¹³⁷ A surfer may search for, communicate with, and retrieve information from various web sites using a web browser such as Microsoft’s Internet Explorer or Netscape’s Navigator. The surfer can get to a web site quickly if s/he knows the domain name to enter in the web browser. Alternatively, if the surfer does not know the domain name, she can use a search engine such as Yahoo, Altavista, or Lycos to get to the desired web site. The surfer enters a keyword into a search engine and it looks for the word in “domain names, actual text on the web page, and metatags.”¹³⁸

Domain names function like telephone numbers and are believed by Internet entrepreneurs to be valuable because they make it easier for customers to connect to and promote the entrepreneurs’ web

131. See Heidi Howard Tandy, *Country Domain Names Are Latest Rage on Net: Never Heard of Cocos Keeling Islands? One Company Actively Promotes Its Top-level Domain*, NAT’L L.J., Apr. 10, 2000, at B18 (noting that “.tv” and “.cc” are becoming popular on the Internet).

132. See *id.* (explaining that “.tv” is the top-level domain name for the country of Tuvalu); see also Johnson, *supra* note 3, at A1 (reporting Idealab paid the nation of Tuvalu \$50 million in royalties for rights to e-mail and domain names ending in “.tv” and noting that Idealab is hoping to reap millions to billions of dollars in reselling domain names in “.tv”).

133. See *free.tv, china.tv, net.tv sold by dotTV for \$100,000 Each; Annual Initial Registrations Fees of \$100,000 Each Makes Sales Amongst the Most Valuable in Domain History*, BUS. WIRE, Aug. 21, 2000 (reporting that the sales of free.tv, china.tv, and net.tv represent three of the top ten domain name sales in domain history).

134. See Tandy, *supra* note 131, at B18 (noting that “.cc” is the country domain name for the CoCos Keeling Islands).

135. See *id.* (explaining that the value of “.cc” domain names increase daily).

136. See Peter Shinkle, *In a .Com World, Island Nation’s .CC Catches On*, ST. LOUIS POST-DISPATCH, July 19, 2000, at C1 (reporting that eNIC Corp., a Seattle company that in 1997 won the authority to issue domain names in .cc, sold beauty.cc for \$1 million); see also Ronna Abramson, *What Price Beauty.cc?*, (noting that “Beauty.cc” sold for \$1 million which was the highest price ever for a URL without a “.com” suffix), available at <http://www.eestateagents.com/Article.htm> (last visited Jan. 2, 2001).

137. See *Brookfield Comm. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1044-45 (9th Cir. 1999) (noting that the two principal options for searching a particular web site without knowing the exact domain name are either trying to guess the domain name or using an Internet search engine).

138. See *id.* (explaining how search engines look for keywords).

site.¹³⁹ Some courts have granted protection to holders of vanity telephone numbers with easy-to-remember letter equivalents.¹⁴⁰ These courts have found that the promotion of a confusingly similar telephone number might be considered as trademark infringement and unfair competition.¹⁴¹ Whether similar protection should be extended to E-I-G domain names is the next area for discussion.

III. PROTECTION FOR THE NEW E-I-G KIDS ON THE BLOCK

A. *Trademark Protection for E-I-G Domain Names?*

Since E-I-G domain names are highly valued now, a logical concern of owners of such domain name is what type of protection is available for such domain names. Because domain names are primarily used to attract Internet users to a particular site,¹⁴² domain names are performing an *initial interest* function of identifying and distinguishing a web site from other web sites.¹⁴³ Accordingly, the issues we must address are whether such functions qualify as a trademark function, whether E-I-G domain names are valid trademarks, and whether trademark law should protect valuable E-I-G domain names that have been used primarily as *initial* website identifiers.

The first inquiry is whether domain names, E-I-G domain names in

139. See *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 958 (C.D. Cal. 1997), *aff'd*, 194 F.3d 980 (9th Cir. 1999) (noting that domain names, like telephone numbers, are valuable when they make it easier to find a trademark holder).

140. See, e.g., *Dial-a-Mattress Franchise Corp. v. Page*, 880 F.2d 675, 678 (2d Cir. 1989) (holding that the plaintiff "does not lose the right to protection against defendant's use of a confusingly similar number and a confusingly similar set of letters that correlate with that number on the telephone dial just because the letters spell a generic term"); *Am. Airlines, Inc. v. A-1-800-A-M-E-R-C-A-N Corp.*, 622 F. Supp. 673, 686-87 (N.D. Ill. 1985) (protecting the American Airlines trademark against the use of a confusingly similar vanity telephone number).

Other courts, however, declined to extend protection to phone numbers that correspond to generic mnemonics. See, e.g., *Holiday Inns, Inc. v. 800 Reservation, Inc.*, 86 F.3d 619, 623 (6th Cir. 1996) (concluding that defendant's use of 1-800-HOLIDAY did not infringe the plaintiff's trademark in the telephone number 1-800-HOLIDAY because the defendant never promoted the number in connection with the HOLIDAY trademark); *Dranoff-Perlstein Assoc. v. Sklar*, 967 F.2d 852, 852 (3d Cir. 1992) (holding that telephone numbers that correlated to generic terms are not afforded trademark protection).

141. See *Am. Airlines Inc.*, 622 F. Supp. at 686 (finding that a confusingly similar telephone number constituted trademark infringement and common-law unfair competition).

142. See, e.g., *Lockheed Martin*, 985 F. Supp. at 952 (explaining that if Internet users know the domain name of a web site, they can access the site directly by typing the domain name into a web browser thereby avoiding a time consuming search).

143. See *id.* at 956 (stating that for trademark purposes, a domain name identifies an Internet user who offers goods or services on the Internet).

particular, are capable of functioning as trademarks.¹⁴⁴ The second inquiry will focus on whether such domain names are valid trademarks entitled to protection. To qualify for trademark protection, however, domain names must both function as trademarks and be distinctive. Since the *Abercrombie & Fitch* distinctiveness scale determines the level of protection for trademarks generally, the same scale should be applied to domain names.¹⁴⁵

1. *Do E-I-G domain names function as trademarks?*

To answer the first inquiry we need to look at domain names and their functions on the Internet. In general, a company seeking to establish its presence in cyberspace first reserves its Internet Protocol ("IP") Address for its web sites.¹⁴⁶ Because the IP Address is difficult for users to remember when trying to reach a particular web site, "domain name combinations" were introduced.¹⁴⁷ Network Solutions, Inc. ("NSI"), the largest registrar of Internet domain names,¹⁴⁸ maintains a database of registrations and translates entered domain name combinations into IP addresses.¹⁴⁹ When a company registers with NSI to receive a domain name combination, the company submits NSI's "template" over the Internet.¹⁵⁰ NSI then puts the domain name combination together with the corresponding IP address in its database.¹⁵¹ When an Internet user enters a domain

144. See *id.* at 956-58 (noting domain names present a special problem under the Lanham Act because "they are used for both a non-trademark technical purpose, to designate a set of computers on the Internet, and for trademark purposes, to identify an Internet user who offers goods or services on the Internet").

145. *Abercrombie & Fitch v. Hunting World, Inc.*, 537 F.2d 4, 9-11 (2d Cir. 1976) (evaluating trademarks based on their level of distinctiveness and their association with particular goods or services).

146. See *Name.Space, Inc. v. Network Solutions, Inc.*, 202 F.3d 573, 576 (2d Cir. 2000) (explaining that an IP address is a string of four sets of numbers separated by periods); *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 872 (9th Cir. 1999) (same); see also *The Domain Name System: A Case Study of the Significance of Norms to Internet Governance*, 112 HARV. L. REV. 1657, 1660 (1999) (noting that IP addresses are long strings of numbers that facilitate the sending of information from one network to another).

147. See *Name.Space, Inc.*, 202 F.3d at 576-77 (noting that due to the difficulty of remembering numeric IP addresses a new domain name system was developed); see also *Avery Dennison Corp.*, 189 F.3d at 872 (explaining that domain name combinations are used instead of IP addresses for ease of use).

148. See *Name.Space, Inc.*, 202 F.3d at 577 (stating that NSI was the sole registrar of ".com," ".net," ".org," ".edu," and ".gov" top level domain names).

149. See *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 982 (9th Cir. 1999) (noting that NSI was receiving approximately 130,000 registrations per month and would soon lose its exclusive registrar status per a new competitive scheme between NSI and ICANN).

150. See *id.* (explaining that registering with NSI to receive a domain name combination requires the electronic submission of NSI's template over the Internet).

151. See *id.* (explaining that, once a registration is approved, NSI enters the

name to find a company, the NSI database translates the request and routes the user to the company's computer.¹⁵²

Each domain name is unique.¹⁵³ Once a company reserves its domain name combination, no other entities can have the same domain name, unless the company voluntarily or otherwise relinquishes its registration.

Every domain name has a technical purpose in the Web.¹⁵⁴ The domain name serves as an address and Internet surfers who know the domain name will be connected to the corresponding web site once the domain name is typed into a web browser.¹⁵⁵ Additionally, the user can enter the domain name as a search engine keyword.¹⁵⁶ The search engine will look for keywords in places such as domain names, actual web page text, and metatags.¹⁵⁷ The search engine performs a search and generates a list of sites relating to the entered keyword.¹⁵⁸

Using the domain name purely as an Internet business locator does not amount to trademark use of the domain name.¹⁵⁹ In this capacity, the domain name functions as an address directing web users to the corresponding web pages. The address itself neither identifies a product's course nor distinguishes the product from those of others.¹⁶⁰ Some courts have compared the technical use of domain

domain name combination in its database in conjunction with the correct IP address).

152. *See id.* (describing how NSI routes Internet users to the appropriate computer).

153. *See Brookfield Comm., Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1044 (9th Cir. 1999) ("Because each web page must have a unique domain name, Network Solution checks to see whether the requested domain name has already been assigned to someone else. If so, the applicant must choose a different domain name.").

154. *See Lockheed Martin Corp.*, 985 F. Supp. at 956 (explaining that domain names have both a non-trademark technical purpose and a trademark purpose).

155. *See Brookfield*, 174 F.3d at 1044 (explaining that once a domain name is entered into a web browser, the corresponding website will appear on the screen).

156. *See id.* (stating that an Internet user may seek the assistance of an Internet search engine if the exact domain name is not known).

157. *See id.* at 1045 (explaining how search engines look for keywords).

158. *See id.* (noting that keyword search results in a list of web sites related to the keyword).

159. *See Lockheed Martin Corp.*, 985 F. Supp. at 956 (noting that domain names "do not act as trademarks when they are used merely to identify a business entity"); *see also* Dan L. Burk, *Trademarks Along the Infobahn: A First Look at the Emerging Law of Cybermarks*, 1 RICH. J.L. & TECH. 1 (Apr. 1, 1995) (explaining that domain names are unprotected under trademark law if they function solely as geographic locators in cyberspace).

160. Recognizing the limitation of domain names that function as addresses, the Trademark Office refuses registrations of domain names as trademarks if they are only "directional references." *See* Sabra Chartrand, *Patents: The Process of Filing an Application is Slowly Catching Up with the Technology Available*, N.Y. TIMES, Jan. 26, 1998, at D2 (outlining restriction on registering domain names as trademarks and noting that only domain names with marks which identify the origin of goods and services

names to vanity telephone numbers that allow one machine to connect to another machine.¹⁶¹ Both domain names and telephone numbers “make it easier for customers to find” the company.¹⁶² Such use, as a machine-linking function, is not trademark usage.¹⁶³ Other courts have recognized that although domain names are similar to telephone number mnemonics, they are of greater importance because presently there is no Internet equivalent to directory assistance and domain names are often guessed rather than known.¹⁶⁴ Courts have also analogized the technical use of domain names to “trade name” use because customers use domain names to identify a business entity.¹⁶⁵ A domain name mirroring a corporate name may be a “valuable corporate asset, as it facilitates communication with a customer base.”¹⁶⁶

Domain names have dual functions.¹⁶⁷ In addition to the technical function of locating a site on the Web, a domain name can function as a trademark.¹⁶⁸ Like trade names, domain names can function as trademarks if they are used to identify the source of goods or services.¹⁶⁹ The domain names must identify a web site in a manner that leads customers to associate the source, or sponsorship of products, or services offered with the domain name.¹⁷⁰ Mere registration of a domain name is not a commercial use of the domain name as a trademark.¹⁷¹

are qualified for protection); *see also Lockheed Martin Corp.*, 985 F. Supp. at 957 n.3 (taking judicial notice of the Trademark Office’s document regarding the Office’s policy on registration of domain names as trademarks which states that registration is refused if the domain name submitted functions only as a business locator on the Internet because it does not serve a trademark function).

161. *See Lockheed Martin*, 985 F. Supp. at 956 (noting that domain names allow one machine to connect to another, similar to vanity phone numbers).

162. *See id.* (stating that domain names are valuable to trademark holders when they make it easier for the customer to find the trademark holder on the Internet).

163. *See id.* (explaining that a machine-like function is not a trademark use).

164. *See MTV Networks v. Curry*, 867 F. Supp. 202, 203-04 n.2 (S.D.N.Y. 1994) (noting that domain names may be more important than telephone number mnemonics because there is not an Internet White Pages).

165. *See Lockheed Martin*, 985 F. Supp. at 956 (“Domain names, like trade names, do not act as trademarks when they are used merely to identify a business entity; in order to infringe they must be used to identify the source of goods or services.”).

166. *MTV Networks*, 867 F. Supp. at 203-04 n.2 (noting the value of a domain name that mirrors a corporate name).

167. *See Lockheed Martin*, 985 F. Supp. at 956 (stating that domain names function both as non-trademarks and trademarks).

168. *See id.* (indicating that like trade names, domain names can function as trademarks, and can therefore be used to infringe trademark rights).

169. *See id.*

170. *See id.* at 956-77.

171. *See id.* at 957 n.3 (noting the registration of a domain name with NSI for use on the Internet, without more, is not a commercial use of the domain name as a trademark under the Lanham Act).

To qualify as a trademark, the registrant of the domain name must *use* the domain name at its web site to distinguish the goods or services offered at the web site and to indicate the source of those goods or services.¹⁷² The web site must be an active web site with a home page and perhaps internal pages that sell products or services at the web site.¹⁷³ The web pages' content should use the domain name in connection with the products or services offered at the site.¹⁷⁴ All of these domain name uses are intended to convey to Internet consumers the relationship between the domain name and the source or sponsorship of the goods or services offered at the web site.

2. *Are E-I-G domain names valid trademarks?*

Upon establishing that domain name use can be trademark use,¹⁷⁵ the next inquiry is whether E-I-G domain names are entitled to protection under trademark law. Since E-I-G domain names are mostly generic or common words, our second inquiry requires an examination of trademark law relating to generic terms. Sixty-three years ago, the Supreme Court in *Kellogg Co. v. National Biscuit Co.*,¹⁷⁶ developed the primary significance test in evaluating whether a popular and successful term, "Shredded Wheat," had become generic.¹⁷⁷

172. 15 U.S.C. § 1127 (1994) defines the term "trademark" to include the following:

any word, name, symbol, or device, or any combination thereof—used by a person, or which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

Id.

173. For example, district court found trademark infringement in a case where the defendant registered a domain name to direct Net users to the website. Such intent was evidenced by the defendant's creation of the home page with information that conveyed the impression to Net users that the plaintiff was a sponsor of the defendant's web site. *Planned Parenthood Fed'n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d 1430, 1437-40 (S.D.N.Y. 1997), 1997 WL 133313 at 26-32.

174. Without actual "use," courts have found that marks used in domain names do not always qualify for protection. See *Brookfield*, 174 F.3d at 1052-53 (holding defendant's registration of the domain name, moviebuff.com, with the intent to use the name for a searchable entertainment database service and video rental and purchase business, failed to establish trademark use in commerce).

175. See *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 958 (C.D. Cal. 1997), *aff'd*, 194 F.3d 980 (9th Cir. 1999) (acknowledging that domain names can be used for trademark purposes when the name exceeds mere recognition of a business identity and identifies the entity as the source of goods or services).

176. 305 U.S. 111 (1938).

177. 305 U.S. at 116-18 (rejecting the plaintiff's argument that it had exclusive right to the term "Shredded Wheat" because the term acquired the "secondary meaning" of the shredded wheat produced by the plaintiff's predecessor in Niagara

Under the primary significance test, a party seeking to prove that a mark has become generic must show that the majority of customers or other relevant members of the public, consider the term to primarily signify the item, not the producer.¹⁷⁸ This inquiry requires the party to (1) identify the class of product or service to which use of the trademark is relevant; (2) identify the relevant purchasing public of the class of product; and (3) prove that the primary significance of the mark to the relevant public is to identify the product, not the producers.¹⁷⁹

The primary significance test, however, is often applied by the court in cases where the trademark at issue *has become* generic due to third party use and plaintiff's failure to police such use. In other cases, where the trademark at issue is inherently generic, courts apply the "genus-species test."¹⁸⁰ Under the genus-species test, a term is deemed generic if it is "the name of a particular genus or class of which an individual article or service is but a member."¹⁸¹ Courts, in applying the genus-species test, often fail to consider the issue of

Falls, NY).

178. *See id.* at 118 (determining that National Biscuit Co. had to show more than a secondary meaning applied to it in order to establish a trade name in "Shredded Wheat" and thus, was not entitled to exclusive use of the term because it failed to show that the primary significance of the term was the producer, not the product).

179. *See Glover v. Ampak, Inc.*, 74 F.3d 57, 59 (4th Cir. 1996). *See, e.g., Miller Brewing Co. v. G. Heileman Brewing Co.*, 561 F.2d 75, 79 (7th Cir. 1977) ("A generic or common descriptive term is one which is commonly used as the name or description of a kind of goods."); *S. S. Kresge Co. v. United Factory Outlet, Inc.*, 598 F.2d 694, 696 (1st Cir. 1979) ("Generic terms are those which refer to a genus of which a particular product is a species, without distinguishing its source or origin.").

180. *See Ale House Mgmt., Inc. v. Raleigh Ale House, Inc.*, 205 F.3d 137, 141-42 (4th Cir. 2000) (referring to the genus-species test articulated in *Ashley Furniture Indus., Inc. v. Sangiacomo N.A. Ltd.*, 187 F.3d 363, 369 (4th Cir. 1999)). A generic mark "refers to the genus or class of which a particular product is a member," and such a mark "can never be protected." Furthermore, in *Ale House Mgmt.*, the Fourth Circuit affirmed the district court's finding that "ale house" is a generic mark because it refers to institutions that serve both food and beer. *See Ale House Mgmt., Inc.*, 205 F.3d at 140; *see also Miller Brewing Co.*, 561 F.2d at 80 (declining to adopt the plaintiff's argument that "light beer" is not a "genus" because "light" is an adjective, noting an adjective can be generic if it is used in its generic sense, and concluding that if "'light beer' is a generic name, then 'light' is a generic word when used as part of that name.").

181. *Vision Ctr. v. Opticks, Inc.*, 596 F.2d 111, 115 (5th Cir. 1979). *See Blinded Veterans Ass'n v. Blinded Am. Veterans Found.*, 872 F.2d 1035, 1039 (D.C. Cir. 1989) ("A generic term is one commonly used to denote a product or other item or entity, one that indicates the thing itself, rather than any particular feature or exemplification of it."); *see also Liquid Controls Corp. v. Liquid Control Corp.*, 802 F.2d 934, 936 (7th Cir. 1986) (defining a generic term as a term commonly used to identify the genus of which the goods are a species, rather than the identity of the product's source, which is a trademark); *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976) ("A generic term is one that refers, or has come to be understood as referring, to the genus of which the particular product is a species.").

primary significance of trademarks, i.e. whether the relevant purchasing public views the mark primarily as a generic term or a valid trademark.¹⁸² Such oversight ignores the plain rule that “[t]he primary significance test is the law of the land”¹⁸³ that was adopted by the Supreme Court¹⁸⁴ and subsequently codified by Congress.¹⁸⁵

To address the shortcomings of the genus-species test, the Court of Appeals for the Federal Circuit has incorporated the primary significant inquiry into the genus-species test by developing a two-part inquiry.¹⁸⁶ “First, what is the genus of goods or services at issue? Second, is the term . . . understood by the relevant public primarily to refer to that genus of goods or services?”¹⁸⁷ If a term is generic, it is not entitled to trademark protection.¹⁸⁸ If a term is descriptive, however, it will receive protection only upon proof that the term has acquired distinctiveness through substantial and exclusive use of the mark in commerce and that the mark itself is a source identifier.¹⁸⁹

182. See Stephen R. Baird, Note, *Putting the Cart Before the Horse in Assessing Trademark Validity—Toward Redefining the Inherently Generic Term*, 14 J. CORP. L. 925, 939-40 (1989) (noting that in inherently generic trademark cases, many courts and the Patent and Trademark Office stopped at the genus-species distinctions without considering whether the relevant purchasing public views the contested term primarily as either a valid trademark or a generic term).

183. *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 144 (2d Cir. 1997).

A mark is not generic merely because it has some significance to the public as an indication of the nature or class of an article. In order to become generic the principal significance of the word must be its indication of the nature or class of an article, rather than an indication of its origin.

(citations omitted.)

184. See *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 118 (1938) (concluding that a plaintiff must demonstrate that the primary significance of a term, as viewed by the general public, is the producer, not the product to establish a trade name; thus, if the primary significance of a term is the product, it is a generic term).

185. See Trademark Clarification Act of 1984, 15 U.S.C. § 1064(3) (1994 & Supp. 1998) (“The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services . . .”).

186. See *H. Marvin Ginn Corp. v. Int'l Ass'n of Fire Chiefs, Inc.*, 782 F.2d 987, 990 (Fed. Cir. 1986) (establishing a test that combines the primary significance test and the genus-species test to determine whether a mark is generic to alleviate confusion regarding this issue).

187. See *id.* at 990.

188. See *id.* at 989 (recognizing that generic terms are simply descriptive and, thus, can never be registered as trademarks because such terms cannot acquire distinctiveness); see also *Kellogg Co.*, 305 U.S. at 116 (holding no exclusive right to use the term “Shredded Wheat” because it is a generic term “by which the biscuit in pillow-shaped form is generally known by the public”); *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985) (“Generic terms are not registrable”).

189. See 15 U.S.C. § 1052(f) (1994 & Supp. 1998) (noting that substantial and exclusive use of the mark must occur for five years prior to the date on which a party claims distinctiveness); see also *Walt-W. Enters., Inc. v. Gannett Co.*, 695 F.2d 1050, 1057 (7th Cir. 1982) (holding that to establish a secondary meaning for a term, a plaintiff “must show more than a subordinate meaning which applies to it. It must show that the primary significance of the term in the minds of the consuming public

Indeed, the Lanham Act prohibits registration of a mark that “when used on or in connection with the goods of the applicant is merely descriptive,”¹⁹⁰ unless the applicant demonstrates that the mark acquired secondary meaning.¹⁹¹ A generic mark falls within this prohibition because the “generic name of a thing is in fact the ultimate in descriptiveness.”¹⁹² In addition, a descriptive term that is used in its generic sense as a part of a trademark will be deemed generic.¹⁹³ For example, “[I]f ‘light beer’ is a generic name, then ‘light’ is a generic word when used as part of that name.”¹⁹⁴

When a defendant asserts a defense of genericness and the plaintiff’s mark is unregistered, the burden of proof is on the plaintiff to prove that the mark is not generic.¹⁹⁵ On the other hand, if the mark is registered, the burden of proof is on the defendant to establish that the registered mark is generic.¹⁹⁵

Applying the Federal Circuit’s genus-species test to E-I-G domain names would probably render most E-I-G domain names inherently generic and not entitled to trademark protection.¹⁹⁷ E-I-G domain

is not the product but the producer.” (quoting *Kellogg Co.*, 305 U.S. at 118)).

190. See 15 U.S.C. § 1052(e)(1) (1994 & Supp. 1998).

191. See 15 U.S.C. § 1052(e)(1) (1994 & Supp. 1998).

The Commissioner may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant’s goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made.

Id.

192. *H. Marvin Ginn Corp.*, 782 F.2d at 989 (citations omitted).

193. See *H. Marvin Ginn Corp. v. Int’l Ass’n of Fire Chiefs, Inc.*, 782 F.2d 987, 990 (Fed. Cir. 1986) (reiterating the basic trademark principle that generic terms do not receive trademark protections in any circumstance); *In re Northland Aluminum Prods., Inc.*, 777 F.2d 1556, 1559 (Fed. Cir. 1985) (“A common descriptive name is not a trademark and is not capable of distinguishing an applicant’s goods. . . . A mark that is merely descriptive, but not the common name of the goods, can nevertheless be registered on the Principal Register if it has become distinctive in terms of section 2(f).”) (citations omitted).

194. *Miller Brewing Co. v. G. Heilman Brewing Co.*, 561 F.2d 75, 80 (7th Cir. 1977).

195. See *Ale House Mgmt., Inc. v. Raleigh Ale House, Inc.*, 205 F.3d 137, 140 (4th Cir. 2000) (noting that Raleigh Ale House asserted that the term “ale house” is generic and AHM did not register the term; thus, AHM bears the burden of demonstrating the term is not generic); *Mil-Mar Shoe Co. v. Shonac Corp.*, 75 F.3d 1153, 1156 (7th Cir. 1996) (noting that Mil-Mar failed to register the term “Warehouse Shoes” and Shonac asserted a generic defense; therefore, the burden was on Mil-Mar to prove that the term was not a generic, unprotected mark).

196. See *Am. Online, Inc. v. AT & T Corp.*, 64 F. Supp. 2d 549, 562 (E.D. Va. 1999), *aff’d in part, vacated in part, and remanded*, 243 F.3d 812 (4th Cir. 2001) (noting that the party seeking to cancel a registered mark on grounds that it is generic bears the burden of proving genericness by a preponderance of evidence), citing *Glover*, 74 F.3d at 59.

197. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976) (“[N]o matter how much money and effort the user of a generic term has

names, such as wireless.com (for wireless services), ibooks.com (online retail books), and emovies.com (for movies rental), readily inform the public the genus or class of which each domain name is a member: wireless services, books, and movies. Most people would immediately understand that each of these domain names refer to those services and products. Additionally, these domain names are not descriptive terms because none describe the characteristic of the goods or services.¹⁹⁸ An owner of an E-I-G domain name would like to argue that its domain name is descriptive because under trademark law a descriptive term can get protection if it has acquired a secondary meaning.¹⁹⁹ If a domain name is an adjective, however, that alone will not prevent it from being a generic word if the adjective is used in its generic sense as part of a name.²⁰⁰ This means, like other inherently generic trademarks, E-I-G domain names will never be protected under trademark law.²⁰¹

poured into promoting the sale of its merchandise and what success it has achieved in securing public identification, it cannot deprive competing manufacturers of the product of the right to call an article by its name.”); *see also* *J. Kohnstam, Ltd. v. Louis Marx & Co.*, 280 F.2d 437, 440 (1960) (holding that toy manufacturer J. Kohnstam, Ltd.’s modest advertising expenditures to promote the term “matchbox” did not transform the term from generic to trademark-protected).

198. *See Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 956-58 (C.D. Cal. 1997), *aff’d*, 194 F.3d 980 (9th Cir. 1999) (dividing domain names into two categories: (1) for non-trademark purposes to specify a host computer on the Internet, and (2) for trademark purposes to identify the source of the goods or services offered on the Internet).

199. Descriptive terms are generally not protected under trademarks, unless they have acquired secondary meaning. *See, e.g., Bada Co. v. Montgomery Ward & Co.*, 426 F.2d 8, 11 (9th Cir. 1970) (explaining that when trademarks are simply descriptive and have not acquired secondary meaning, such trademarks are invalid); *Walt-W. Enters., Inc. v. Gannett Co.*, 695 F.2d 1050, 1050 (7th Cir. 1982) (reiterating the following rule regarding descriptive terms: “A merely descriptive term specifically describes a characteristic or ingredient of an article. It can, by acquiring secondary meaning . . . become a valid trademark.”); *G. & C. Merriam Co. v. Saalfeld*, 198 F. 369, 373 (6th Cir. 1912) (merging the “descriptive word” and “secondary meaning” rules to conclude that descriptive words that acquire secondary meaning can become trademark-protected terms); *In re Northland Aluminum Prods., Inc.*, 777 F.2d 1556, 1559 (Fed. Cir. 1985) (“A mark that is merely descriptive, but not the common name of the goods, can nevertheless be registered on the Principal Register if it has become distinctive in terms of section 2(f).”).

200. *See Miller Brewing Co. v. G. Heilman Brewing Co.*, 561 F.2d 75, 80 (7th Cir. 1977) (“The fact that ‘light’ is an adjective does not prevent it from being a generic or common descriptive word.”) (citing 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 12.2 (4th ed. 2000)) (reiterating the rule that generic terms are open for anyone to use as part of the public domain); *In re Preformed Line Prods. Co.*, 323 F.2d 1007, 1008 (1963) (holding that the term “preformed” was merely descriptive and thus, unprotected by trademark law). *See generally* 3 RUDOLF CALLMAN, THE LAW OF UNFAIR COMPETITION, TRADEMARKS, AND MONOPOLIES §§ 70.4, 74.1 (3d ed. 1969) (reiterating that generic terms do not receive trademark protection).

201. *See Ale House Mgmt. v. Raleigh Ale House, Inc.*, 205 F.3d 137, 140 (4th Cir. 2000) (holding genericness as a threshold question to trademark protectability);

3. *Secondary meaning in E-I-G domain names?*

If the owner of an E-I-G domain name has evidence establishing that the generic domain name achieved secondary meaning through extensive use, promotion, and advertising, is the generic domain name entitled to trademark protection? Under trademark law courts uniformly respond that no amount of proof of secondary meaning can convert a generic term into a valid trademark.²⁰² The rationale behind such refusal to grant trademark protection to generic terms with secondary meaning is the fear that such protection may “deprive competing manufacturers of the product of the right to call an article by its name.”²⁰³ Moreover synonyms for a term do not mean the term is not generic since it is common that there “may be more than one term which the consuming public understands as designating a category of goods.”²⁰⁴ In the context of the generic combination of generic words or phrases, some courts examine whether a composite mark simply conveys a combination of each word’s common meaning.²⁰⁵ For example, “Consumer Electronics” is generic for electronic equipment purchased and installed by the consuming public.²⁰⁶ Therefore, “Consumer Electronics Monthly” is generic

Yellow Cab Co. of Charlottesville v. Rocha, No. Civ.A.00CV-00013, 2000 WL 1130621 at *7-8 (W.D. Va. July 5, 2000) (finding that the Fourth Circuit has considered generic trade names to be dispositive in determining whether it receives trademark protection; hence, if the trade name is generic, it does not receive such protection).

202. See *Keebler Corp. v. Rovira Biscuit Corp.*, 624 F.2d 366, 374 (1st Cir. 1980) (“No amount of purported proof that a generic term has acquired secondary meaning associating it with a particular producer can transform that term into a registrable trademark.”); *Reese Pub. Co., Inc. v. Hampton Int’l Communications*, 620 F.2d 7, 12 n.2 (2d Cir. 1980) (noting that evidence of secondary meaning “at most could have established ‘de facto secondary meaning,’ which cannot suffice to convert a generic term into a trademark”); *Surgicenters of Am., Inc. v. Med. Dental Surgeries Co.*, 601 F.2d 1011, 1016 (9th Cir. 1979) (generic word “cannot be validly registered as a trademark even if there is proof of secondary meaning”); *CES Publ’g Corp. v. St. Regis Publ’n Inc.*, 531 F.2d 11, 13 (2d Cir. 1975) (rejecting the district court’s finding that a generic term may become a trademark if it acquires secondary meaning, and reiterating the rule that generic terms cannot attain trademark status in any circumstance).

203. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

204. *Loctile Corp. v. Nat’l Starch & Chem. Corp.*, 516 F. Supp. 190, 201 (S.D.N.Y. 1981) (finding “Super Glue,” “instant glue,” and “ten second glue” all generic).

205. See *Genesee Brewing Co., Inc. v. Stroh Brewing Co.*, 124 F.3d 137, 140-41 (2d Cir. 1997) (finding “honey” added to “brown ale” is the generic “honey brown” ale); *Miller Brewing*, 561 F.2d at 80-81 (holding “light”—the legal and phonetic equivalent of the word “lite”—is a generic or common descriptive term as applied to beer and “[i]f ‘light beer’ is a generic name, then ‘light’ is a generic word when used as a part of that name.”); cf. *Self-Realization Fellowship Church v. Ananda Church of Self-Realization*, 59 F.3d 902, 912 (9th Cir. 1995) (concluding that the district court erred by ruling on the composite marks’ validity by examining their component parts).

206. See *CES Publ’g Corp.*, 531 F.2d at 12 (relating that CES Publishing Corporation claimed trademark protection of “Consumer Electronics” as used in its

when used as a trademark for a magazine title.²⁰⁷

Accordingly, under trademark law, proof of secondary meaning in E-I-G domain names cannot transform the domain names to valid trademarks.²⁰⁸ Moreover, given the fact that most E-I-G domain names have only been in use for a relatively short period of time, owners of E-I-G domain names would probably not be able to prove that E-I-G domain names have acquired distinctiveness or secondary meaning.²⁰⁹ The burden to prove acquired distinctiveness is a heavy burden because it entails "vigorous evidentiary requirements."²¹⁰ The owner of an E-I-G domain name must demonstrate:

(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and (6) the length and exclusivity of the mark's use.²¹¹

In light of the heavy burden of proving secondary meaning, most, if not all, E-I-G domain names would not be entitled to such protection.²¹²

magazine, "Consumer Electronics Monthly" and proposed magazine "Consumer Electronics Product News"; whereas, St. Regis Publications, Inc. claimed trademark protection of their coverage of a semi-annual "Consumer Electronics Show" or "C.E.S." through publication of a periodical "Consumer Electronics Product News").

207. See *id.* at 13 (affirming the district court's conclusion that the term "Consumer Electronics" was generic and thus, lacking trademark protection).

208. See *Am. Online, Inc. v. AT & T*, 64 F. Supp. 2d 549, 562-65 (E.D. Va. 1999) (holding the mark "YOU HAVE MAIL" generic even though America Online has used the mark for almost ten years in connection with its automatic electronic mail notification services).

209. The requirements under 15 U.S.C. § 1052(f) indicate that the owner of a merely descriptive trademark must prove through substantial and conclusive use of the mark in commerce for at least five years that the mark has become distinctive and is entitled to registration. See also *CES Publ'g Corp.*, 531 F.2d at 13-14 (holding the term "Consumer Electronics" a generic term describing electronic equipment and thus plaintiff could not successfully maintain a trademark action, "even if he were the first in the field and consumers had come to identify his products with him"). Even if an E-I-G domain name is descriptive, it may not have acquired a secondary meaning at this early stage of e-commerce. See *BigStar Entm't, Inc. v. Next Big Star, Inc.*, 105 F. Supp. 2d 185, 203 (S.D.N.Y. 2000) (noting Bigstar.com has only been in use since 1998, thus failing to establish secondary meaning because the shorter the mark's use, the less likely it is to have acquired secondary meaning).

210. *20th Century Wear, Inc. v. Sanmark-Stardust Inc.*, 747 F.2d 81, 90 (2d Cir. 1984) (quoting *Ralston Purina Co. v. Thomas J. Lipton, Inc.*, 341 F. Supp. 129, 134 (S.D.N.Y. 1972)).

211. See *Thompson Med. Co. v. Pfizer Inc.*, 753 F.2d 208, 217 (2d Cir. 1985) (citations omitted) (reviewing the evidentiary requirements that are considered in determining secondary meaning); *Centaur Communications, Ltd. v. A/S/M Communications, Inc.*, 830 F.2d 1217, 1222 (2d Cir. 1987) (describing the factors used to determine whether secondary meaning exists and noting that no single factor is determinative).

212. Obviously, if an E-I-G domain name is used as an arbitrary trademark, the domain name will receive trademark protection. *Apple.com* is an uncommon use for a common word and will be protected under trademark law, however, *apple.com* for

4. *E-I-G domain name trademark registrations: cancellation*

Trademark registrations for E-I-G domain names may be subject to cancellation.²¹³ In general, a registered trademark without proof of secondary meaning is presumed suggestive and valid.²¹⁴ The burden to prove a registered trademark generic is on the petitioner in a cancellation proceeding or the defendant in an infringement action.²¹⁵ Courts usually cancel trademark registrations if the trademarks have become generic.²¹⁶ In recent decisions, however, courts have ordered cancellation of registrations of trademarks that are inherently generic, i.e., the trademarks are generic at the time of use or filing.²¹⁷

In *America Online, Inc. v. AT & T, Corp.*,²¹⁸ the court granted summary judgment in favor of the defendant AT & T, cancelling the registration of America Online's "Buddy List"²¹⁹ trademark registration on the ground that it was inherently generic.²²⁰ AOL brought a trademark infringement suit against AT & T for its use of the Buddy List registered trademark in connection with real time chat services via the Internet.²²¹ AOL received registration of the BUDDY LIST trademark without proof of secondary meaning from the United States Trademark Office.²²² Applying the primary

selling apples will not be protected under trademark law. *See supra* notes 41-49 and accompanying text for a discussion on arbitrary trademarks.

213. *See Am. Online*, 64 F. Supp. 2d at 560-61 ("Generic marks never qualify for the protections of the Lanham Act; are not registrable; and a registered mark can be canceled at any time upon a finding that the mark is, or has become, generic.") (emphasis added), *aff'd in part, vacated in part, and remanded* 243 F.3d 812 (4th Cir. 2001).

214. *See id.* at 566 (noting that because the Patent and Trademark Office registered the term "BUDDY LIST" without proof of secondary meaning, it establishes the a strong presumption that the mark is suggestive and valid); *see also* *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1529 (4th Cir. 1984) (recognizing that if the Patent and Trademark Office concludes that a mark is suggestive, it can register the mark without a showing of secondary meaning).

215. *See Am. Online*, 64 F. Supp. 2d at 562 ("[A] party seeking cancellation of the mark due to genericness has the burden of establishing that fact by a preponderance of the evidence." (citing *Glover v. Ampak, Inc.*, 74 F.3d 57, 59 (4th Cir. 1996)) (noting that the necessary evidence can be consumer testimony and surveys, listings and dictionaries, trade journals, as well as other media publications).

216. *See Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985) ("[A] registered mark may be canceled at any time on the grounds that it has become generic").

217. *See Am. Online*, 64 F. Supp. 2d at 566-69 (determining that the term "BUDDY LIST" is inherently generic term and canceling its registration).

218. 64 F. Supp. 2d 549 (E.D. Va. 1999).

219. *See id.* at 553 (describing "BUDDY LISTS" as America Online's service that provides "real-time chat" between two or more people using America Online simultaneously to communicate).

220. *See id.* at 569 (concluding that no reasonable juror could decide that "BUDDY LIST" is not generic, thus canceling its registration).

221. *See id.* at 554.

222. *See id.* at 553 (noting that AOL received its registration on June 23, 1998).

significance test the court found that AT&T met its of showing that the use of the term "buddy list" is generic.²²³ Despite its use by competitor AOL, the court found that a perusal of its use in the media, and in reference books, showed that it had become a generic term.²²⁴

For example, the court found that, regardless of which company's online services they are discussing, the media uses the term "buddy list" generically to describe a list of individuals online.²²⁵ The court concluded that the "significant use of a term by competitors in the industry has been recognized, along with dictionary evidence, as indicating genericness, . . . the only reasonable conclusion which could be drawn is that BUDDY LIST is generic."²²⁶ The court declined to consider whether the mark has obtained a secondary meaning because such inquiry is not relevant when determining whether a term is generic.²²⁷ On appeal, the U.S. Court of Appeals for the Fourth Circuit vacated the District Court's decision because cancellation of the trademark registration at the summary judgment stage is not appropriate.²²⁸ Evidence such as the certificate of registration establishes a question of material fact that should be resolved at trial.²²⁹

Under existing case law, the trademark registration of an E-I-G domain name would be cancelled on the ground of being generic. An owner of such trademark registration may attempt to argue that unlike other generic terms, a generic domain name with "e" or "i" prefix is not a generic term because it is not a dictionary word. For example, etoys or etoys.com are coined terms. Although dictionaries are not currently including generic terms with "e" or "i" prefixes, these prefixes have become ordinary parts of language and they are "signifiers people understand and recognize."²³⁰ It is now common to

223. *See id.* at 567-69.

224. *See Am. Online*, 64 F. Supp. 2d at 567-69.

225. *See id.* at 569.

226. *See id.*

227. *See id.*

228. *See Am. Online, Inc. v. AT & T Corp.*, 243 F.3d 812, 814 (4th Cir. 2001).

229. *See id.*; *cf. Liquid Controls Corp. v. Liquid Control Corp.*, 802 F.2d 934, 936 7th Cir. 1986) (affirming summary judgment and finding "liquid control" is a generic term). The Seventh Circuit held that while a contestable federal registration is prima facie evidence that the term "liquid control" is not generic, such presumption is rebuttable when the defendant presents sufficient evidence of genericness. *Id.* In addition, to overcome the presumption the defendant must demonstrate that there is no genuine issue of material fact as to genericness. *Id.* In the face of such evidence, the plaintiff trademark registration holder may not simply rely upon registration to preclude summary judgment. *Id.* at 938.

230. Michael Zeitlin, Associate Professor of English at the University of British Columbia, quoted by Jim Conley, *What's in a Hyphen?*, BUS. FROM ZDWIRE, July 1,

see newspapers, magazines, and advertisements containing “e” or “i” prefixes.²³¹ Internet companies and consumers understand and recognize that the “e” prefix is an abbreviation for “electronic,” the “i” prefix for “Internet” and both prefixes denote “online” or “high-tech.”²³²

Thus, an online retail store that sells toys on the Internet should not have the exclusive right to use generic words, such as toys.com, etoys.com, or itoy.com. Such monopolies would deprive competitors from using generic words that are necessary to do business.²³³ Generic terms belong to the public. Exclusive rights in generic terms could render the public speechless, a notion that is at odds with that which trademark law intends to promote.²³⁴ Additionally, granting trademark exclusivity to generic words, such as etoys, contradicts the existing domain name assigning system and ICANN’s Uniform Dispute Resolution Policy (“UDRP”).²³⁵ Domain names like etoy and etoys are registered on a first come, first serve basis.²³⁵ Commercial

2000, available at 2000 WL 2000408. See also Johnson, *supra* note 3, at A1 (reporting “e” and “i” prefixes suggest Internet and high-tech).

231. A recent issue of the *Business Week* (Oct. 23, 2000) contains words such as e-books, e-quipped, e-business, e-marketplace, ebiz, e-tailing, e-tailers, epals, e-stores, e-shoppers, e-distribution, e-procurement, e-superstores, e-commerce, e-mails and e-empire.

232. See Conley, *supra* note 230 (noting that the “e” prefix and punctuation associated with domain names are now part of “ordinary language”); Glen Gundersen, *War of the Words? Using Generic Terms in dot-com Names is at Odds with a Basic of Trademark Law: Such terms can Never be Protected*, NAT’L L.J., May 1, 2000, at C1 (noting the “e” and “i” prefixes are “models of economy because they give a mark an Internet flavor while using the absolute minimum number of letters.”).

233. See *Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111, 116-17 (1938) (stating that there is no exclusive right to use a generic term that belongs to the public).

234. See *Ill. High Sch. Assoc. v. GTE Vantage Inc.*, 99 F.3d 244, 247 (7th Cir. 1996) (arguing that trademark law does not allow an owner to remove from the public domain generic terms which competitors and the public at large are using to denote other products and thus render their competitors and customers “speechless”).

235. See ICANN’s UDRP, at www.icann.org/udrp/drp-policy-24oct99.htm; *Allocation Network v. Gregory*, WIPO Case No. D2000-0016 (Mar. 24, 2000) (the domain name allocation.com is generic or descriptive and the registration and reselling of the domain name “may constitute use of the domain name in a bona fide offering of goods or services”); *General Machine Products Prime domains*, NAF Case No. FA92531 (2000) (finding the respondent’s business of registering generic or descriptive domain names for resale give respondent a legitimate interest in craftworks.com); see also *Capt’n Snooze Mgmt. v. Domains 4 Sale*, WIPO Case No. D2000-0488 (July 10, 2000); *Mobile Communications v. Dittmar*, WIPO Case No. D2000-0524 (July 17, 2000).

236. See *Brookfield Comm. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1044 (9th Cir. 1999) (“Because each web page must have an unique domain name, Network Solutions checks to see whether the requested domain name has already been assigned to someone else. If so, the applicant must choose a different domain name”). For example, a Swiss artists’ collective registered the domain name etoy.com and the online toy company registered the domain name etoys.com. See Conley, *supra* note 232 (reporting etoys.com sued etoy.com after etoy.com refused the half a million dollars offer and the parties settled the case).

dealings in generic domain names are held by domain name dispute resolution panels to be legitimate business interest.²³⁷ Moreover, courts have held that the “.com” top level of domain names should not be considered part of a trademark.²³⁸ Only the word or words constituting the second level domain name, such as etoy, are considered in a trademark inquiry. In sum, many E-I-G domain names will not survive the bar of being generic.²³⁹

B. *Generic Domain Names Protection Under Unfair Competition Law?*

Unfair competition is a broad and flexible doctrine of commercial tort that intends to promote honesty and fair dealing.²⁴⁰ Courts define unfair competition as “the umbrella for all statutory and nonstatutory causes of action arising out of business conduct that is contrary to honest practice in industrial or commercial matters.”²⁴¹ While the law of unfair competition has its roots in the common law of deceit,²⁴² over the years the doctrine has been broadened to include other conducts. The illegal conduct includes, among others, passing off,²⁴³

237. See *infra* note 239 and accompanying text.

238. See *CCBN.com, Inc. v. C-CALL.com, Inc.*, 73 F. Supp. 2d 106, 112 (D. Mass. 1999) (finding that “.com” suffix has no trademark significance “because ‘.com’ is a generic locator for domain names of web sites dedicated to commercial use”); see also *Hardrock Café Int’l v. Morton*, No. 97 Civ.9483(RPP), 1999 WL 717995, at *23 (S.D.N.Y. Sept. 9, 1999) (finding that suffix “.com” has no trademark significance).

239. Of course if a domain name is descriptive and has been used as a trademark, the domain name can receive trademark registration upon proof of secondary meaning. Likewise, if a domain name is arbitrary, fanciful, or suggestive and has been used as a trademark the domain name will be protected under trademark law and can receive registration without proof of secondary meaning. Such registration, if it becomes uncontestable, will not be subject to cancellation. See, e.g., *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 205 (1985).

240. See generally MCCARTHY, *supra* note 15, at § 1:9, 1-18 to 1-19 (reviewing judicial attempts to define unfair competition).

241. *Am. Heritage Life Ins. Co. v. Heritage Life Ins. Co.*, 494 F.2d 3, 14 (5th Cir. 1974). Unfair competition also has been defined as:

A term which may be applied generally to all dishonest or fraudulent rivalry in trade and commerce, but is particularly applied to the practice of endeavoring to substitute one’s own goods or products in the markets for those of another, having an established reputation and extensive sale, by means of imitating or counterfeiting the name.

Parameter Driven Software, Inc. v. Mass. Bay Ins., 25 F.3d 332, 336 (6th Cir. 1994).

242. See *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989) (noting the common law origins of unfair competition).

243. See *Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111, 122 (1938) (finding no evidence of passing off under unfair competition law in a case where the defendant’s use of the term “Shredded Wheat” and sharing the goodwill of the term are not causing public confusion because the term had become generic and the defendant had used reasonable precaution to prevent confusion as to origin); *Qualitex Co.*, 13 F.3d at 1303 (passing off is “the selling of a good of one’s own creation under the name or mark of another”); *Am. Footwear Corp. v. Gen. Footwear Co.*, 609 F.2d 655, 662 (2d Cir. 1979) (stating that unfair competition liability can arise when a defendant confuses “the public into mistakenly purchasing the product in the belief

disparagement of reputation or tarnishing,²⁴⁴ misappropriation of the skill, expenditures, or labor of another,²⁴⁵ and diversion of business values.²⁴⁶

Section 43(a) of the Lanham Act²⁴⁷ allows a plaintiff to recover for unfair competition if she can show that a term "is so associated with its goods that use of the same or similar term by another company constitutes a representation that its goods come from the same source."²⁴⁸ Unlike some states' unfair competition laws, the Lanham Act does not require the plaintiff to prove bad faith or an intent to deceive.²⁴⁹ Furthermore, Section 43(a) of the Lanham Act neither mentions nor incorporates the statutory definition of trademarks.²⁵⁰ This suggests that a claim of unfair competition is not foreclosed simply because something is generic and not entitled to trademark protection.²⁵¹

that the product is the product of the competitor.").

244. *See* Hormel Foods Corp. v. Jim Henson Prods., Inc., 73 F.3d 497, 507 (2d Cir. 1996) (noting that the dilution of the quality of a trademark through unfair competition can occur and tarnishes a trademark by associating it with things "shady" or "unsavory").

245. *INS v. Associated Press*, 248 U.S. 215, 241-42 (1918) (recognizing two new causes of action differing from the "passing off" doctrine: cause of actions based upon the misappropriation and exploitation of a competitor's business efforts).

246. *See infra* note 250 for the text of the pertinent Section of the Lanham Act. Professor McCarthy has an extensive list of examples of unfair competition. *See* MCCARTHY, *supra* note 15, at § 1:10, 1-22 to 1-23.

247. *See* 15 U.S.C. § 1125(a) (1994 & Supp. 2000).

248. *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 149-50 (2d Cir. 1997) (quoting *Forschner Group, Inc. v. Arrow Trading Co.*, 30 F.3d 348, 358-59 (2d Cir. 1994)).

249. *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 34-35 (2d Cir. 1995) (noting New York State common law unfair competition claim requires a showing of bad faith); *Johnson & Johnson v. Carter-Wallace, Inc.*, 631 F.2d 186, 189 (2d Cir. 1980) (the Lanham Act "does not require proof of intent to deceive" in order to sustain a claim of unfair competition).

250. Section 43(a) of the Lanham Act states:

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

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

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a) (1994 & Supp. 2000).

251. *See* *Murphy Door Bed Co. v. Interior Sleep Sys.*, 874 F.2d 95, 102 (2d Cir. 1989) (finding that the term "Murphy Bed" was generic, but that Interior Sleep

A generic mark, though not entitled to trademark protection, used by a defendant without exercising every reasonable means to prevent confusion as to the source of the product may be protected under federal unfair competition law.²⁵² The Second Circuit in a line of cases such as *Murphy Door Bed Co. v. Interior Sleep Systems*,²⁵³ *Forschner Group, Inc. v. Arrow Trading Co. Inc.*,²⁵⁴ and *Genesee Brewing Co., Inc. v. Stroh Brewing Co.*,²⁵⁵ have held that the fact that the plaintiff's trademark is generic as applied to products does not preclude a finding that a defendant has violated the Lanham Act by engaging in unfair competition. To establish an unfair competition claim, the plaintiff must show that (1) "an association of origin by the consumer between the mark and the first user, that is, secondary meaning;" and (2) "a likelihood of consumer confusion when the mark is applied to the second user's good."²⁵⁶ Since the mark is generic, the defendant may escape liability because she has "the right to use generic product names that have traditionally been associated with one manufacturer," as long as such use is conducted in a fair manner that avoids consumer confusion as to the source of the product.²⁵⁷

Even if the plaintiff prevails in an unfair competition claim against the defendant for using a generic name that causes a likelihood of consumer confusion, relief is limited to certain means to alleviate the source of confusion caused by the defendant.²⁵⁸ Courts may require

Systems nonetheless violated unfair trade practices).

252. See *Genesee Brewing*, 124 F.3d at 149 (citing *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 121 (1938)) (establishing that reasonable precaution to prevent confusion or deception in the sale of a product must be exercised in order to protect consumers and avoid liability).

253. 874 F.2d 95, 102 (2d Cir. 1989) (explaining that while a mark may be generic and not entitled in trademark protection, a claim of unfair competition is not foreclosed).

254. 30 F.3d 348, 359 (2d Cir. 1994) (asserting that relief is also available when the misrepresentation of source arises through the use of a phrase, such as Swiss Army knife, which is generic *ab initio*).

255. 124 F.3d 137, 150 (2d Cir. 1997) (holding that a generic mark when applied to a competitor's product does not *per se* violate the unfair competition provisions of the Lanham Act).

256. *Id.* at 150 (quoting *Forschner Group, Inc. v. Arrow Trading Co.* 904 F. Supp. 1409, 1417); *Kellogg Co.*, 305 U.S. at 122 ("Sharing in the goodwill of an article unprotected by patent or trademark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested. There is no evidence of passing off or deception on the part of the Kellogg Company; and it has taken every reasonable precaution to prevent confusion or the practice of deception in the sale of its product.").

257. *Genesee Brewing*, 124 F.3d at 150 ("[W]hile subsequent producers have the right to use generic product names that have traditionally been associated with one manufacturer, those users have an obligation 'to use every reasonable means to prevent confusion' as to the source of the products." (quoting *Kellogg Co.*, 305 U.S. at 121)).

258. See *id.* (asserting that where a generic mark is involved the relief granted

the defendant to “distinguish its product or to notify consumers explicitly that its product does not come from the original manufacturer.”²⁵⁹

Since the trademark is generic, courts “may not prevent the defendant from using the plaintiff’s mark altogether.”²⁶⁰ Any injunctive relief preventing the defendant from using the plaintiff’s generic mark is inappropriate in a claim of unfair competition with respect to a generic mark.²⁶¹ Other courts, however, do not endorse the Second Circuit’s expansion of unfair competition law to protect a generic mark.²⁶² To date, the Second Circuit is the only court that allows federal unfair competition protection for generic mark claims.²⁶³

Under the Second Circuit’s rationale, an unfair competition claim for E-I-G domain names seems viable at a first glance. Because of the dual functions of domain names, the owner of a generic domain name must first demonstrate that the domain name is not merely an address, but functions as a trademark in relation to the goods, services or content provided at the associated web site.²⁶⁴ Applying the Second Circuit’s test, the generic domain name must have acquired a secondary meaning.²⁶⁵ That requires the owner of the generic domain name to prove with demonstrable evidence that

should only go as far as to eliminate the source of confusion caused).

259. See *id.* at 151 (quoting *Forschner Group v. Arrow Trading Co., Inc.*, 30 F.3d 348, 359).

260. See *id.* (citing *Kellogg Co.*, 305 U.S. at 121). The Second Circuit in *Genesee Brewing* found that the district court did not abuse its discretion in denying the plaintiff’s preliminary injunctive relief of preventing defendant from using the generic trademark “Honey Brown” on beer, even if the plaintiff was likely to prevail on its unfair competition claim. See *id.* at 151.

261. See *id.* (finding that the requested injunction forbidding the defendant from using the words “Honey Brown” on defendant’s product was too broad).

262. See *Yellow Cab Co. of Charlottesville v. Rocha*, No. Civ.A.3:00-CV00013, 2000 WL 1130621 at *7 (W.D. Va. July 5, 2000) (asserting that the Fourth Circuit, unlike the Second Circuit, considers a finding that a trade name is generic as dispositive in determining whether any allegations of unfair trade can be sustained).

263. See generally *Home Builders Assoc. of Greater St. Louis v. L & L Exhibition Mgmt.*, 226 F.3d 945, 950 (8th Cir. 2000) (noting that the *Genesee Brewing* decision extended unfair competition under the Lanham Act to generic marks); *WSM, Inc. v. Hilton*, 724 F.2d 1320, 1331 n.5 (8th Cir. 1984) (“Even a generic mark may be entitled to protection from unfair competition if the mark is so associated with its goods that the use of the same or similar marks by another company constitutes a representation that its goods came from the same source.”) (citation omitted).

264. See *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 956 (C.D. Cal. 1997), *aff’d*, 194 F.3d 980 (9th Cir. 1999) (noting the dual functions of domain names).

265. See *BigStar Entm’t, Inc. v. Next Big Star, Inc.*, 105 F. Supp. 2d 185, 186 (S.D.N.Y. 2000) (explaining that establishing secondary meaning provides the benefit of attaching the trademark, thereby giving it protection under the Lanham Act, if consumers associate the term with a particular source).

there is "an association of origin by the consumer" between the generic domain name and the plaintiff.²⁶⁶ Since most domain names have been used for a relatively short period, as e-commerce is still in its nascent stages, owners of generic domain names would have difficulty establishing secondary meaning for generic domain names.²⁶⁷ In addition, the plaintiff must demonstrate the likelihood of confusion by the defendant using the domain name to mislead Internet consumers that they are getting the plaintiff's products.²⁶⁸

Extending unfair competition law to protect generic domain names raises some major concerns. The party who obtains the generic domain name merely by registering the name first, gains an unfair advantage over its competitors.²⁶⁹ This means the first domain name registrant can exclude all competitors from using generic terms and thwart the fundamental policy of being generic.²⁷⁰ Although Section 43(a) of the Lanham Act protects consumers from likelihood of confusion, expanding that section to include competitor's use of generic terms fails to reconcile with other provisions in the Lanham Act that grant no protection to generic trademarks.²⁷¹ Most courts do

266. *Genesee Brewing Co., Inc. v. Stroh Brewing Co.*, 124 F.3d 137, 143 n.4 (2d Cir. 1997) (describing that to qualify for trademark protection, an owner of a descriptive mark must demonstrate that the mark had acquired secondary meaning before its competitor commenced use of the mark).

267. *See Big Star Entm't*, 105 F. Supp. at 203 (holding that a two year time period of a descriptive domain name was not enough to acquire secondary meaning for purposes of trademark protection under the Lanham Act).

268. *See Am. Footwear Corp. v. Gen. Footwear Co.*, 609 F.2d 655, 662 (2d Cir. 1979) (asserting that unfair competition liability only arises when the defendant sells its product in a way that would make the public believe that it was a competitor's product), *cited in Genesee Brewing Co.*, 124 F.3d at 150.

269. An extension of unfair competition law to protect generic domain names is especially worrisome with the approval of seven new Web suffixes by the Internet Corporation for Assignment Names and Numbers. *See New Web Suffixes are Changing the Rules*, CNET.Com (Dec. 11, 2000) at <http://news.cnet.com/news/0-1005-201-4065509-0.html>.

270. *See* MCCARTHY, *supra* note 15, at §§ 12:2 to 12:8.1 (explaining that public policy dictates that a generic term is free for all to use because granting exclusive rights to use of a generic term would be equivalent to creating a monopoly in that particular product).

271. *See* 15 U.S.C. § 1052(e)(1) (1994 & Supp. 2000) ("No trade-mark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration of the principle register on account of its nature unless it—Consists of a mark which when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them . . ."); *see also id.* § 1052(f) ("Except as expressly excluded in paragraphs (a), (b), (c), (d), and (e)(3) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce."); *id.* at § 1064(3) (explaining that a petition to cancel a registration of a mark may be filed at any time the registered mark becomes a generic mark); *id.* § 1127 (holding that a mark is deemed abandoned either when the mark becomes the generic name on or in connection with which it is used or loses its significance as a mark).

not protect generic terms in trademark infringement and unfair competition cases.²⁷² A finding of genericness should be dispositive of whether any allegations of unfair competition can be sustained.²⁷³

Extending unfair competition law with respect to generic domain names will hinder the growth of e-commerce.²⁷⁴ For example, a jury in the Northern District of California awarded E-cards.com a \$4 million verdict that includes \$1 million in punitive damages in an unfair competition action against Ecards.com.²⁷⁵ E-cards.com is a California company which provides electronic greetings at its web site and Ecards.com is a Canadian company that also sells electronic greeting cards over the Internet.²⁷⁶ E-cards.com or ecards.com are generic domain names and both are being used naming the products or services of electronic cards over the Internet.

The first registrant of the generic domain name now has the monopoly in the generic term itself. Competitors who want to enter the electronic cards business are now forbidden to use the necessary terms, e-cards or ecards to name or describe their electronic cards business for fear of being brought to courts to defend their necessary use of the generic terms.²⁷⁷

Accordingly, to ensure normal and fair competition, courts should not extend unfair competition protection under the Lanham Act to

272. See *Yellow Cab Co. of Charlottesville*, No. Civ.A.3:00-CV00013, 2000 WL 1130621 at *7 (W.D. Va. July 5, 2000) (explaining that only one circuit court has cited *Genesee Brewing* since the Second Circuit's 1997 holding).

273. See *id.* at *8 ("This indicates that, unlike the Second Circuit, the Fourth Circuit considered a finding that a trade name was generic to be dispositive in determining whether any allegations of unfair trade can be sustained."); *Ale House Mgmt. v. Raleigh Ale House, Inc.*, 205 F.3d 137, 151 (4th Cir. 2000) (rejecting the *Genesee Brewing* position and affirming the district court's finding that the "ale house" mark is generic and the generic finding is dispositive in determining whether any unfair competition allegations could be sustained).

274. One area of concern is that unusual use of unfair competition law to address a domain-name dispute may create a wave of litigation. See John Partridge, *Canadian Internet firm loses suit in U.S.*, THE GLOBE & MAIL (May 12, 1999) (explaining that the use of competition law could lead to a sting of cases), available at <http://www.globaltechnology.com/archive/gam/News/20000512/RECAR.html>.

275. See Steve Bonisteel, *E-cards Flap Has Many Unhappy Returns For Canadians*, MICROTIMES.COM (May 12, 2000), available at <http://www.microtimes.com/newsfeeds/may%2000/May12.html>. ("Toronto's Ecards.com, which specializes in wacky, Macromedia Flash-animated greeting cards, was sued by California-based E-cards (at E-cards.com), not under new "cybersquatting" rules, but on the grounds that the similarity of the Canadian company's name confused consumers and thus was unfair competition.")

276. See *id.*

277. Some Internet law experts fear that such a scheme sets a dangerous precedent. As Michael Geist, a predominate Internet law professor at the University of Ottawa Law School in Canada explained, "[t]here is certainly concern about whether or not simply adding an 'e'- or 'e' and a hyphen - is sufficient to overcome the very generic nature of e-cards. It seems that we now live in a world of 'e-everything,' so an 'e' in front of a word is pretty generic at this stage in time." See *id.*

generic domain names.²⁷⁸ In the event that a court decided in favor of the plaintiff in an unfair competition claim involving a generic domain name, the court should follow the Second Circuit's ruling on the relief issue.²⁷⁹ Courts should not prohibit defendants from using the generic domain names.²⁸⁰ Injunctive relief against use of generic domain names is inappropriate in a claim of unfair competition involving generic domain names.²⁸¹ As dictated by the Second Circuit decision in *Genesee Brewing*, courts should only require a defendant to display a disclaimer at its web site that its generic domain name and web site are not affiliated with the plaintiff.²⁸²

CONCLUSION

The current craving for generic domain name investment and the new approach to short-term branding on the Internet which use generic words or words with "e" or "i" prefixes are creating a domain name scarcity problem in the primary domain name market. This problem will escalate if trademark and unfair competition are extended to cover generic domain names. Protection for generic domain names has no support in trademark jurisprudence. Indeed, it would be contrary to the basic principles of trademark law and fair competition to grant exclusive use in generic domain names. Sixty-three years ago the Supreme Court announced that even if a generic name has attained goodwill, competitors have the right to trade on the goodwill since there is no legal protection for a generic term.²⁸³ Generic domain names should be treated accordingly today. It is important that at this early stage of e-commerce development, fair competition, not inequitable competition through exclusive use of generic domain names, should be the guiding principle.

278. The use of unfair competition claims will allow plaintiffs to commence litigation from a new approach outside of "cybersquatting" complaints. *See id.*

279. *See Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 151 (2d Cir. 1997) (holding that while a court may require a newcomer to distinguish its product, it may not prevent the defendant from using the plaintiff's mark altogether).

280. *See id.*

281. *See id.* (finding that an injunction is inappropriate in a claim of unfair competition with respect to a generic mark).

282. *See id.* (holding that a court may require a newcomer to notify consumers explicitly that its product does not come from the original manufacturer).

283. *See Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 122 (1938) ("Kellogg Company is undoubtedly sharing in the goodwill of the article known as 'Shredded Wheat,' and thus is sharing in a market which was created by the skill and judgment of plaintiff's predecessor and has been widely extended by vast expenditures in advertising persistently made. But that is not unfair. Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested.").