

# WHAT'S THE USE?

## ESTABLISHING MARK RIGHTS IN THE MODERN ECONOMY\*

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### I. INTRODUCTION

An effectively used trademark can be incredibly valuable to a company.<sup>1</sup> A trademark identifies a seller’s goods and distinguishes them from others, associates the goods with the provider, serves as a representation of a certain level of quality, and

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1. See Kirk Martensen, *A Cure for Licensing Dyslexia, Developing a Trademark Licensing ROI Model*, at <http://www.allaboutbranding.com> (last visited Nov. 7, 2003). For example, Coca-Cola® receives approximately \$70 million in royalties annually from licensing their trademark to be used on miscellaneous products. *Id.* (explaining that the revenue earned in licensing is only a very small benefit when compared to the advertising, promotion, image enhancement, and exposure gained through licensing).

is a strong instrument in advertising.<sup>2</sup> From a consumer's point of view, trademarks allow consumers to quickly and easily recognize products or services that meet their needs and expectations.<sup>3</sup> Thus, trademarks increase the efficiency of the market and benefit both the consumer and the provider.

An ugly situation arises, however, when two confusingly similar trademarks are used in the same market. One trademark user may parasitically benefit from the goodwill that has been established by the other user.<sup>4</sup> This occurs when one trademark user has built up a reputation and perhaps a consumer base that is loyal to the brand, and another trademark user, using a confusingly similar trademark, begins selling goods within the same market where the first user has previously built up a reputation.<sup>5</sup> Similarly, consumers may become confused and disillusioned when a mark they think they know and recognize does not actually represent the source of the good they understood it to represent.<sup>6</sup> In a worst case scenario the goodwill of the first trademark user can be irreparably harmed.<sup>7</sup> It is critical therefore that the respective rights of each trademark user be clearly defined.<sup>8</sup>

No registration is required in order to establish trademark rights.<sup>9</sup> Although registration holds many advantages,<sup>10</sup>

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2. 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3:2 (4th ed. 2004).

3. See generally *id.* §§ 3:2, 2:4.

4. See *id.* § 2:4.

5. See *id.*

6. 4 MCCARTHY, *supra* note 2, § 24:16.

7. 5 McCarthy, *supra* note 2, § 30:2. This follows as a natural consequence when consumers have purchased goods presuming them to be of certain quality standards and the goods fail to live up to those standards. See 4 McCarthy, *supra* note 2, § 24:16. Once disappointed, consumers will not return to purchase goods with that label. See generally 1 McCarthy, *supra* note 2, § 2:4 ("A maker of a shoddy product can only fool some of the people some of the time."). This eventually will lead to the demise of the producer of the mark. See 4 McCarthy, *supra* note 2, § 24:15.

8. See generally 4 MCCARTHY, *supra* note 2, ch. 26.

9. See 3 MCCARTHY, *supra* note 2, § 19:3 (explaining "use" establishes rights in the trademark, not registration).

10. *Id.* § 19:9. Among the advantages gained through registration on the federal Principal Register are:

- Federal jurisdiction for infringement (federal courts allow profits, damages, costs, treble damages and attorney fees to be recovered);
- Prima facie evidence of validity, registration, ownership of the trademark, and exclusive right to use the trademark. Additionally, it can serve as prima facie evidence that it is not confusingly similar to other registered trademarks;
- Possibility of gaining incontestable status, which serves as conclusive evidence of exclusive right to use the mark;
- Constructive notice to eliminate claim of good faith use by another user (also, the possibility of constructive use notice pre-dating actual use). *Id.*

simply being the first user of the mark in commerce is sufficient to create rights.<sup>11</sup> However, an important exception gives rise to the possibility of another user establishing rights: a remote user can establish permanent local rights to use a trademark when 1) his use was innocent; and 2) he was the first to use the mark in the local area.<sup>12</sup> Thus, trademark rights can be concurrently held by two users (a “senior” user<sup>13</sup> and a “junior” user<sup>14</sup>).<sup>15</sup> If both users continually expand the geographical use of their marks, eventually the two marks will overlap.<sup>16</sup> With increasingly viable small businesses using the Internet as the spring board for their businesses, the risk of market overlap is virtually impossible to avoid.<sup>17</sup> Once a mark is used on the Internet it may be seen instantly throughout the world, thus breaking down or violating the jurisdictional and geographical boundaries that allow for more than one user to effectively use a single mark in the market.

The problem comes to a head with the use of marks in domain names, or the using of a domain name as a mark.<sup>18</sup> The question then becomes, what use is sufficient to establish mark rights within a particular region or locale when using the Internet as your primary source of business? Considering the utility and extensive use of the Internet in commerce, is it likely that simply making a sale of marked goods in a region is sufficient to establish rights to that mark in that region?<sup>19</sup> Additionally, there

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11. *In re ECCS, Inc.*, 94 F.3d 1578, 1579 (Fed. Cir. 1996). Judge Rich of the Federal Circuit explained “the most fundamental aspect of United States trademark law [is] that trademark ownership and attendant rights are acquired in the marketplace by use and that the [Lanham Act] . . . provides only for registration of existing marks.” 3 MCCARTHY, *supra* note 2, § 19:3 (quoting *In re ECCS, Inc.*, 94 F.3d at 1579).

12. See Robert Nupp, Note, *Concurrent Use of Trademarks on the Internet: Reconciling the Concept of Geographically Delimited Trademarks with the Reality of the Internet*, 64 OHIO ST. L.J. 617, 618 (2003). See also 4 MCCARTHY, *supra* note 2, § 26:2; discussion *infra* Part II.C.

13. See 4 MCCARTHY, *supra* note 2, § 26:1 (citing *Lucent Info. Mgmt., Inc., v. Lucent Tech., Inc.*, 186 F.3d 311, 316 (3d Cir. 1999)). A “senior” user of a trademark is the first user to adopt and use the trademark in the United States. *Id.*

14. *Id.* (defining a “junior” user of a trademark as a user who adopts and uses a trademark in the United States subsequent to the “senior” user’s prior use of the same or similar trademark).

15. Both the common law and the federal law under the Lanham Act allow for concurrent use of a confusingly similar trademark when the use by the two parties is geographically remote from each other. See discussion *infra* Parts II & III.

16. See 4 MCCARTHY, *supra* note 2, § 26:2; discussion *infra* Part II.

17. See Nupp, *supra* note 12, at 617-18 (explaining the unique problems the rising popularity and use of the Internet presents to trademark law).

18. See Gayle Weiswasser, *Domain Names, the Internet, and Trademarks: Infringement in Cyberspace*, 13 SANTA CLARA COMPUTER & HIGH TECH. L.J. 137, 169 (1997).

19. See discussion *infra* Part VI.B. (explaining there may need to be an evaluation as to the quality and quantity of the sale). This inquiry would expand into a determina-

is risk that the making of a sale in a certain region may infringe another user's rights in the mark insofar as the rights are regional.<sup>20</sup>

This article advocates treating the Internet as a unique geographical market separate from physical geographically delineated markets where mark rights are acquired through common law principles. Additionally, this article advocates judicial creativity in dealing with the new issues that the convergence of the two markets (the physical and cyberspace markets) creates. The article will describe the current status of the law in the United States, including both federal law and the common law with some history. Several cases from the early part of the twentieth century serve as cornerstones for the modern common law and have also molded the federal law. As an understanding of the doctrine behind these cases is fundamental, these cases will be discussed at length as will be the federal law.

## II. COMMON LAW

The common law for concurrent use of trademarks has been built upon two cases from the early part of the twentieth century.<sup>21</sup> An understanding of the facts and the holdings in the two cases will help clarify the question.

### A. *Hanover Star Milling Co. v. Metcalf*

The first case is *Hanover Star Milling Co. v. Metcalf* which established the *Tea Rose* doctrine.<sup>22</sup> Prior to this case the common law followed a first-in-time regime wherein nationwide rights were granted to the first user of a mark.<sup>23</sup> Under the law created by this ruling, a junior user would not be enjoined as long as the use was innocent or made in good faith.<sup>24</sup>

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tion as to whether the populace in the area associates the trademark as being from that user of the trademark. *Id.*

20. See generally discussion *infra* Part II (explaining the region rights of marks). The Internet reaches into every part of the country. If the Internet is used in sales and advertising, it can be assumed that sales may occur in a geographically remote area where another user has already established rights to use the trademark. In such an instance, the first user in the region would have priority in that region. See 4 MCCARTHY, *supra* note 2, § 26:14.

21. See William Gross, Comment, *The Territorial Scope of Trademark Rights*, 44 U. MIAMI L. REV. 1075, 1081-83 (1990).

22. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 423-24 (1916).

23. *Id.* at 415.

24. *Id.* at 410-11. In this context, innocent or good faith use means that they were unaware of a prior user and the use was not meant to steal or pirate goodwill from the prior user. See 4 MCCARTHY, *supra* note 2, § 26:8.

The plaintiff in this case began using the mark “Tea Rose” on flour in 1872.<sup>25</sup> At the time of the suit the mark had been used in business transactions in Pennsylvania, Ohio and Massachusetts.<sup>26</sup> The junior user, and defendant, began using the same mark (“Tea Rose”) on flour products shortly after its incorporation in 1885.<sup>27</sup> Both the plaintiff and the defendant maintained normal production and sales operations until 1904<sup>28</sup> when the defendant began an aggressive advertising campaign.<sup>29</sup> The advertising covered the entire state of Alabama as well as parts of Mississippi, Georgia, and Florida.<sup>30</sup> This advertising never reached any market where the plaintiff was selling flour.<sup>31</sup> In fact, no market overlap ever occurred between the two competing companies.<sup>32</sup> Because the two products never used the same mark in the same market,<sup>33</sup> no dispute arose between the companies until 1912<sup>34</sup> when the plaintiff filed suit for an injunction and damages against the defendant.<sup>35</sup> Up until only shortly before the filing of the suit the defendant was unaware that plaintiff’s company, or any other company for that matter, had been using the “Tea Rose” mark to sell flour.<sup>36</sup>

The Court pointed out that because of the vigorous advertising and sales<sup>37</sup> by the defendant, the defendant’s mill had come to be known as the “Tea Rose” mill.<sup>38</sup> Additionally, the Court recognized that the reputation of the company was “bound up with the reputation of ‘Tea Rose’ flour” and that “Tea Rose” flour refers to defendant’s flour in defendant’s trade territory.<sup>39</sup>

In the end, common sense won out and the Supreme Court refused to enjoin defendant from using the mark “Tea Rose” in

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25. *Hanover Star*, 240 U.S. at 407.

26. *Id.* at 409.

27. *Id.* at 410.

28. *Id.* at 409. It is ironic that 1904 is also the same year that plaintiff’s company incorporated. *Id.*

29. *Id.* at 410. This advertising campaign appears to be fairly large scale and innovative; the court described the campaign as having “employ[ed] many ingenious and interesting devices.” *Id.*

30. *Id.*

31. *Hanover Star*, 240 U.S. at 410.

32. *Id.* at 410.

33. *See id.* at 410. Plaintiff had sold some flour in Alabama and Georgia, but under the brands “Eldean Patent” and “Trojan Special.” *Id.* at 409.

34. *Id.* at 405-07. Apparently, the plaintiff discovered the defendant’s use of “Tea Rose” some time prior to this date. *See id.* at 408.

35. *Id.* at 408.

36. *Hanover Star*, 240 U.S. at 410-11. McCarthy explained, “[t]he use of the name by defendant was strictly coincidental.” 4 MCCARTHY, *supra* note 2, § 26:2.

37. *Hanover Star*, 240 U.S. at 410 (noting that sales between 1904 to the time of the litigation were greater than \$150,000).

38. *Id.*

39. *Id.*

those Southern states where business had previously been carried out. Specifically, the Court stated:

In the ordinary case of parties competing in the same market, it is correct to say that prior appropriation settles the question. But where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant; unless, at least, it appears that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade or the like.<sup>40</sup>

The general rule emerged that trademark rights established through use extend only into the markets where the mark has become “known and identified,” and rights do not go beyond the reach of the actual goods on which the mark is used.<sup>41</sup>

#### B. *United Drug Co. v. Theodore Rectanus Co.*

Only two years after the decision of the *Tea Rose* case, the Supreme Court decided another foundational case in its *United Drug Co. v. Theodore Rectanus Co.* ruling.<sup>42</sup> The facts of the *Rectanus* case are similar to those presented in the *Tea Rose* case and the events unfolded roughly within the same time frame.<sup>43</sup>

Sometime around 1877, plaintiff Ellen M. Regis began creating and distributing a “compound” used for medicinal purposes.<sup>44</sup> She selected the trademark “Rex” which she derived from her last name Regis, and placed it on all boxes and packages containing her compound to distinguish her product from others on the market.<sup>45</sup> In 1898, she registered “Rex” as a trademark in Massachusetts, and in 1900 she registered the name with the federal government.<sup>46</sup> Mrs. Regis successfully defended her trademark right against a retail drug store named “Rexall

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40. *Id.* at 415.

41. *Id.* at 416. The Court noted the rights of the trademark held by the senior user actually may extend into areas where the mark would probably reach through the “natural expansion of [the] trade.” *Id.* at 415-16, 420.

42. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918).

43. *Compare id.* at 94-96 with *Hanover Star*, 240 U.S. at 405-07.

44. *United Drug*, 248 U.S. at 94.

45. *Id.*

46. *Id.*

Remedies” and in 1911 purchased the store and changed the name to “Rexall Stores.”<sup>47</sup> At that time, the drug store chain had stores throughout various states, with four stores located in Louisville, Kentucky alone.<sup>48</sup>

About 1883, Theodore Rectanus, commonly known as “Rex,” began using “Rex” as a trademark for a medicinal concoction *he* created.<sup>49</sup> Mr. Rectanus sold his medicine extensively in the Louisville area and bolstered his sales through advertising.<sup>50</sup> He did all of this, unaware of the prior activities of Mrs. Regis in Massachusetts.<sup>51</sup> In 1906, Mr. Rectanus sold the trademark along with the business. The purchaser eventually became the defendant in this case for the continued use of the trademark “Rex” in his business and on goods.<sup>52</sup>

In 1912, Mrs. Regis’ company shipped five boxes of her remedy labeled “Rex” to Franklin, Kentucky, which is located just over 100 miles from Louisville, thus creating the first conflict between the two parties.<sup>53</sup> Before Mrs. Regis’ product was shipped into the Franklin, Kentucky market, “Rex” was solely recognized as Mr. Rectanus’ remedy.<sup>54</sup>

The court noted the two parties involved in the litigation carried on business using the same trademark in significantly geographically distinct areas for at least sixteen years before becoming aware of each other.<sup>55</sup> Both parties, having acted in good faith, established substantial goodwill in their respective markets.<sup>56</sup> The Court recognized neither party had acted with sinister intent to misappropriate the goodwill of the other party<sup>57</sup> and refused to issue an injunction against Mr. Rectanus’ use of the

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47. *Id.*

48. *Id.*

49. *Id.* at 94.

50. *United Drug*, 248 U.S. at 94.

51. *Id.* at 95.

52. *Id.*

53. *United Drug*, 248 U.S. at 95. The court does not explain anything with respect to the Rexall Stores that were already existing in the Louisville area. *See id.* at 94-95. This author assumes that this is because Theodore Rectanus and the owners of the Rexall Remedies (prior to Mrs. Regis) were not litigious and perhaps more passive in their defense of trademark rights when compared to Mrs. Regis. *See generally id.* Additionally, because Mrs. Regis had successfully established her trademark rights against Rexall Remedies in the New England area, perhaps Theodore Rectanus could have likewise established his rights in the mark in the Louisville area through litigation against Rexall Remedies. *See generally id.* at 94.

54. *See id.* at 95.

55. *Id.*

56. *See id.*

57. *See id.* at 95-96.

mark "Rex."<sup>58</sup> In doing so, the Court built off the *Tea Rose* doctrine and established the rule that a senior user cannot enter into a market where a junior user has acquired rights in good faith.<sup>59</sup>

### C. *Tea Rose-Rectanus Doctrine and Subsequent Cases*

The *Tea Rose* and *Rectanus* cases created a general rule that a national senior trademark user "cannot oust a geographically remote good-faith user" when in good faith the junior user establishes rights as the first user in a particular market.<sup>60</sup> Later cases sustain this rule and further held the junior user can receive injunctive relief against the senior user within its market.<sup>61</sup> The reverse of this rule has also been upheld: a senior user may also receive injunctive relief against a junior user when the junior user attempts to enter into a market where the senior user has previously established rights.<sup>62</sup> Essentially, each user is granted its own geographic area in which it has rights to use the trademark.<sup>63</sup>

A notable twist to the law comes from the holding in *Dawn Donut Co. v. Hart's Food Stores, Inc.*<sup>64</sup> In this case, the Second Circuit held that even with the nationwide priority of the senior user under the Lanham Act, a senior user could not enjoin a good-faith junior user from using a mark in the junior user's market when the senior user had no intent to use the mark in that market.<sup>65</sup> An injunction suit would be upheld if and when the senior user intended to enter into the junior user's market.<sup>66</sup> Until that time, there is no risk of confusion between the two marks since the markets are remote and distinct from each other.<sup>67</sup> Thus, courts can protect the good-faith user from injunction for at least some period of time.<sup>68</sup>

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58. *Id.* at 96. The court did not discuss the natural expansion of Mrs. Regis' business. *See id.* This author assumes this is because the court thought the Kentucky markets too remote from Massachusetts to be considered within the natural expansion of the business. *See generally id.* at 95-97.

59. *See id.* at 100-01 (citing *Hanover Star*, 240 U.S. at 415).

60. 4 MCCARTHY, *supra* note 2, § 26:4.

61. *Id.* § 26:3

62. *Id.*

63. *See id.*

64. *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 360 (2d Cir. 1959).

65. *Id.*

66. *Id.*

67. *Id.*

68. 4 MCCARTHY, *supra* note 2, § 26:33. The length of time afforded to the junior user is dependent upon the intent of the senior user because the senior user has all the rights. *Id.*



## III. FEDERAL LAW AND THE LANHAM ACT

Since its adoption in 1946, the Lanham Act has served as the backbone to federal trademark law.<sup>69</sup> Through the Lanham Act, trademark owners enjoy exclusive nationwide rights to use the trademark.<sup>70</sup> This is possible by granting a constructive use presumption on a national level even though actual use may only be on a local level.<sup>71</sup> This effectively prevents other users from initiating use of a registered mark after the registration. However, it is possible for another user to have adopted and used the mark prior to registration. In such an instance, the registered user may be enjoined from entering the market where the junior user is using the mark.<sup>72</sup>

It is important to note that *registration* under the Lanham Act does not create rights in a trademark.<sup>73</sup> Just as under the common law, rights to a trademark can only be established through *use*.<sup>74</sup> In the Trademark Revision Act of 1988, however, congress made it possible to “reserve” a trademark that a party has a bona fide intent to use.<sup>75</sup> The applicant does not obtain registration of the mark until it is established that the mark has

69. *See id.* § 5:4 (noting Judge Learned Hand stated that the Lanham Act placed federal trademark law on “new footing”).

70. 15 U.S.C. § 1115(a) (2000) (making registration prima facie evidence of validity, ownership and exclusive right to use the mark). This is giant leap from where the common law was in *Hanover Star*. *See Hanover Star*, 240 U.S. at 416 (stating that rights arise only through use and are geographically limited by actual use).

71. *See* 15 U.S.C. § 1072.

72. *Id.* § 1115(b)(5). The common law rights held by the junior user preempt the rights of the senior user. *See id.* Under 15 U.S.C. 1115(b)(5), the prior use of the junior user is a valid defense, but the junior user is limited to the area of prior use. *Id.* This effectively freezes the junior user and the scope of use of the trademark. *See id.*

73. *See* 3 MCCARTHY, *supra* note 2, § 19:3.

74. *Id.* The Tenth Circuit noted:

Unlike the registration of a patent, a trademark registration of itself does not create the underlying right to exclude. Nor is a trademark created by registration. While federal registration triggers certain substantive and procedural rights, the absence of federal registration does not unleash the mark to public use. The Lanham Act protects unregistered marks as does the common law.

*Id.* (quoting *San Juan Products, Inc. v. San Juan Pools, Inc.* 849 F.2d 468, 474 (10th Cir. 1988)).

75. 15 U.S.C. § 1051(b)(1). The statute reads as follows:

A person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may request registration of its trademark on the principal register hereby established by paying the established fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director.

been used in commerce.<sup>76</sup> In cases where this procedure has been followed, the date used for determining priority is the date of application with the trademark office and not the date of actual use.<sup>77</sup> This effectively destroys the junior user's good-faith argument with regards to establishing territorial rights in a mark when the junior user commences use of the mark after the date of application by the senior user.<sup>78</sup>

The Lanham Act does explicitly allow for the concurrent registration of multiple, similar trademarks.<sup>79</sup> This is only available however, when the respective rights have been established prior to the registration of the mark.<sup>80</sup> The Commissioner can determine if it is likely that the mark will cause confusion or mistake.<sup>81</sup> If the Commissioner finds it unlikely, then same or similar marks can be granted registration "under conditions and limitations as to the mode or place of use of the marks."<sup>82</sup> The key to allowing the concurrent registration lies in avoiding consumer confusion.<sup>83</sup> Thus, as long as confusion can be avoided, both parties using the mark can reap the benefits of registration within their respective geographic regions by obtaining concurrent registration.<sup>84</sup>

The Lanham Act was intended to consolidate the common law into a more comprehensive and manageable body of law.<sup>85</sup> It has been remarkably successful as such, however, there still exists substantial interplay between the Lanham Act and the common law and state law. As can be seen, this creates an interesting situation upon which trademark law in the United States rests. Essentially, registration under the Lanham Act establishes exclusive nationwide rights, with the exception of remote good faith users who appropriated the mark without knowledge of the senior user prior to the senior user's registration.<sup>86</sup>

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76. 3 MCCARTHY, *supra* note 2, § 19:13. The user can establish use through an Amendment to Allege Use (AAU) or a Statement of Use (SOU), as long as there has been actual use of the mark. *Id.*

77. 15 U.S.C. § 1057(c) (2000).

78. *See id.* The junior user must now not only precede the use of other users of the mark in the local market, but also must precede the application of potential users. *See id.*

79. *Id.* § 1052(d).

80. *Id.*

81. *Id.*

82. *Id.*

83. 74 AM. JUR. 2D *Trademarks and Tradenames* § 63 (2003).

84. *See id.*

85. 1 MCCARTHY, *supra* note 2, § 5:4.

86. 15 U.S.C. § 1115(a), (b)(5) (2000). The Lanham Act modifies the Tea Rose Doctrine in that it freezes the junior (un-registered) user to the market where its mark was in use prior to registration. *See* William Gross, Comment, *The Territorial Scope of Trademark Rights*, U. MIAMI L. REV. 1075, 1094-97 (1990).

## IV. "USE IN COMMERCE"

The above discussion gives a basis for understanding the current state of the common law and some basics of the federal law. It serves as a framework for discussion below. In discussing federal trademark "use" it is, of course, necessary to refer to the definition as prescribed by the Lanham Act.<sup>87</sup> The current definition comes from the Trademark Law Revision Act of 1988, which was made effective November 16, 1989.<sup>88</sup> Section 1127 of the Lanham Act defines "use in commerce" as "the bona fide use of a mark in the ordinary course of trade and not made merely to reserve a right in a mark."<sup>89</sup> The statute explains further:

For the purpose of this chapter, a mark shall be deemed to be in use in commerce—

(1) on goods when—

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.<sup>90</sup>

This revision substantially increased the use required to obtain Lanham Act protection for trademarks.<sup>91</sup> An evaluation

87. 15 U.S.C. § 1127.

88. Trademark Law Revision Act, sec. 134, 102 Stat. 3935 (1988).

89. 15 U.S.C. § 1127.

90. *Id.*

91. 1 JEROME GILSON & ANNE GILSON LALONDE, TRADEMARK PROTECTION AND PRACTICE § 3.02[8][a] (2004). Prior to the Trademark Revision Act of 1988 a common practice was to secure trademark rights through "token use." *See id.* Through "token use" trademark rights could be secured by a "mock shipment across state lines." INT'L TRADEMARK ASS'N, THE LANHAM ACT, at <http://www.inta.org/about/lanham.html> (last visited Jan. 28, 2004). Under revised system applicants were given the ability to register marks based on a bona fide intention to use the mark in commerce, and the "token use" became obsolete. *See id.*

must be made on a case-by-case basis as to the validity of the trademark viewed under this higher bar for “use” under the Lanham Act.<sup>92</sup>

The Trademark Revision Act of 1988 provided for three routes to achieve priority rights in a mark and a subsequent amendment provided for a fourth, but only two are pertinent to this discussion.<sup>93</sup> First, priority may be established through actual use, and secondly, priority may be established through filing an intent-to-use (ITU) application with the Patent and Trademark Office.<sup>94</sup> The ITU filing effectively gives constructive notice to would-be users nationwide, as well as a priority date set as the time of filing, rather than actual use.<sup>95</sup> Filing an ITU form does not qualify for “use” sufficient to create rights.<sup>96</sup> The rights, however, are contingent upon actual use and not enforceable until there is actual use and the trademark is validated.<sup>97</sup>

The legislative history of the Act indicated the desire of the Congress to create a broad definition of “use in commerce” such that it could vary among the different industries.<sup>98</sup> Where the legislation finally hung its hat, however, may not be sufficiently clear to avoid dispute.<sup>99</sup> At least one critic claims the wording “commercial use which is typical in a particular industry” does not consider the various levels at which trademark uses may be employed within a given industry.<sup>100</sup> Ultimately, this issue does not receive much attention, presumably because the courts’ interpretation of the wording as used in the Lanham Act allows for the interpretation in accordance with preferred wording suggested by the above-cited critic.<sup>101</sup>

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92. 1 GILSON & LALONDE, *supra* note 93, § 3.02[8][a]. Explicitly, they will consider factors, “including the nature of the applicant’s business, the extent of the ‘trade,’ the commercial circumstances, the volume and frequency of product sales, and the intent of the applicant.” *Id.*

93. 3 MCCARTHY, *supra* note 2, § 19:1 (explaining the four bases for registration are 1) use-based, 2) intent-to use, 3) qualified foreign firm application, and 4) Madrid Protocol).

94. 1 GILSON & LALONDE, *supra* note 93, § 3.03[1].

95. *See* 3 MCCARTHY, *supra* note 2, § 19:13.

96. *See* *Macia v. Microsoft Corp.*, 152 F. Supp. 2d 535, 539 (D. Vt. 2001) (holding that plaintiff cannot sue for trademark infringement based only on defendant’s intent-to-use application). “Unless and until [defendant] uses the mark in the course of trade, to identify actual goods for sale or transport, it cannot be subject to suit for trademark infringement under § 1125(a).” *Id.*

97. 1 GILSON & LALONDE, *supra* at 93, § 3.03[1].

98. 1 GILSON & LALONDE, *supra* note 93, § 3.02[8][ii].

99. *See id.*

100. *Id.* (arguing that a more appropriate wording would have considered “the volume of products shipped by the trademark owner, the size of the business, and other factors related to the pattern (or ‘ordinary course’) of its trade”).

101. *See id.*

The Lanham Act is a federal law and is limited in application only to marks on interstate commerce goods and services.<sup>102</sup> However, registration is not restricted only to marks used in interstate commerce.<sup>103</sup> Specifically, the Lanham Act regulates all commerce that “may lawfully be regulated by Congress.”<sup>104</sup> This has been interpreted broadly to include activities that have an influence on interstate commerce.<sup>105</sup> Such interpretation probably has most bearing on a service industry where clients are traveling interstate rather than goods, but it is still significant to note the breadth with which the Lanham Act is interpreted.

## V. MODEL STATE TRADEMARK BILL

Fundamentally, trademark law attempts to preserve fairness in the marketplace and seeks to prevent unfair competition.<sup>106</sup> Arguably, conformity among the various states as well as between the federal and state law would better serve the trademark owner and the public. To this end, a “Model State Trademark Bill” is provided by the International Trademark Association (ITA).<sup>107</sup> While this may not necessarily be representative of equivalent statutes among various states it is nonetheless appropriate for this discussion.

In section 1 of the Model Act “use” is defined.

H. The term “use” means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For the Purposes of the Act, a mark shall be deemed to be in use

1. on goods when it is placed in any manner on the goods or other containers or the displays associated therewith

102. Kevin B. Laurence & Matthew D. Thayne, *Obtaining and Maintaining State Trademarks in Utah*, 16 UTAH B.J. 28, 28 (2003) (explaining the commerce clause is the power base used by congress in granting federal trademark registration thus limiting its reach); 15 U.S.C. §§ 1051(d), 1127 (2000). However, Congress can reach purely intrastate commerce if it is substantially related to interstate commerce. *Id.* at 28 n.2. (citing *United States v. Lopez*, 514 U.S. 549 (1995)).

103. See Laurence, *supra* note 104, at 28 (citing *Larry Harmon Pictures Corp. v. Williams Rest Corp.*, 929 F.2d 662, 666 (Fed. Cir. 1991)).

104. 15 U.S.C. § 1127 (2000).

105. *Larry Harmon Pictures*, 929 F.2d at 666.

106. 1 MCCARTHY, *supra* note 2, § 5:2.

107. INT’L TRADEMARK ASS’N, MODEL STATE TRADEMARK BILL, at <http://www.inta.org/policy/mstb.html> [hereinafter INTA, MODEL BILL]. States have adopted the Model Act to some degree with some states varying slightly from the model. See, e.g., Simone A. Rose, *Will Atlas Shrug? Dilution Protection for “Famous” Trademarks: Anti-competitive “Monopoly” or Earned “Property” Right?*, 47 FLA. L. REV. 653, 658 n.19 (1995).

or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and the goods are sold or transported in commerce in this state, and

2. on services when it is used or displayed in the sale or advertising or services and the services are rendered in this state.<sup>108</sup>

Significantly, this definition is similar to the definition provided for “use in commerce” under the Lanham Act Revision of 1988 and serves to bring the state and federal law into harmony with each other.<sup>109</sup> Also, the model bill specifically provides for the preservation of common law rights which probably are substantially consistent among the various states.<sup>110</sup>

It is often the case that state law, common law, and federal law issues can arise in infringement cases when there is litigation between a small-scale or local user who relies on the state law or common law, and a large-scale user who relies on the federal law and federal registration, with both parties seeking to preserve their respective rights in the mark.<sup>111</sup> Although in most states, a state registration is treated in much the same way as a federal registration (only limited to the state), in some states a state registration of a mark holds little value.<sup>112</sup> This variance among the laws of various states may lead to substantial confusion as well as a failing of the trademark law to promote its goals of fairness in the marketplace.

## VI. WHAT’S THE USE?

As noted, the extensive interplay between state and federal law makes trademark law especially sensitive to the particular facts of the case. The case discussed below gives a good example of why the specific facts of a case are so crucial to a “use” inquiry.<sup>113</sup> Following a discussion of the case, an evaluation of the use of marks in both common commerce and in connection

108. INTA, MODEL BILL, *supra* note 109, at sec. 1.

109. Compare *id.* with 15 U.S.C. § 1127 (2000).

110. INTA, MODEL BILL, *supra* note 109, at sec. 16.

111. See, e.g., discussion *infra* Part VI.A. (describing a case where a similar situation was litigated).

112. See 3 MCCARTHY, *supra* note 2, § 22.1.

113. ZAZU Designs v. L’Oreal, S.A., 979 F.2d 499, 503 (7th Cir. 1992).

with the Internet in the form of domain names will both establish the current law and some of the main issues confronted in today's trademark market.

A. *ZAZU Designs v. L'Oreal, S.A.*

*ZAZU Designs v. L'Oreal, S.A.* gives a good example of facts that demonstrate state and federal law in action.<sup>114</sup> In this case L'Oreal's licensee, Cosmair, forecasted a demand for pink and blue hair for young women.<sup>115</sup> They hoped to use ZAZU as the name and mark for their new line of colored hair care products.<sup>116</sup> In seeking out prior users, they discovered that the mark was already in use by several groups.<sup>117</sup> One user was defunct, another was a clothing designer (Riviera Slacks, Inc.) and the final user was Zazu Hair designs (ZHD).<sup>118</sup> The only user who had registered its mark federally was the clothing designer.<sup>119</sup> The other two users (the defunct user and ZHD) were registered state service marks.<sup>120</sup> ZHD operated a hair salon in Illinois and had registered ZAZU in Illinois in 1980 as a service mark.<sup>121</sup> Litigation revolved around ZHD's rights in the ZAZU mark.<sup>122</sup>

In order to avoid liability for trademark infringement L'Oreal contacted the various users of ZAZU prior to adopting the mark.<sup>123</sup> L'Oreal determined that only the federally registered user posed a viable<sup>124</sup> obstacle to using the ZAZU mark for their newly developed products.<sup>125</sup> Consequently, L'Oreal paid the clothing designer \$125,000 for a covenant not to sue for using

114. *Id.* at 501.

115. *Id.*

116. *Id.*

117. *Id.*

118. *Id.*

119. *ZAZU Designs*, 979 F.2d at 501.

120. *Id.*

121. *Id.*

122. *See id.* at 502-05.

123. *Id.* at 501.

124. *See id.* Apparently, L'Oreal was concerned about the clothing designer broadening its product line by developing cosmetic products. *Id.* The court points out that Ralph Lauren both designs clothes and makes perfumes. *Id.* The dissent takes exception to this reasoning, stating "[M]en's clothing and hair cosmetics marketed to women hardly seem related at all. On the other hand, a women's hair salon developing a line of hair care products is a purveyor of goods and services that seem closely related to hair cosmetics." *Id.* at 509 (Cudahy, dissenting).

125. *ZAZU Designs*, 979 F.2d at 501. L'Oreal contacted ZHD on several occasions. *Id.* The nature of the contact was to discover if ZHD was selling any products under the ZAZU mark at that time. *Id.* On one occasion, a ZHD employee explained over the phone that the salon did not have any products currently, but added, "we're working on it." *Id.* A subsequent call to ZHD confirmed that ZHD did not have any products available under the name ZAZU. *Id.*

ZAZU on cosmetics products.<sup>126</sup> In April of 1986, after obtaining the covenant not to sue, L'Oreal made a small interstate shipment of hair products under the ZAZU name.<sup>127</sup> This shipment was used as the basis for L'Oreal's application for a federal trademark, which was filed in June of 1986.<sup>128</sup> In August of the same year, the products were being advertised and sold nationwide.<sup>129</sup>

Up to this point only half the story has been told. As mentioned above, ZHD registered the name ZAZU in Illinois as a trade name for a salon in 1980.<sup>130</sup> In 1985 one of the partners for the salon began meeting with chemists to develop products to be sold as ZHD's products.<sup>131</sup> Some samples were produced and between November 1985 and February 1986 several sales occurred.<sup>132</sup> Some bottles were sold out of the salon itself with ZHD's business card taped to the bottle serving as a label.<sup>133</sup> Some bottles were also sold to friends in Texas and 40 bottles were sold and shipped to Florida.<sup>134</sup> Sometime in late 1985 ZHD ordered 25,000 bottles silkscreened with the name ZAZU on them.<sup>135</sup> Finally in September of 1986, after L'Oreal had begun selling and advertising its products, ZHD began to sell small quantities of its shampoo to the public in bottles filled and labeled by hand.<sup>136</sup>

The trial court in the case ruled in favor of ZHD, finding the small sales under the name ZAZU gave ZHD an exclusive nationwide right.<sup>137</sup> However, this ruling was overturned on appeal.<sup>138</sup> The appellate court found ZHD's sales of its product insufficient "use" to establish priority over L'Oreal.<sup>139</sup>

126. *Id.*

127. *Id.*

128. *Id.* This is a good example of "token shipments" that the Trademark Revision Act of 1988 eliminated. See 3 MCCARTHY, *supra* note 2, § 19.5.

129. *ZAZU Designs*, 979 F.2d at 501.

130. *Id.*

131. *Id.* at 501-02.

132. *Id.* at 502.

133. *Id.*

134. *Id.* The court notes these bottles could not have been sold to the public because they did not have a label that explained the ingredients of the products. *Id.*

135. *Zazu Designs*, 979 F.2d at 502.

136. *Zazu Designs*, 979 F.2d at 502.

137. *Id.*

138. *Id.* at 505.

139. *Id.* at 503. The court explained further,

A few bottles sold over the counter in Hinsdale, and a few more mailed to friends in Texas and Florida, neither link the ZAZU mark with ZHD's product in the minds of consumers nor put other produces on notice. As a practical matter ZHD had no product, period, until months after L'Oreal had embarked on its doomed campaign.



The court centered its decision on policy principals underlying the use theory.<sup>140</sup> The court repeated a common theme that, “[O]ne must win the race to the marketplace to establish the exclusive right to a mark.”<sup>141</sup> A critical distinction between services and products and the respective rights established was made by the court.<sup>142</sup> “ZHD made first use of ZAZU in connection with hair *services* in Illinois, but this does not translate to a protectable right to market hair *products* nationally.”<sup>143</sup> Even though ZHD made first use of ZAZU, it was for services, and any rights in the name/mark ZAZU were restricted to the actual area where ZAZU was associated with ZHD’s services.<sup>144</sup> No national right, especially not for marks used in connection with products, was established.<sup>145</sup>

This holding is important in several regards. First, in order to establish rights in a mark, the mark must be used in such a way as to create a link in the minds of consumers between the product and the source of the product.<sup>146</sup> Additionally, there appears to be a bright line between service marks and marks used on products.<sup>147</sup> It is evident that L’Oreal realized this distinction when securing an agreement with a clothing manufacturer and not with a hair salon.<sup>148</sup>

### B. *In the Common Market*

The “*talismanic test*” for “*use in commerce*” is whether or not the use is “*sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark.*”<sup>149</sup> Therefore, it is a fact-sensitive inquiry that can potentially depend upon seemingly in-

140. *See id.* at 504-05.

141. *ZAZU Designs*, 979 F.2d at 503.

142. *Id.* at 504.

143. *Id.*

144. *Id.*

145. *Id.*

146. *Id.* at 503. This statement is perhaps an oversimplification of the holding in this case because L’Oreal made some *de minimus* sales of their product in order to secure rights in the mark through registration. *Id.* at 501. Certainly those sales were not sufficient to create the necessary link in consumers’ minds beyond what ZHD’s sales were able to create, however, ZHD was late to register, and before the Lanham Act Revision of 1988, token sales were allowed to secure registration of a mark. *See* 3 MCCARTHY, *supra* note 2, § 19.5. Therefore, pre-1989, registration seems to be the dividing line on this point; sales insufficient to create a link in the minds of consumers are sufficient to establish rights in a mark when accompanied by registration. *See id.*

147. *ZAZU Designs*, 979 F.2d at 503.

148. *See id.* at 501.

149. *Windows User, Inc. v. Reed Bus. Publ’g Ltd.*, 795 F. Supp. 103, 108 (S.D.N.Y. 1992) (quoting *New England Duplicating Co. v. Mendes*, 190 F.2d 415, 417 (1st Cir. 1951)).

significant occurrences. Under the common law it was assumed the “use in commerce” requirement meant the mark needed to be associated with the actual sale of goods or services.<sup>150</sup> In the modern dynamic market, however, this is not the case.<sup>151</sup> In fact priority rights may not arise even when there has been a sale.<sup>152</sup> In determining what is sufficient to create rights in a mark many factors are considered, albeit to varying degrees, especially when there have not been prior sales.<sup>153</sup>

An obvious, and probably the most common, way to establish an association with a mark in the eyes of the public of a product is through advertising.<sup>154</sup> Courts have recognized priority rights in marks established through extensive pre-sale advertising and promotion,<sup>155</sup> and also through simple promotional displays with the product being physically near the display.<sup>156</sup> However, there is also a plethora of cases where various promotional activities proved insufficient to create rights in a mark.<sup>157</sup>

Advertising through a catalogue, however, may be sufficient

150. See Kenneth A. Adler and Monica B. Richman, *A New Look at Trade Shows, Pre-Sales Promotions Such Activities May Be Enough for a Court to Determine A Protectable Interest in a Mark*, 22 NAT'L L.J. 36 (May 1, 2000).

151. See *New England Duplicating Co. v. Mendes*, 190 F.2d 415, 417-18 (1st Cir. 1951) (explaining that sales are not necessary to establish priority).

152. See *Lucent Info. Mgmt. Inc. v. Lucent Techs. Inc.*, 186 F.3d 311, 317-18 (3d Cir. 1999) (holding that a single sale and no advertising were inadequate to demonstrate use sufficient to establish common law trademark rights).

153. See *id.* at 317. See also *Popular Bank of Florida v. Banco Popular de Puerto Rico*, 9 F. Supp. 2d 1347, 1354-55 (S.D. Fla. 1998) (holding that sales are important in determining priority, as well as advertising, number of customers, geographic origins of orders, etc.).

154. See *Popular Bank of Florida*, 9 F. Supp. 2d 1347 at 1355.

155. See *Marvel Comics, Ltd. v. Defiant*, 837 F. Supp. 546, 548-49 (S.D.N.Y. 1993) (holding distribution of 1,500 copies of a brochure at a comic book convention, combined with announcements in 13 million comic books among other promotional activities was sufficient to secure rights in the name of a new comic book concept “Plasmer”, even though all this occurred before there were any sales); *Maryland Stadium Auth. v. Becker*, 806 F. Supp. 1236, 1241 (D. Md. 1992) (holding advertising and promotion surrounding the development of sports facilities have been found to establish rights in the mark).

156. *Novel ID v. Hyman Prods., Inc.*, No. 89-0329, 1989 U.S. Dist. LEXIS 12653, at \*7-8 (C.D. Cal. Jan. 31, 1989) (using name on promotional display located near product combined with the name on the product’s actual packaging is sufficient to establish rights in the name).

157. See *Future Domain Corp. v. Trancor Sys. Ltd.*, No. C930812TEH, 1993 U.S. Dist. LEXIS 9177, at \*19-22 (N.D. Cal. Apr. 30, 1993) (holding beta software shipments insufficient to establish priority, where company took no orders for its goods and there existed competing promotion for same mark); *McDonald’s Corp. v. Burger King Corp.*, 107 F. Supp. 2d 787, 790 (E.D. Mich. 2000) (holding 17 day promotion in limited geographical area with no evidence of effect of advertising on audience was insufficient to show common law rights); *Windows User*, 795 F. Supp. at 108-09 (holding extensive advertising and promotional campaign insufficient to establish priority where there existed simultaneous sales of competing product); *Buti v. Impresa Perosa, S.R.L.*, 139 F.3d 98, 106 (2d Cir. 1998) (holding mere advertising of foreign mark in the U.S. does not constitute “use” of the mark “in commerce” where no actual rendering of service occurred in the U.S.).

to establish priority in a mark.<sup>158</sup> As one court explained, a catalogue is not mere advertising; customers can easily associate the product with the mark in a display because having the mark accompanying the description distinguishes the product from others.<sup>159</sup>

Shipping samples of a product with a mark to the public may establish priority in the mark when it is sufficient to create an association in the public's mind.<sup>160</sup> A more persuasive method to establish priority in a mark would be repetitive mailings to a known demographic that purchases similar services or products.<sup>161</sup>

Analogous to the shipping of products to the public through the mail is the distribution of software for end-users over the Internet.<sup>162</sup> Even absent any sales,<sup>163</sup> the Eleventh Circuit in *Planetary Motion, Inc. v. Techsplosion, Inc.* discussed how priority rights may be established where distribution both satisfies use in commerce for application of the Lanham Act, and is sufficiently public to create ownership rights in mark.<sup>164</sup>

There is no support for the argument that for a trademark in software to be valid, the mark must appear on the box containing the product incorporating it, that the mark must be displayed on the screen when the program is running, or that the software bearing the mark be a selling point for the product into which it is incorporated..<sup>165</sup>

Ironically, the court held that "there is no requirement that the public come to associate a mark with a product in any particular way or the public be passive viewers of a mark for a suffi-

158. See, e.g., *Lands' End, Inc. v. Manbeck*, 797 F. Supp. 511, 514 (E.D. Va. 1992) (holding retailer's use of the term "KETCH" in mail order catalog with picture of the purse and corresponding description constituted "display associated" with goods, thereby satisfying use in commerce provision).

159. *Id.*

160. *Harod v. Sage Prods., Inc.*, 188 F. Supp. 2d 1369, 1376 (S.D. Ga. 2002).

161. See *S Indus., Inc. v. Stone Age Equip., Inc.*, 12 F. Supp. 2d 796, 49 U.S.P.Q.2d 1071, 1084-85 (N.D. Ill. 1998) (finding advertising shows use in part because it was repetitive and it reached a relevant part of the public).

162. See *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1196 (11th Cir. 2001).

163. See *id.* at 1195-96. Free distribution of software occurs frequently under a "GNU General Public License" and distribution in such a manner does not defeat ownership of trademark in the software's name, or in any way compel finding that the owner abandoned his rights in trademark. *Id.* at 1198.

164. *Id.* at 1194-96.

165. *Id.* at 1197.

cient public association to arise” in the realm of software marks.<sup>166</sup> Related to free distribution over the internet is beta testing. Essentially, beta testing is the limited distribution of software to a particular demographic prior to a general release. In some respects it can be considered similar to distributing software over the Internet. However, beta testing of software may not be enough to establish a mark’s reputation in the public’s mind without a sale.<sup>167</sup>

At first glance, it appears rights can arise simply through a franchise announcing an intent to move into a particular market.<sup>168</sup> In *Johnny Blastoff, Inc. v. Los Angeles Rams Football*, an announcement at a press conference that the California-based Los Angeles Rams football team would be moving to St. Louis, Missouri, apparently automatically created rights in the name “St. Louis Rams.”<sup>169</sup> The court explained the franchise (the “Los Angeles Rams”) had long established priority over the use of the “Rams” name in connection with the football team “regardless of urban affiliation.”<sup>170</sup> Under this reasoning however, it was not simply the announcement that secured the priority, it was the decades of use and also colloquial use by the public referring to the team as the “Rams” that created the right in the name.<sup>171</sup>

A different scenario apparently supporting the granting of priority rights simply through announcement is found in *Marvel Comics, Ltd. v. Defiant*.<sup>172</sup> *Marvel Comics* included announcements of their newest character, “Plasmer,” in nearly 13 million copies of comic books.<sup>173</sup> The character was also revealed at a

166. *Id.* at 1197-98.

167. *See Future Domain Corp. v. Trancor Sys. Ltd.*, No. C930812TEH, 1993 U.S. Dist. LEXIS 9177, at \*14-16 (N.D. Cal. May 3, 1993) (holding beta software shipments insufficient to establish priority, where company took no orders for its goods and there existed competing promotion for same mark).

168. *See Johnny Blastoff, Inc. v. Los Angeles Rams Football*, 188 F.3d 427, 434-35 (7th Cir. 1999) (explaining when the owner of the Rams announced the intention to move the franchise to St. Louis from Los Angeles, she implicitly adopted the phrase “St. Louis Rams” on the date of the press conference).

169. *Id.* at 435.

170. *Id.* The Court also cites language from *Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club Ltd.*, 34 F.3d 410, 413 (7th Cir. 1994) (explaining public variations of the trademark become part of the protected mark even if the franchise was not using the variations as such in commerce). *Id.* *See also Coca-Cola v. Busch*, 44 F. Supp. 405, 410 (E.D. Pa. 1942) (explaining that an alteration of an existing mark that was used solely by third parties to designate its products creates rights in the altered name for the mark owner).

171. *See Johnny Blastoff, Inc.*, 188 F.3d at 434 (citing *Nat’l Cable Television Assoc. v. Am. Cinema Editors, Inc.*, 937 F.2d 1572, 1577 (Fed. Cir. 1991), which recognized abbreviations and nicknames of trademarks or names used by the public give rights to the owners in the modified mark or name).

172. 837 F. Supp. 546, 549 (S.D.N.Y. 1993).

173. *Id.* at 548.

tradeshow where 1,500 brochures for the new character were distributed.<sup>174</sup> Certainly this is much more than a simple announcement, "This was a *super* announcement."<sup>175</sup> The court found such an announcement, if it can be termed such, qualifies for protection through priority.<sup>176</sup> Certainly, this was sufficiently public use to make the mark distinguishable in the public eye.<sup>177</sup>

Although activities in *Marvel Comics* were very focused and directed to an appropriate audience, this does not seem to be a significant indicator as to whether rights will be created.<sup>178</sup> In *WarnerVision Entertainment, Inc. v. Empire of Carolina, Inc.*, several presentations were made to industry buyers and one of the presentations ended in a sale to a major toy retailer.<sup>179</sup> Even though the promotional efforts were focused, they were simply not voluminous enough to secure rights.<sup>180</sup> In *Future Domain Corp. v. Trantor Systems, Ltd.*, promotional activities at a tradeshow (Comdex) were not sufficient, absent additional activities, to secure rights.<sup>181</sup> This seems to require more than a single event promotion to secure rights, even though the goal continues to be stated in the same simple manner: to establish a sufficient association in the relevant public's mind.<sup>182</sup>

A key fact persuading courts to deny finding priority in a mark is when there is another user of the same mark, or a confusingly similar mark, competing for the same market.<sup>183</sup> In such instances, much more "use" is required to establish priority, and there is a "race to the market" in the sense the competing interests will strive to gain adequate public recognition in order to register the mark and establish rights.<sup>184</sup> In such cases, it may

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174. *Id.* The tradeshow was characterized as the most significant annual convention in the comic book industry. *Id.* at 549.

175. *See id.*

176. *Id.*

177. *See Marvel Comics*, 837 F. Supp. at 549.

178. *See WarnerVision Entm't Inc. v. Empire of Carolina Inc.*, 915 F. Supp 639, 646 (S.D.N.Y. 1996), *aff'd in part, vacated in part*, 101 F.3d 259 (2d Cir. 1996).

179. *Id.* at 645-46.

180. *Id.* at 646.

181. *Future Domain Corp. v. Trantor Sys. Ltd.*, No. C930812TEH, 1993 U.S. Dist. LEXIS 9177, at \*15-16 (N.D. Cal. Apr. 30, 1993) (stating even though the presence of Future Domain at the show was greater than the presence of the competitor, it was not sufficient to secure rights when Trantor was first to sell goods in commerce with mark).

182. *See Windows User*, 795 F. Supp. at 109.

183. *See id.* at 108-09 (finding that even extensive advertising and promotional campaign is insufficient to establish priority where there existed simultaneous sales of competing product).

184. *See id.* at 109.

depend on who makes the first actual sale.<sup>185</sup> In any event, creation of a mark does not secure rights in the mark, nor does de minimus use.<sup>186</sup>

From the above discussion it should be evident just how important the facts of the specific case are when determining whether or not a right has arisen. There may not be any hard and fast guidelines to follow, as has been made evident in the case law decided after the introduction of the Internet to the general public.

### C. *The Internet*

The Internet, while being an incredibly useful tool for commerce, creates many novel problems in the realm of trademark.<sup>187</sup> Among the issues presented by the Internet are ease of domain name registration, lack of regulation and its incredibly broad reach.<sup>188</sup> The irony is that although in the trademark world many see these issues as problematic, in the business (particularly small business) world these are unique advantages.<sup>189</sup>

At the center of the controversy is the domain name. Domain names are assigned a Uniform Resource Locator (URL), which is basically the address of where the website is stored on

185. *Future Domain Corp.*, 1993 U.S. Dist. LEXIS 9177, at \*15-16 (holding Trantor secured rights in mark because they were first to sell product with mark, even though Future Domain had large presence at trade show).

186. *See Armenteo v. Laser Image, Inc.*, 950 F. Supp. 719, 736 (W.D.N.C. 1996) (holding artist who created map failed to establish trademark and trade dress rights where publisher acquired priority through voluminous sales and artist had sold only one copy after obtaining publisher's permission); *Gilberto Arvelo v. American Int'l Ins. Co.*, 875 F. Supp. 95, 101-02 (D.P.R. 1995) (holding creation of mark and advertising presentation to client established no rights); *Simmons v. Western Pub. Co. Inc.*, 834 F. Supp. 393, 397 (N.D. Ga. 1993) (sending prototype product to potential manufacturer establishes no trademark rights where product bearing mark was never marketed); *Secular Orgs. For Sobriety, Inc. v. Ulrich*, 213 F.3d 1126, 1130 (9th Cir. 2000) (explaining it is actual use and not conception of a mark that creates right). *See also Paramount Pictures Corp. v. White*, 31 U.S.P.Q.2d 1768, 1772-73 (Trademark Tr. & App. Bd. 1994) (explaining uses that are de minimus may not establish trademark ownership rights); *Harod v. Sage Prods., Inc.*, 188 F. Supp. 2d 1369, 1378 (S.D. Ga. 2002) (holding periodic sales of less than \$100 with no advertising were too little to establish trademark rights); *Lone Star Steakhouse & Saloon Inc. v. Longhorn Steaks Inc.*, 106 F.3d 355, 360 (11th Cir. 1997), *modified on other grounds*, 122 F.3d 1379 (11th Cir. 1997) (holding use of restaurant's mark on sign displayed on interior wall of restaurant not valid service mark use since not being used to identify or distinguish services being offered). *But see Allard Enter., Inc. v. Advanced Programming Resources Inc.*, 146 F.3d 350, 358 (6th Cir. 1998) (holding continuous commercial use, though limited use, sufficient to establish priority).

187. *Connie L. Ellerbach, Domain Name Dispute Remedies: Tools for Taming the World Wide Web*, 759 PLI/PAT 513, 515 (2003) (stating that the Internet has "significantly impacted both the use and the abuse of trademarks").

188. *Id.* at 515.

189. The low cost of entry into the market combined with the expansive reach are especially appetizing to small businesses. *See id.*

the servers that comprise the Internet.<sup>190</sup> The domain names often are descriptive of the contents of the website, or contain the name of the owner of the website, making it easy for users to remember the website.<sup>191</sup> The Internet Domain Name System (DNS) makes a domain name a “valuable corporate asset, as it facilitates communication with a customer base.”<sup>192</sup>

While this value may mirror the value found in a trademark, a domain name is not a trademark.<sup>193</sup> It has been called a “quasi-trademark” because it serves as a central point of contact, can expand the reach of a brand, and hold value for the owner.<sup>194</sup> As discussed above, trademark rights can vest through advertising and promotion, void of sales and registration, under the “use in commerce” inquiry which seeks to know if a mark has gained adequate recognition in the public mind.<sup>195</sup> Should the same standard be applied to domain names?

### 1. Domain Name “Use in Commerce”

The case law interpretation of “use in commerce” as applied to domain names has been framed primarily through infringement suits.<sup>196</sup> The Lanham Act set the standard for infringement as use of a mark “in connection with the sale, offering for sale, distribution or advertising of goods or services likely to [cause confusion or deception].”<sup>197</sup> The courts consistently hold more than simply registering the domain name is required to be considered commercial use.<sup>198</sup> However, registration for the purpose of attempting to sell the domain name to the legitimate trademark owner has been held to be “use in commerce.”<sup>199</sup> This buying of potentially valuable domain names with the intent to sell

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190. *Id.* at 516.

191. *Id.* “For example, <fenwick.com> to connect a user to the website of Fenwick & West is a much easier address to remember than the correct IP address <206.204.218.52>.” *Id.*

192. *MTV Networks v. Curry*, 867 F. Supp. 202, 204 (S.D.N.Y. 1994).

193. Phillip G. Hampton, *Legal Issues in Cyberspace*, 759 PLI/PAT 537, 545 (2003).

194. *Id.* at 545-46.

195. *See* discussion *supra* Part VI.B.

196. *See* Ellerbach, *supra* note 190, at 517-18.

197. Lanham Act § 32(1)(a), 15 U.S.C. § 1114(1)(a) (2000).

198. *See* *Academy of Motion Picture Arts & Sciences v. Network Solutions, Inc.*, 989 F. Supp. 1276, 1279 (C.D. Cal. 1997) (holding “the mere registration of a domain name does not constitute a commercial use”); *Lockheed Martin Corp. v. Network Solutions Inc.*, 985 F. Supp. 949, 957 (C.D. Cal. 1997) (requiring something more than registration for domain name to infringe another’s mark). *But see* *Jack in the Box, Inc. v. Jackinthebox.org*, 143 F. Supp. 2d 590 (E.D. Va. 2001) (holding the mere act of registering a domain name constituted “use in commerce” for the purposes of the Lanham Act).

199. *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1239 (N.D. Ill. 1996).

them to the trademark holder is termed “cybersquatting.”<sup>200</sup> From these cases the general rule seems to be: registering a domain name is not sufficient use in commerce for trademark, unless there is an attempt or intent to sell the mark to a valid mark owner.<sup>201</sup> This seems to be in harmony with the Lanham Act because a domain name itself is neither a good nor service, but the marketing of the domain name (although de minimus) is using it in commerce.<sup>202</sup>

In *People for the Ethical Treatment of Animals v. Doughney*, <peta.org> was registered as a domain name with the intent to confuse, mislead and divert Internet users into using the website, which contained information harmful to the People for the Ethical Treatment’s (commonly known as “PETA”).<sup>203</sup> The court held such use of the domain name constituted commercial use and infringement of the “PETA” trademark.<sup>204</sup> Other cases resulted in similar outcomes.<sup>205</sup> These cases demonstrate the consequence of “bad faith” appropriation of a domain name and it is interesting to note that appropriation apparently is sufficient to infringe, even though it is not sufficient to acquire priority or a valid trademark.<sup>206</sup>

To better understand how “bad faith” adoption of a name is allowed to occur, the procedure for registration of a domain name should be looked at. The Internet Corporation for Assigned Names and Numbers (ICANN) is responsible for managing and coordinating the Domain Name System (DNS) and insuring the addresses and names are all unique.<sup>207</sup> ICANN also accredits reg-

200. Ellerbach, *supra* note 190, at 524.

201. See *Academy of Motion Picture Arts & Sciences*, 989 F. Supp. at 1279 (holding “the mere registration of a domain name does not constitute a commercial use”); *Lockheed Martin Corp.*, 985 F.Supp. at 957 (holding something more than registration is required to infringe another’s mark). But see *Jack in the Box, Inc.*, 143 F. Supp. 2d at 592 (E.D. Va. 2001) (holding that the mere act of registering a domain name constituted “use in commerce” for the purposes of the Lanham Act); *Intermatic, Inc.*, 947 F. Supp. at 1239 (holding purchase of domain name with intent to sell sufficient for “use in commerce”).

202. See *Intermatic, Inc.*, 947 F. Supp. at 1239.

203. *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 362-63, 369 (4th Cir. 2001). The defendant’s web site was entitled “People Eating Tasty Animals” and purported to offer a “resource for those who enjoy eating meat, wearing fur and leather, hunting, and the fruits of scientific research.” *Id.* at 363.

204. *Id.* at 364-66.

205. See *Planned Parenthood v. Bucci*, No. 97 Civ. 0629 (KMW), 1997 U.S. Dist. 3338, at \*10-12 (S.D.N.Y. Mar. 19, 1997) (finding defendant’s registration of the domain name <plannedparenthood.org> to distribute anti-abortion views and literature and divert Internet traffic from the Planned Parenthood of America website to be commercial use).

206. See discussion *supra* Part IV (explaining that it is through use that the rights arise).

207. ICANN, *FAQs*, at <http://www.icann.org/faq/#WhatisICANN> (last visited Feb. 5, 2004). See also ROBERT A. BADGLEY, *DOMAIN NAME DISPUTES*, § 5.01 n.1 (2003).



istrars, which in turn are responsible for the management of the database of domain names and making them available to the rest of the Internet.<sup>208</sup> Many registrars, working with the registry, actually take care of the domain name registration process.<sup>209</sup> The domain user can simply visit the website of a registrar and upon application and payment of a fee the registrar provides the domain user with a domain name.<sup>210</sup> The registrar sets its own prices, and the total registration period is limited to a maximum of ten years.<sup>211</sup> It is important to note domain names are registered without reference to who may be entitled to that name.<sup>212</sup> There is no responsibility to research who owns trademark rights in the name.<sup>213</sup>

Registration of a domain name as a trademark is not as painless and easy as the registration of the domain name itself. The procedure is the same as that for any other trademark. The Trademark Manual of Examining Procedure dedicates an entire section to "Marks Composed, in Whole or in Part, of Domain Names."<sup>214</sup> It explains the use of the domain name as a mark does not include the standard parts of the URL ("http://www.") even if it has been used in advertisements for the domain name and website because the "average person [] understands that [it] is part of every URL."<sup>215</sup> A domain name can only be registered as a trademark or service mark if it serves as a source identifier.<sup>216</sup> *In re Eilberg* serves as a good illustration of this.<sup>217</sup> The applicant's proposed mark was WWW.EILBERG.COM, and the mark was found on letterhead and business cards located below the applicant's name, address, phone number, fax number, and

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208. Hampton, *supra* note 196, at 548-49. A registry is a commercial entity responsible for its own operation. *Id.*

209. *Id.* at 549.

210. *Id.*; BADGLEY, *supra* note 210, § 1.02.

211. Hampton, *supra* note 196, at 550.

212. *Id.* at 553; *see also* Sallen v. Corinthians Licenciamentos Ltd., 273 F.3d 14, 19-20 (1st Cir. 2001) (stating the system is a first-come, first-served system that is non-governmentally regulated).

213. Hampton, *supra* note 196, at 553; *see Panavision Int'l v. Toeppen*, 141 F.3d 1316, 1318-19 (9th Cir. 1998) (noting that the registrar involved in this case does require registrants to represent that they are not infringing any trademarks, but does not make any inquiry of its own).

214. U.S. DEPT OF COMMERCE, USPTO, TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1215 (2003).

215. *Id.* § 1215.02.

216. *Id.*

217. *See Eilberg*, 49 U.S.P.Q.2d 1955, 1957 (Trademark Tr. & App. Bd. 1998) (holding if the domain name only represents the location on the Internet where a website can be found, without separately identifying services, the domain name cannot serve as a service mark).

email address.<sup>218</sup> On appeal, the denial of trademark registration was upheld stating, “[T]he asserted mark WWW.EILBERG.COM merely indicates the location on the Internet where applicant’s Web site appears.<sup>219</sup> It does not separately identify applicant’s legal service as such.”<sup>220</sup> The opinion then states the mark itself could be a mark, just not in the manner it was being used in this instance.<sup>221</sup> The court recommended placing the mark EILBERG.COM prominently on the letterhead and business cards, and using it as the mark under which the applicant was offering services.<sup>222</sup> The *Eilberg* case shows the factual inquiry is to determine how the mark is actually being used.<sup>223</sup> If the proposed mark is being used only as an address that can be used to contact the applicant, then it cannot be registered as a mark.<sup>224</sup>

If a mark is not currently being used as a mark, an applicant is allowed to file an intent-to-use application and create rights in a domain name as a mark, contingent upon actual use in commerce.<sup>225</sup> This is the exact same procedure as required for other marks.<sup>226</sup> The domain name will not be registered as a mark until an affidavit is submitted, along with documentation, stating the name is being used as a mark in commerce.<sup>227</sup> As a courtesy, the Patent and Trademark Office will send an advisory notice that registration may be refused if the proposed mark, as used on specimens submitted, identifies only an Internet address.<sup>228</sup>

It is worth mentioning that various protection mechanisms have been put into place to prevent abuse of registered trademarks on the Internet as domain names.<sup>229</sup> Three such mechanisms are currently in prevalent use today: ICANN’s Uniform Dispute Resolution (URDP), the Anticybersquatting Consumer Protection Act (ACPA), and the Federal Trademark Dilution Act

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218. *Id.* at 1956.

219. *Id.* at 1957.

220. *Id.*

221. *Id.* at 1956.

222. *Id.* at 1957.

223. See TRADEMARK MANUAL FOR EXAMINING PROCEDURE, *supra* note 217, § 1215.02(a).

224. *Id.* The statutory bases for refusal in such instances are Trademark Act sections 1, 2, (3 for service marks) and 45, 15 U.S.C. sections 1051, 1052, (1053 for service marks) and 1127. *Id.*

225. 15 U.S.C. § 1051(b)(1) (2000).

226. *Id.*

227. *Id.* § 1051(a)(1)-(3).

228. See TRADEMARK MANUAL FOR EXAMINING PROCEDURE, *supra* note 217, § 1215.02(e).

229. Ellerbach, *supra* note 190, at 519-34.

(FTDA).<sup>230</sup> Each of the mechanisms have advantages and disadvantages, and one may be more suited to a particular situation than another.<sup>231</sup> These are not central to the discussion here, however, they demonstrate the response of various regulatory bodies (including the United States Congress) to the issues confronted by trademarks because of the Internet.

## 2. Other Avenues

With protective mechanisms in place for the abuses of domain names as trademarks the question turns to how can the two peacefully co-exist in a manner promoting the interests of all parties. As explained above, the trademark law limits rights based upon geographic reaches of the reputation of the goods and the mark.<sup>232</sup> In today's modern market a slightly modified approach may be necessary because of the wide spread use of the Internet. It is no secret that the problem confronted by the use of domain names as trademarks is that there is only one domain name available, while trademarks on the other hand, can be registered to several registrants, so long as they are used on different and non-confusing goods and services.<sup>233</sup> In other words, while many parties may have a trademark right to a specific word or name, or at least some interest in using a particular domain name, there is only one domain name available.<sup>234</sup> A possible cure for this shortcoming of the Internet may be found through creative thinking and cooperation among the interested parties.

For example, a potential solution that may satisfy some customers is King Solomon's idea of dividing the baby in half.<sup>235</sup> Such is the case with [www.scrabble.com](http://www.scrabble.com), where the official home page of Scrabble can be found.<sup>236</sup> The home page shows a map

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230. *Id.* (discussing these three mechanisms in detail). See generally Xuan-Thao N. Nguyen, *The Digital Trademark Right: A Troubling New Extraterritorial Reach of United States Law*, 81 N.C.L. REV. 483 (2003), for a better understanding of the international effects of the ACPA.

231. Ellerbach, *supra* note 190, at 519-33. For example, the URDP is based on contract law, is administered by ICANN, and resolved very quickly and cheaply when compared to judicial actions. See *id.* at 519-20.

232. See discussion *supra* Part II.

233. BADGLEY, *supra* note 210, at § 7.03; Hampton, *supra* note 193, at 546.

234. See Ellerbach, *supra* note 190, at 516.

235. See 1 Kings 3:25-27; see also Douglas M. Isenberg, *Understanding Basic Trademark Law*, in UNDERSTANDING BASIC TRADEMARK LAW 621, 638 (2003) (making reference to the biblical King Solomon and his judgment that a baby should be divided to satisfy both women who were claiming the baby as their own).

236. *Id.* See <http://www.scrabble.com>. See also <http://www.playtex.com> (displaying a web site which splits the screen for the two trademark holders). On the left-hand side Playtex Apparel has links to their <playtexnet.com> website and on the right are links to Playtex Products, Inc.'s website Playtex <productsinc.com>. *Id.*

with the US and Canada in red and the rest of the world in green.<sup>237</sup> Over the red area is a text box that states, "Select here if you are resident of the USA, Canada or their respective territories."<sup>238</sup> A similar box is found over the green parts of the map.<sup>239</sup> Each box links the user to the website of the respective trademark holders.<sup>240</sup> At the bottom of the page it states,

SCRABBLE® is a registered trademark. All intellectual property rights in and to the game are owned in the U.S.A and Canada by Hasbro Inc., and throughout the rest of the world by J.W. Spear & Sons Limited of Maidenhead, Berkshire, England, a subsidiary of Mattel Inc. Mattel and Spear are not affiliated with Hasbro.<sup>241</sup>

The shared domain name seems to work for the two interested parties.<sup>242</sup> Each has a right in the name and an interest in preserving the goodwill of the name.<sup>243</sup> Admittedly, this is not the solution that would work for every situation, but probably would work in most situations where the name is used for a similar product, with the respective rights divided geographically and the parties having substantially equal interest in using the domain name.

Taking a page from the *Dawn Donut* court, a novel solution for a situation where one mark user is primarily using the Internet and the other mark user is not, may be to allow the two users to use the marks concurrently.<sup>244</sup> Obviously, there would need to be rules laid out as to the extent of the use permitted by both interested parties, however, this is not too far of a stretch from what is currently permitted for other marks.<sup>245</sup> The Internet in this scenario would act as a unique geographical area from the physical geographical area where the other mark user is using the mark. If the senior user were to expand to using the Internet (assuming the senior user was not the one using the Internet), at that time the junior user would have to bow to rights of the sen-

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237. See <http://www.scrabble.com>.

238. *Id.*

239. *Id.*

240. *Id.*

241. *Id.*

242. *Id.*; see also <http://www.playtex.com>; Isenberg, *supra* note 238, at 638.

243. See [www.scrabble.com](http://www.scrabble.com); see also <http://www.playtex.com>; Isenberg, *supra* note 238, at 638.

244. *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 360 (2d Cir. 1959).

245. See 15 U.S.C. § 1052(d) (2000). The commission is given power to allow for concurrent registration of similar marks. *Id.*

ior user, but not until then.<sup>246</sup> It may even be beneficial to both parties at that time to set up a website not unlike the Scrabble website because both parties may receive the benefit of having the other party's customers visiting their website. Obviously, this may not be practical in some situations, and maybe not for many situations, but what is critical is that the situation is being evaluated upon the specific facts that are being presented. The evaluation as to whether rights in a mark have accrued is similarly based on a factual inquiry.<sup>247</sup> This is how trademark infringement suits run their course, on a case-by-case, fact-by-fact analysis.<sup>248</sup>

## VII. CONCLUSION

There is no doubt the advent of the Internet has wrought substantial change to the manner in which the world economy is run.<sup>249</sup> A mark in today's market is at least as valuable as a mark that was used prior to the advent of the Internet and probably much more valuable.<sup>250</sup> A mark serves the multi-faceted role of identifying the source of goods and services, distinguishing the goods or sources from others and as an indication of quality, in addition to various other things.<sup>251</sup> The abuse of trademarks has been dealt with substantially throughout the history of the trademark law.<sup>252</sup> More recently, the laws have been directed at controlling the use of trademarks on the Internet.<sup>253</sup> While important to preserve the interests of owners of trademark rights, it is also important to allow for rights in marks to arise just as they always have, through use.

While the common law originally understood "use in commerce" to mean sales of goods and services, the current understanding is much broader, as it should be.<sup>254</sup> The inquiry into

246. See *Dawn Donut*, 267 F.2d at 360.

247. See *New West Corp. v. NYM Co. of Cal., Inc.*, 595 F.2d 1194, 1200 (9th Cir. 1979) (explaining that the determination of whether a party has established protectable rights in a trademark is made on a case by case basis, considering the totality of the circumstances).

248. See discussion *supra* Part VI.B.

249. See Shikhar Ghosh, *What's Your Role In The Networked Economy?*, Internet Week (Jul. 27, 1998), at <http://www.internetweek.com/change/change0727-2.htm>.

250. See generally Martensen, *supra* note 1 (explaining Coke earns approximately 70 million dollars per year in licensing their marks).

251. See 1 MCCARTHY, *supra* note 2, § 3:2.

252. See discussion *supra* Part VI.B.

253. See Isenberg, *supra* note 238, at 629-50.

254. *United We Stand Am., Inc. v. United We Stand, Am. N.Y., Inc.*, 128 F.3d 86, 92-93 (2d Cir. 1997) (explaining the term "use in commerce" as used in the Lanham Act denotes Congress's authority under the Commerce clause rather than an intent to limit the Act's application to profit making activity).

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who has the right to use a trademark and what amount of use is necessary to establish trademark rights is based on the unique circumstances in each case, according to the customary practices of the industry.<sup>255</sup>

For the foreseeable future, the Internet will continue to be a large part of commerce and communication. The use of marks serves the same purpose online and on the Internet as in the common or traditional market, and as such, there should be consistency in the treatment of the marks. The same laws should be applied to achieve the same effect. In registering a mark, for example, the same standards apply for a mark for jellybeans as to a domain name that reflects a car company. That is they each can be reviewed to see if each actually has been used as an actual mark thus meriting trademark protection.

That two users desire to use the same domain name to create a presence on the Internet for their goods or services should not preclude the use of the domain name by both parties. The concurrent use doctrine has long been a part of the common law and applying it to Internet domain names should not be terribly different.<sup>256</sup> Trademark law is largely built upon the premise of first-come, first-served.<sup>257</sup> As long as this remains the standard in common commerce the same standard should be applied to the Internet and domain names. Good faith adoption should be the flagship of trademark law, as well as for domain name and Internet use of marks.

*Jeffery R. Peterson*

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255. S. REP. NO. 100-515, at 44-45 (1988), (stating intent that “use in commerce” be interpreted to mean commercial use, which is typical in a particular industry, and “should be interpreted with flexibility, so as to encompass various genuine, but less traditional, trademark uses . . .”); *see also* Johnny Blastoff, Inc. v. Los Angeles Rams Football Co., 188 F.3d 427, 433 (7th Cir. 1999) (stating “[t]he determination of whether a party has established protectable rights in a trademark is made on a case by case basis, considering the totality of the circumstances.”); *City of Newark v. Beasley*, 883 F. Supp. 3, 9 (D.N.J. 1995) (explaining rights are established through public use of the mark and there is no set formula as to quantity of use required).

256. *See* discussion *supra* Part II.

257. *See* 4 MCCARTHY, *supra* note 2, § 26:14 (explaining establishment of right in unoccupied territory is a race to the market between competitors).