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personal jurisdiction over Dot Com.

Under 28 U.S.C. § 1391, venue is proper in a “. . . district where any defendant resides, if all defendants reside in the same state.” 28 U.S.C. § 1391. A corporation is deemed to

reside anywhere it is subject to personal jurisdiction when the suit is brought. Thus, because Dot Com is the only defendant and is subject to personal jurisdiction in the Western District of Pennsylvania, the court

declared venue to be proper.

Accordingly, the court denied Dot Com’s motion to dismiss for lack of personal jurisdiction and venue. •

Unauthorized use of a federally protected trademark in an Internet domain name is prohibited

by *Linda A. Kerns*

In *Cardservice International, Inc. v. McGee*, Civ. A. No. 2:96cv896 1997 WL 16795, at *1 (E.D. Va. Jan. 16, 1997), the United States District Court for the Eastern District of Virginia held that the unauthorized use of an Internet domain name which includes a protected trademark violates federal law. Cardservice International brought suit against Webster R. McGee (“McGee”) seeking damages and injunctive relief for McGee’s use of the domain name “cardservice.com,” alleging infringements of its federally protected trademark, “Cardservice.” The court granted Cardservice International’s request for a permanent injunction and the payment of reasonable attorneys’ fees.

A domain name is the method for locating a World Wide Web site (“site”) on the Internet. A site is a combination of computer graphics and text that a company uses to provide information to potential customers who can access the page with a computer and a modem. The designation “.com” at the end of the domain name indicates that the site is owned by a commercial entity. A domain name is as unique as a telephone number in that it is a specific method of reaching another party. Internet domain names are awarded to individuals who register on a first come, first serve basis. Businesses typically use some derivation of their business name as their domain name for ease of identification. McGee registered the Internet domain name, “cardservice.com” with Network Solutions, Inc., the company which regulates the use of Internet domain names. McGee used the name “cardservice.com” as the address for his site, where he advertised credit and debit services through a company called “EMS—Card Service

on the Caprock.”

Cardservice International also provides credit and debit card services and had registered the trademark “Cardservice International” with the United States Patent and Trademark Office prior to McGee’s use of the name “cardservice.com.” Cardservice demanded that McGee cease and desist any Cardservice related activity on the Internet. However, McGee refused to relinquish “cardservice.com” or to cease the use of the words “Card Service” on the Internet. He argued that part of his business name, Card Service, is two separate words and he registered it on the Internet as one word only because domain names do not allow a space. When Cardservice International developed a site on the Internet, it had no choice but to use the alternate domain name, “cardsvc.com.” Cardservice maintained that his could cause potential customers to inadvertently reach McGee’s site when they intended to reach Cardservice International.

Cardservice International protests the unauthorized use of its federally protected trademark

Cardservice International filed the described action alleging violations of the Lanham Act, 15 U.S.C. § 1114, for trademark infringement and unfair competition as well as common law unfair competition, unjust enrichment and misappropriation. The Lanham Act protects those who hold valid trademarks from unlawful infringement. McGee proceeded pro se and counterclaimed seeking declaratory relief, asserting that he was the

rightful owner of the domain name, "cardservice.com," that Cardservice International interfered with his business relationships, and that Cardservice International had committed wire fraud and trademark misuse.

The district court granted Cardservice International's motion for a preliminary injunction and ordered McGee to cease all direct and indirect use of any variation of "cardservice" on the Internet. McGee then sought to amend his original answer with personal jurisdiction and venue defenses. However, the court refused the motion due to its untimeliness. The court also dismissed the defendant's counterclaims and the plaintiff's claim of damages, leaving only equitable issues to be resolved at a bench trial. Thereafter, McGee developed another site identified by the domain name "wrm.com." Cardservice International filed a motion alleging that the defendant violated the preliminary injunction order by referring to Cardservice at the new Internet site. The plaintiff also introduced evidence that McGee intended to use another new site called "csimall.com," allegedly derived from the initials of Cardservice International, in order to engage in "guerilla warfare" on the Internet. The court agreed with the plaintiff and found McGee in contempt, ordering him to pay attorneys' fees for the litigation thus far in the amount of \$3,655.00. The court also ordered the parties to meet and agree on a plan for ending McGee's violations of the preliminary injunction. After the parties successfully devised a plan to alleviate McGee's violations, the court proceeded with a bench trial on the merits of Cardservice's claim for a permanent injunction and subsequent attorneys' fees. At this point, McGee desired to put an end to the litigation and, therefore, agreed not to contest Cardservice International's evidence.

Internet policy cannot trump federal trademark law

The court granted the permanent injunction and enumerated the reasons as required by law. The court stated that the first come, first serve policy of granting domain names on the Internet cannot override federal trademark law. The rights of a valid trademark holder cannot be trumped by an individual company policy, nor can the rights be changed without congressional action. The court concluded that those who obtain domain names are not immune to federal law.

Court uses test to determine the likelihood of confusion

It was undisputed that Cardservice International owned a valid trademark, subject to full protection under the law. The court found a similarity and, therefore, a likelihood of confusion between Cardservice International's registered mark and McGee's use of "cardservice.com" and Card Service on the Internet. The court used the factors developed in *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984) to determine whether there was a likelihood of confusion which would indicate a violation of federal trademark law. These include: "(1) the strength or distinctiveness of the mark; (2) the similarity of the two marks; (3) the similarity of the goods/services the marks identify; (4) the similarity of the facilities the two parties use in their businesses; (5) the similarity of the advertising used by the two parties; (6) the defendant's intent; and (7) actual confusion." *Id.* All of the factors need not be in the plaintiff's favor in order to support a finding of confusion. In this case, several of the *Pizzeria Uno* factors favored a finding that McGee's use of "cardservice.com" and "Card Service" is substantially similar to Cardservice International's registered mark. Moreover, since both parties use the Internet as a forum for their services, these factors of similarity are even more important.

Domain name disputes are different than traditional trademark disputes since a trademark dispute typically involves two or more parties who attempt to use the same or substantially the same mark. In contrast, domain names only allow one party to use such a mark. A customer who is unsure about a company's domain name may assume that it is the same as the company's regular business name. A domain name is more than an address because it also serves as the company's identity on the Internet. Because McGee used "cardservice.com," Cardservice International was precluded from using the domain name that contained the company's trademarked name and, thus, forced to use another domain name. A customer seeking Cardservice International on the Internet would probably inadvertently stumble upon McGee's site and assume that they actually reached Cardservice International. This is the type of confusion that the trademark laws were designed to prevent. The court stated that its

finding against McGee was based on evidence which McGee chose not to contest.

The court awards attorneys' fees due to malicious intent and bad faith

The law also allows reasonable attorneys' fees in "exceptional cases" involving trademark infringement. Because the court determined that McGee acted in bad faith, it awarded reasonable attorneys' fees in the amount of \$59,591.25. The evidence showed that at the very least, McGee did know of the existence of Cardservice International when he obtained a domain name. This by itself would not have been enough. However, McGee's conduct after notification and initiation of litigation demonstrated bad faith and malicious intent. This behavior included posting

derogatory remarks about Cardservice International on his site and referring potential customers to competitors. McGee also engaged in what he termed "guerilla warfare," warning Cardservice International that he would prevent their effective use of the Internet as a forum for business. The court found that these malicious actions were not made during the course of the "reasonable continuation of litigation."

The terms of the Lanham Act do not limit themselves in any way which would prevent application of federal trademark law to the Internet. The court concluded that unauthorized use of a domain name that includes a federally protected trademark directly conflicts with federal trademark law. The court ordered McGee to cease all direct or indirect use of "cardservice," "csi" or "csimall" on the Internet and to pay Cardservice International's reasonable attorneys' fees. •

Federal District Court for California grants a permanent injunction prohibiting copying of Sega video games on electronic bulletin boards

by Bree A. Segel

Sega Enterprises, Ltd. and Sega of America, Inc. ("Sega"), manufacturers and distributors of computer video game programs and systems under a registered trademark, filed suit alleging defendant Chad Sherman ("Sherman") violated federal copyright infringement laws, California trade name infringement laws, California unfair competition laws, and federal unfair competition laws. *See Sega Enterprises Ltd v.*

MAPHIA, 948 F. Supp. 923 (N.D. Cal 1996).

Sherman is the owner and system operator of an electronic bulletin board ("BBS") identified as "MAPHIA." The BBS is made up of computer hard drives connected to personal computers through modems. MAPHIA users (who number approximately 400) retrieve information from the MAPHIA BBS to their computers by "downloading"

stored information. Each MAPHIA user is identified by a handle (a pseudonym used to identify individuals to other system users) and a secret password. The MAPHIA BBS is open to the public at large.

Evidence collected from seizure

Sega received an anonymous tip that Sherman's BBS was distributing