The Future of the Concurrent Use of Trademarks Doctrine in the Information Age

David S. Barrett

Follow this and additional works at: https://repository.uchastings.edu/hastings_comm_ent_law_journal

Part of the Communications Law Commons, Entertainment, Arts, and Sports Law Commons, and the Intellectual Property Law Commons

Recommended Citation
Available at: https://repository.uchastings.edu/hastings_comm_ent_law_journal/vol23/iss4/2

This Article is brought to you for free and open access by the Law Journals at UC Hastings Scholarship Repository. It has been accepted for inclusion in Hastings Communications and Entertainment Law Journal by an authorized editor of UC Hastings Scholarship Repository.
The Future of the Concurrent Use of Trademarks Doctrine in the Information Age

by

DAVID S. BARRETT

I. Brief History of Concurrent Use ................................................ 689
II. Geographic Remoteness ............................................................. 692
   A. Establishing Territorial Rights with the Market
      Penetration Test ................................................................... 693
      1. Minimum Sales Volume .................................................. 693
      2. Passive Versus Active Web Sites ...................................... 696
   B. Establishing Territorial Rights with the Reputation Test ......... 698
      1. Advertising on the Web .................................................. 699
         a. “Where” a Trademark is Advertised in Cyberspace .......... 700
         2. Perambulating Customers ............................................ 702
         3. Active Versus Passive Web Sites .................................. 703
   C. Establishing Territorial Rights with the Zone of Expansion Test ...................................................................... 705
      1. Zone of Natural Expansion ............................................ 705
III. Do Domain Names and Web Presence Eliminate the Good Faith and Innocent User Defense? ........................................ 706
   A. Domain Names as Notice .................................................. 707
   B. Web Site and Advertising as Notice .................................... 711
IV. A Not So New Analysis ............................................................. 715
V. Conclusion ................................................................................ 720

* David Barrett is an attorney practicing in Cameron Park, California. The author would like to thank Sharon Sandeen for her comments and advice.
Introduction

All is not well in the land of Internet trademark law. Namely, the concurrent use doctrine is in need of an updated analysis, and fast. Generally, in the United States, the first user to either use a mark in commerce or file an intent to use application with the Patent and Trademark Office (“PTO”) has the ultimate right to use and register the trademark. This is called the “first to use” doctrine, and it is in contrast to most other nations which maintain a “first to register” system. Out of the first to use system sprang the common law doctrine of concurrent use. The concurrent use doctrine allows different owners to use the same or similar marks in commerce under certain circumstances. This common law doctrine was codified into the Lanham Act in 1946 in section 1052(d).¹

Whether a subsequent adopter of a mark, the “junior user” or “subsequent user,” may concurrently use a trademark already in existence for the same class of goods or services depends on two primary considerations. First, the junior user must be using the mark in a geographically remote area in relation to the area in which the first user, the “senior user,” is doing business. Second, the junior user must have adopted the mark in good faith. In a shrinking majority of jurisdictions, good faith means the subsequent user must have adopted the mark without actual knowledge of the first user’s mark.² In a minority of jurisdictions, good faith means that even if the subsequent user knew about the first user’s mark, the junior user adopted the mark without the intention to palm off their goods as the senior user’s goods.³ The role that “good faith” plays in the concurrent use doctrine to determine common law rights should not be confused with the role that “good faith” plays in the analysis of a junior user’s defense to the senior user’s claim of incontestability⁴ or

---

² See Money Store v. Harriscorp Finance, Inc., 689 F.2d 666, 674 (7th Cir. 1982); Weiner King, Inc. v. Weiner King Corp., 615 F.2d 512, 522-23 n. 6 (Cust. & Pat. App. 1980) (holding that actual notice is sufficient to support bad faith).
⁴ This is termed the “limited area” defense. See 15 U.S.C. § 1115(b)(5) (2001) (requiring “[t]hat the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant’s prior use and has been continuously used by such party”); see also Members First Fed. Credit Union v. Members 1st Fed. Credit Union, 54 F. Supp. 2d 393, 407 (M.D. Pa. 1999) (“[O]nce a mark becomes incontestable, its registration constitutes conclusive evidence of the mark’s validity, the registrant’s
the “good faith” element of the likelihood of confusion test.\(^5\) This paper does borrow the reasoning of the two latter lines of cases in order to develop certain arguments.

It is now the Information Age and the Internet has become an increasingly common information repository shared by many individuals. This instant interconnection of individuals and businesses now threatens the basis on which the concurrent use doctrine rests; i.e., ignorance of another’s mark due to geographic distance and the overlap of remote territories due to the Internet. The increasing commercial use of the Internet gives rise to the possibility that the Internet may effectively give at least some degree of notice to any subsequent user that another person is using the text-based trademark in question.\(^6\)

This article examines the two critical aspects of the concurrent use doctrine as it relates to a company’s presence on the World Wide Web (“web”): geographic limitations and the innocent adoption of a mark. Part I gives a brief history of concurrent use. Part II discusses the role that web advertising and websites have on the geographic limitations imposed upon concurrent users. Part III discusses the junior user’s good faith requirement and the notion that domain names and web presence may be considered notice to subsequent users of the same or similar marks. Part IV discusses the need for eliminating the geographic component of the concurrent use doctrine in order to provide simplicity and stability in the law, as well as a future for this legal doctrine.

I

Brief History of Concurrent Use

Concurrent use of trademarks doctrine is largely unique to the United States’ legal system. The doctrine arose out of a first-to-use legal environment steeped in the convenience of having a large country. This made it possible for different users to create the same or similar mark independently – both parties being ignorant as to the other’s use of the mark in commerce. The courts created a doctrine that did not punish the subsequent user of a mark if the subsequent

---

5. See Brookfield Commun., Inc. v. West Coast Ent. Corp., 174 F.3d 1036, 1059 (9th Cir. 1999).

6. This notice is similar in some respects to the constructive notice that a registered trademark gives to any junior user. It is important to note at the outset that although trademarks can take the form of symbols, designs, and logos, this article refers only to text trademarks unless otherwise noted.
user conducted business in a geographically remote area and adopted the mark innocently and in good faith. The concurrent use doctrine is the result of a court's desire to find an equitable balance between trademark users and the buyers of the goods or services.7

*Allen & Wheeler Co. v. Hanover Star Milling Co.* is the seminal case regarding concurrent use.8 In that case, an Illinois corporation, Hanover Star Milling Company ("Hanover"), manufactured flour and sold it to numerous New England states under the name of "Tea Rose."9 Hanover brought a trademark infringement action against Metcalf, a seller of flour in several southern states under the same name.10 The United States Supreme Court determined that although the defendant began using the name "Tea Rose" after the plaintiff first used it, Metcalf was not aware of this fact, and the areas each party did business in were geographically remote from each other.11 The Court held that "where two parties independently are employing the same mark upon goods of the same class, but in separate markets that are wholly remote from one another, the question of prior appropriation is legally insignificant."12

The Court offered conflicting guidance as to the degree of knowledge needed to constitute good faith adoption of a mark. The Court stated in one part of the opinion that a junior user who adopted the mark in "perfect good faith, with no knowledge that anybody else was using" the mark was a good faith user.13 Later, the Court stated that where two users of the same mark are in remote markets, the junior user may keep its trademark and trade market, "unless, at least, it appear[s] 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."14

Two years later, in *United Drug Co. v. Theodore Rectanus Co.*, the United States Supreme Court upheld the concurrent use
doctrine. In Rectanus, a Massachusetts resident made and distributed a medicine labeled “Rex.” This use first started in 1877; the person registered the word “Rex” under the laws of Massachusetts in 1898 and with the United States Patent Office in 1900. Thereafter the business began to expand nationally. Meanwhile, around 1883, Theodore Rectanus, a druggist in Louisville, Kentucky, began employing the word “Rex” in relation to other medicines distributed in and around Louisville only. The plaintiff Massachusetts company eventually entered the Louisville market with several “Rexall” stores. A shipment of Rex-labeled drugs was shipped to the Louisville market; litigation followed thereafter. The Court stated that because the defendant did not know of plaintiff's prior use of the mark “Rex” and Louisville was remote to plaintiff's geographic area of use, the defendant was not enjoined from using the mark in the Louisville area.

The concurrent use doctrine outlined by these two cases is known as the “Tea Rose-Rectanus doctrine,” herein simply referred to as “concurrent use” doctrine. The concurrent use doctrine governs territorial rights in unregistered trademarks. This doctrine was entrenched in common law by the time it was first codified in 1946 with the passage of the Lanham Act. The Lanham Act tried to dispense with the “good faith” defense by establishing constructive notice to all subsequent users of a registered mark. The Lanham Act allows subsequent users to register trademarks as long as there is “concurrent lawful use” of the mark prior to registration. Registration freezes the nonregistered concurrent user to the markets in which it is doing business at the time of the registration application, and it only extends exclusive use nationwide to goods and services indicated in the registration certificate.

15. 248 U.S. 90 (1918).
16. Id. at 94.
17. Id.
18. Id.
19. Id.
20. Id.
21. Id.
22. See id. at 103.
24. Id.
25. Id.
26. See id.; see also Avon Shoe Co. v. David Crystal Inc., 279 F.2d 607, 613 n. 7 (2d Cir. 1960); Old Dutch Foods, Inc. v. Dan Dee Pretzel & Potato Chip Co., 477 F.2d 150, 156 (6th Cir. 1973).
II

Geographic Remoteness

The geographic remoteness requirement is just as it sounds – the trademarks must operate in physically separated trade markets. The first step in determining remoteness is to ask whether one of the trademarks at issue is nationally registered. At the time of filing for a trademark registration, the filing party establishes nationwide rights to use the mark except in the areas where the other user already operates, and registration triggers a different analysis than the one discussed in this paper.27

Assuming that there is no registration, the next step is to determine whether either the junior or senior user’s mark in question require secondary meaning. Here the analysis dovetails. If a mark is not inherently distinctive, then a secondary meaning must be established before the courts determine in which markets the trademark has established common law rights.28 If no secondary meaning can be established, then no trademark rights will flow to the area where there is no secondary meaning. If secondary meaning can be established, then the analysis merges with that analysis applied to inherently distinctive marks.

Inherently distinctive marks may have one or more of the judicially created tests applied to the trademark’s commercial activity in order to determine in which markets the user has rights.

The courts do not grant a geographically based trade market to more than one trademark user.29 Three tests have developed to determine whether a certain geographic area is included within a party’s exclusive territory: (1) market penetration, (2) reputation, and (3) zone of natural expansion.30 Jurisdictions are split and even

27. There is authority that states that even though a senior user has registered the mark, the senior user may not obtain an injunction against the junior user in those markets where the senior user has not yet penetrated. See Dawn Donut Co. v. Hart’s Food Stores, Inc., 267 F.2d 358 (2d Cir. 1959).
28. This forces the question as to whether there is a difference in the amount of business activity needed to prove secondary meaning and the amount of business activity needed to establish sufficient market penetration. There is some authority that states that a greater quantum of evidence is needed to establish a secondary meaning than for market penetration. See Adray v. Adray-Mart, Inc., 68 F.3d 362 n. 4 (9th Cir. 1995), amended on other grounds, 76 F.3d 984, 989 n. 3 (9th Cir. 1996) (implying the automatic guarantee of sufficient market penetration needed to establish common law rights when secondary meaning is established).
29. Note that exactly the same trademark can coexist in the same physical territory as long as the class of goods the mark is identified with is different and there will be no likelihood of consumer confusion as to the source of the goods.
30. Reputation is a factor to be considered in the market penetration test, but
confused about which test to use, but the courts apply either one or more of the tests.

The market penetration test is the traditional and widely used test. It measures the amount of actual sales, advertising, and reputation the senior user has established for a trademark in a particular trade market at the time the junior user has applied for registration with the PTO. An offshoot of the market penetration test is the reputation test. It has been described as closely related to the market penetration test, and it is typically used when sales in a market are nonexistent or de minimis. The test measures the degree to which consumers in a market associate the mark with the good or service and its origin. The third test, the zone of natural expansion test, is not widely accepted. It is typically used when there are neither actual sales nor an established reputation in a market, but instead it is invoked when the court feels that the senior user of a mark should be granted room to expand into a certain area or if the court concludes that the business was likely to have expanded there.

The next section examines the extent to which Internet sales, Internet advertising, and web presence contribute to the establishment of sufficient market penetration and reputation and whether the courts can use them to establish a zone of natural expansion into a geographic location.

A. Establishing Territorial Rights With the Market Penetration Test

As mentioned earlier, there is a distinction between marks that require secondary meaning and those that do not. If a mark requires the establishment of secondary meaning, the general rule is that territorial rights cannot be established unless and until the mark acquires secondary meaning. This paper assumes that the trademarks in question have acquired secondary meaning or are inherently distinctive. Dispersed throughout are discussions regarding how Internet business activity may encroach upon another user’s territory and trigger an infringement.

1. Minimum Sales Volume

The traditional market penetration test examines the degree to which a mark has been commercially used in a particular geographic area. There are a number of factors that the courts use when
determining whether a trademarked product has sufficiently penetrated a market so as to include that area within the trademark’s geographic coverage. Adding confusion to this test, a few courts have “market penetration” tests, but which are arguably an amalgam of the market penetration and zone of natural expansion tests, or the market penetration and reputation tests.32

The Eighth Circuit case, Sweetarts v. Sunline, Inc.,33 established four factors relevant to whether a mark has sufficiently penetrated a market. The court said to consider everything, but to emphasize: (1) the senior user’s dollar value of sales at the time the junior user enters the market; (2) the number of customers serviced by the senior user in the area compared to the area’s total population; (3) the senior user’s relative and potential growth in sales; and (4) the length of time since significant sales were achieved in the area.34 The Appeals Court remanded the issue as to whether the senior user had established market penetration using these factors.35 When the trial court determined that most of the states at issue were deemed to be within the senior user’s territory,36 it went up on appeal again.37 The Appeals Court reversed and announced that none of the states were within the senior user’s territory.38 The court seemed to focus more on the amount of sales generated above all other considerations.39

32. For example, Weiner King, Inc. outlined the relevant factors as follows: the party’s (1) previous business activity; (2) previous expansion or lack thereof; (3) dominance of contiguous areas; (4) presently-planned expansion; and, where applicable, (5) possible market penetration by means of products brought in from other areas. 615 F.2d. at 523. In Natural Footwear Ltd. v. Roots, the Third Circuit established a four factor test: (1) the volume of sales of the trademarked product; (2) the growth trends (both positive and negative) in the area; (3) the number of persons actually purchasing the product in relation to the potential number of customers; and (4) the amount of product advertising in the area. 760 F.2d 1383, 1398-99 (3d Cir. 1984); see generally William J. Cross, Student Author, The Territorial Scope of Trademark Rights, 44 U. Miami L. Rev. 1075, 1103 (1990) (stating that there is confusion surrounding the appropriate terminology for the different tests); see also Adray, 76 F.3d at 989; Tally-Ho, Inc. v. Coast Community College Dist., 889 F.2d 1018, 1028 (11th Cir. 1989); Minuteman Press Intl., Inc. v. Minute-Men Press, Inc., 219 U.S.P.Q. 426, 439 (N.D. Cal. 1983); Pedi-Care, Inc. v. Pedi-A-care Nursing, Inc., 656 F. Supp 449, 454 (D. N.J. 1987); Quality Cts. United, Inc. v. Quality Cts., Inc., 140 F. Supp. 341, 349 (M.D. Pa. 1956). Some courts use all three tests because of the uncertainty surrounding the proper test to use. See e.g. Laurel Capital Group, Inc. v. BT Fin. Corp., 45 F. Supp. 2d 469, 482 (W.D. Pa. 1999).

33. 380 F.2d 923 (8th Cir. 1967).
34. Id. at 929.
35. Id. at 923.
39. Id. at 708-09.
mentioned the population of all the states, but with regard to a few of the smaller states that the court said were close calls, it made no comment as to the significance the population played in the analysis.  

Aggregating the amount of sales is not the only method of analyzing market penetration. In *Wrist-Rocket Manufacturing Co. v. Saunders Archery Co.*, the Eighth Circuit considered the ratio of state population to units sold in that state as another aspect of market penetration analysis.  

The Third Circuit in *Natural Footwear* changed the *Sweetarts* rule by eliminating the time element and adding "amount of product advertising," while another Third Circuit case considered the market share of the trademarked goods.  

In the Information Age, the new question for the courts is to what degree the Internet affects these market penetration analyses regarding sales volume. The answer is, very little. The one constant through most of these methods of measuring market penetration is the straightforward nature of the required information; specifically, the total amount of sales, number of customers, and population. Sales via the Internet can be logged like any other transaction. The more difficult aspect of measuring market penetration is through the last factor of the *Natural Footwear* case: the amount of advertising. This analysis is examined under the reputation test section that follows. The non-geographic nature of the Internet cannot readily help a vendor determine where its Internet advertising is being viewed unless website operators keep track of the IP addresses of the visitors. These IP addresses have geographical information integrated into its number sequence. But, this is not currently a reliable way to determine the exact location of the visitor because of the proliferation of proxy servers that make anonymous users and Internet Service Providers who reserve blocks of IP addresses for use by their dial-up customers. Locating a visitor's physical locale may be possible and useful if the user has a connection to the Internet by a method that

40. *Id.* at 708.

41. 578 F.2d 727, 733 (8th Cir. 1978) (setting the ratio of 20,000 persons to one sale as the threshold for sufficient market penetration). This per se rule was later rejected by another circuit in *Charles Jacquin et Cie, Inc. v. Destileria Serralles, Inc.*, 921 F.2d 467, 474 (3d Cir. 1990).

42. 760 F.2d at 1399.

43. *Charles Jacquin et Cie.*, 921 F.2d at 474.

44. An IP address is a "32-bit numeric address written as four numbers separated by periods." Webopedia, *IP address* <http://webopedia.internet.com/term/i/ip_address.html> (accessed Feb. 1, 2001). The number identifies a particular computer network and every computer network connected with the Internet has a registered IP address. *See id.*
requires their computer to have a unique IP address. Before advertising is discussed, the nature of websites and the role they play in the market penetration test will be addressed.

2. Passive Versus Active Web Sites

In personal jurisdiction cases involving websites and the degree of contact the websites provide with the chosen forum, the courts have concluded that the nature and type of website activity matters. The question here is whether the nature and type of website activity should contribute to the non-advertising market penetration tests.

There are three types of website activities: passive, active, and partially active. Passive presence typically means that a website presents basic information to the visitor regarding the products and business. A passive site is neither a conduit for business nor is it a means of directly communicating with the company. At the other end of the spectrum is the active website. An active website is a facilitator of business and provides a means of communicating (automated or not). In the middle of these two types is the partially active website. At the very least, a partially active website provides some degree of business facilitation or direct communication with a company’s individuals or computers.

Analogizing to personal jurisdiction cases is helpful because a “contact” is conceptually similar to a penetration of a particular geographic location. The mere fact that a website is accessible from a particular location does not constitute a contact with the forum.

With passive sites, there is no penetrating business activity. As was said in one jurisdiction case, simply maintaining a passive website does not mean the site owner is deliberately directing business

---


46. See generally CompuServe v. Patterson, 89 F.3d 1257 (6th Cir. 1996); Cybersell, Inc. v. Cybersell, Inc., 130 F.3d 414 (9th Cir. 1997); Maritz, Inc. v. Cybergold, Inc., 947 F. Supp. 1328 (E.D. Mo. 1996) (finding jurisdiction despite evidence of any actual transactions with forum residents, browsers were encouraged to add their address to a mailing list that basically subscribed the user to the service); Zippo Mfg. Co. v. Zippo Dot Com, Inc., 952 F. Supp. 1119, 1124 (W.D. Pa. 1997) (finding purposeful availment based on Dot Com’s interactive website and contracts with 3000 individuals and seven Internet access providers in Pennsylvania allowing them to download the electronic messages that form the basis of the suit).

activity, i.e., trademarked goods or services, to a specific geographic location. This logic fits nicely within the market penetration test because a passive site does not "push" a trademark into a trade market.

Active and partially active sites require more sophisticated handling because there are many ways a site can interact with a visitor; e.g., downloading files, filling out online forms, directly emailing site operators, consummating a contract, or subscribing to an email list. One possible analysis can differentiate the types of interactivity as either primarily advertising or primarily sales oriented. Interactivity that is primarily advertising is dealt with in Part II(B).

As for primarily sales oriented interaction, the analysis again dovetails. Recall that the issue here regarding concurrent use is whether the visitor's interaction with the website can either (i) contribute to the aggregate actions necessary for the business to establish sufficient market penetration within the visitor's geographic market; or (ii) if there already exists a confusingly similar trademark within the visitor's geographic market, whether the visitor's interaction constitutes an infringement by the remote business' trademark in the visitor's physical locale.

Establishing market penetration of a physical locale by a trademark on a website via primarily sales oriented interactions will first be discussed. An interaction may be with an individual or an automated system. An individual or computer that responds to any visitor's attempt at communication or transaction should be held to the same standard as is applied to non-Internet concurrent use cases. The courts primarily emphasize total sales and the number of customers. How these sales evolved is not influential when determining the degree of market penetration in a geographic area. So, in the case of establishing market penetration, active and partially active sites, like passive sites, are not pertinent to the market penetration test. In essence, the courts' discussion revolves primarily around the product: (1) how many units entered the market; (2) the total cost outlay; (3) over what amount of time was the product imported; (4) the ratio of the product per population; and (5) the market share of the product. Note that how the deals were

48. Cybersell, 130 F.3d at 419.
49. It may be arguable that merely logging on to the site and proceeding to examine the site is an implied contract that entering the site subjects the visitor to any presented advertisements and material. And since a website is an advertisement, business activity occurs.
consummated does not enter the equation.

However, violating another user's territory via primarily sales oriented interactions does implicate website business activity. This should hold true when the interaction is directly with an individual or an automated system. The crux of trademark law is whether there is a likelihood of confusion between two trademarks. Whether the owner of the encroaching mark actually knew about the other mark is not important.\(^{50}\) As is discussed later, knowledge is important only when first determining a mark's geographic coverage. Because knowledge is of no import, whether the territory is being penetrated is by automated system is irrelevant.

The final step in this analysis is to determine what type of primarily sales oriented interaction is an actual penetration of a visitor's geographic market. Many types of interactions exist, but the market penetration analysis is more or less the same as the traditional concurrent use analysis utilized by the courts.

**B. Establishing Territorial Rights with the Reputation Test**

The preceding section noted that the reputation test is closely linked to market penetration analysis. Instead of measuring the amount of goods, the reputation analysis examines the amount of advertising and its resulting effect on a trademark's reputation. Courts have held that national advertising\(^ {51} \) and mail order businesses\(^ {52} \) can establish a reputation in areas where a good or service has not been sold. Advertising must "distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark."\(^ {53} \) Essentially, "extensive advertising and

---

\(^{50}\) See Chanel, Inc. v. Italian Activewear of Fla., Inc., 931 F.2d 1472, 1476 (11th Cir. 1991) (A showing of intent or bad faith is unnecessary to establish a violation of § 1114(a)). While a knowing adoption of a mark raises a presumption of confusion, Harley-Davidson, Inc. v. Seghieri, 29 U.S.P.Q.2d 1956 (N.D. Cal. 1993), an innocent state of mind is irrelevant on the issue of likelihood of confusion because the lack of intent to deceive does nothing to alleviate the confusion created, Playboy Ent., Inc. v. Frena, 839 F. Supp. 1552, 1561 (M.D. Fla. 1993). However, in determining likelihood of confusion in a trademark infringement action, a court must consider following factors: strength of plaintiff's mark; similarity between plaintiff's mark and allegedly infringing mark; similarity between products and services offered by plaintiff and defendant; similarity of sales methods, i.e., retail outlets or customer; similarity of advertising methods; defendant's intent; and actual confusion. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a) (West 1998).

\(^{51}\) See Brookfield, 174 F.3d at 1052.

\(^{52}\) Western Auto Supply Co. v. Knox, 93 F.2d 850 (10th Cir. 1937); see also Benioff v. Benioff, 222 F. 835 (Cal. App. 1st Dist. 1923).

\(^{53}\) New England Duplicating Co. v. Mendes, 190 F.2d 415, 418 (1st Cir. 1951); see also Warnervision, 915 F. Supp. at 645.
promotional activities may" build a reputation and be sufficient to establish common-law trademark rights.\textsuperscript{54}

1. Advertising on the Web

The difficulty in stating how the law stands with respect to the level of advertising sufficient for establishing common law rights is that the size of the geographic market can be defined in numerous ways. State, city, or county boundaries have often been utilized. There is no set threshold establishing an amount of advertising that the court defines as sufficient penetration.

The \textit{Natural Footwear} market penetration test presents an "Internet-unique" problem because it examines the amount of advertising in an area which is akin to the degree of established reputation. This is articulated in \textit{Hanover Star}:

\begin{quote}
Into whatever markets the use of a trademark has extended, or \textit{its meaning has become known}, there will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress.\textsuperscript{55}
\end{quote}

Determining the geographic scope of trademark rights based on advertising is fact specific. The "market area" is the region from which the business draws its customers.\textsuperscript{56} A few courts have demarcated the geographic scope based on municipal, state, or politically established boundaries.\textsuperscript{57} The courts have even defined markets within cities using streets.\textsuperscript{58} Most courts reject this method and demarcate the scope according to the markets penetrated, and in so doing the courts look to the factors regarding the channels of trade used and the distribution methods utilized.\textsuperscript{59} Regardless of the method used, courts must examine whether the user of a mark has

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{54} \textit{Warnervision}, 915 F. Supp. at 645 (citing \textit{New West Corp. v. NYM Co.}, 595 F.2d 1194, 1200 (9th Cir. 1979)).
\item \textsuperscript{55} 240 U.S. at 415 (emphasis added).
\item \textsuperscript{56} \textit{See} Rudolph Callaman, \textit{The Law of Unfair Competition, Trademarks, and Monopolies} \textsection{} 20.48, 544-50 (4th ed. 1999).
\item \textsuperscript{57} \textit{See} e.g. \textit{Younker v. Nationwide Mutual Ins. Co.}, 191 N.E.2d 145, 151-54 (1963) (Raft, C.J., and Matthias, J., concurring part and dissenting in part from the judgment); \textit{Federal Glass Co. v. Loshin}, 224 F.2d 100, 102 (2d Cir. 1955); \textit{W. Refining Co. v. Jones}, 27 F.2d 205, 205 (6th Cir. 1928).
\item \textsuperscript{58} \textit{See} e.g. \textit{Pioneer Savings and Loan Assoc. v. Pioneer Finance and Thrift Co.}, 417 P.2d 121, 122-23 (1966); \textit{Alexander's Dept. Stores v. Rapoport}, 113 N.Y.S.2d 718, 719-20 (1952).
\item \textsuperscript{59} \textit{See Wrist Rocket Mfg. Co., Inc. v. Saunders Archery Co.}, 578 F.2d 727, 732 (8th Cir. 1978).
\end{itemize}
\end{footnotesize}
established a well-known reputation. For this, courts also examine the nature, distribution, and duration of advertising.

The problem with the reputation analysis is the overlap between cyberspace and "realspace" reputation. Making individuals aware of a product via Internet advertising still results in building a reputation like any other product advertised by the traditional media. Should realspace and cyberspace be segmented so that they are distinct markets? If the law will not segment the two media, then how does a court gage where reputation is being built in geographically distinct markets by advertising in cyberspace? After all, the court cannot merely dismiss the effects of Internet advertising.

Internet advertising can generate a realspace reputation similar to that created by traditional media. In fact, if a site has mostly local content, Internet advertising might be treated similarly to print media. The circulation of the printed version is analogous to the number of "hits," i.e., visitors, to a website. Websites predominantly targeted at a national audience can be treated similarly to national media.

a. "Where" a Trademark is Advertised in Cyberspace

It should be kept in mind that this article deals exclusively with the effect of Internet advertising on a trademark's geographic remoteness. It has been argued that "virtual" markets can be discerned in various ways, thereby allowing the concurrent use doctrine to survive in cyberspace. What is missing from those discussions is the effect that Internet presence has on geographic markets. This next section offers one of several methods to help answer two important questions: (1) how to determine which geographic area has been impacted by Internet advertising, and (2) how to establish the boundaries of the geographic markets that have been affected.

With regards to the "where" portion of the analysis, the courts have already spoken that geography is irrelevant to the Internet. Because the element of "remoteness" has always been applied to the

60. For the purpose of this article, "Realspace" is defined as the physical world, whereas "cyberspace" is "primarily used to refer to the digital world constructed by computer networks, in particular the Internet." <http://www.netlingo.com/lookup.cfm?term=cyberspace> (accessed Mar. 25, 2002).

61. However, the courts do compare the Internet architecture to geography. See Reno v. ACLU, 521 U.S. 844, 890 (1997) ("Cyberspace undeniably reflects some form of geography; chat rooms and Web sites, for example, exist at fixed "locations" on the Internet... it is possible to construct barriers in cyberspace and use them to screen for identity, making cyberspace more like the physical world.").
geographic sense of the word and it is necessary to establish concurrent use, courts can either disregard it for cyberspace analysis, presume remoteness, or use a proxy for geography. Under the current Internet architecture (technically speaking), a feasible proxy that establishes a nexus between realspace geography and cyberspace is the nature of a website’s target audience. Even though most businesses welcome global attention, it would be incorrect to assume that all websites target a global audience. Many websites will not be of much use to non-local individuals. In other words, there is a difference between global viewers and global purchasers. The target audience can be surmised by easy to cumulate data, e.g., the nature of the business, the nature and characteristics of the typical purchaser, local hits in proportion to global hits, location of consumer purchasers, and the location of buyers of advertising on the website.

Several advertising situations may arise: a geographically remote or Internet-only business that advertises on (1) a national, non-local content website, (2) an exclusively local-content website, and (3) a combination national and local-content website. Although Internet businesses welcome global attention, the content may be targeted at a specific audience. For example, many newspapers have websites, and within the website there may be web pages devoted to classified advertising. Like its print counterpart, many transactions are expected to take place locally, e.g., renting an apartment or selling a car. It is therefore arguable that persons utilizing the online classified advertising are local persons. The courts have used the “target audience” analysis of certain advertising media as a limiting factor. If a remote user chooses to advertise on the online version, this might infringe on the local area’s trademark already in use there. The nexus between cyberspace and realspace is therefore website content. A clearer example is a website that features only local businesses, e.g.,

---

63. It might be tempting to assume that any retailer that establishes a website is determined to solicit a national audience. It may be more practical to go after the local customers if a business is not prepared to deal with the volume. A local business cannot realistically compete with national retailers on price. Instead, emphasizing the benefits of shopping local or offering benefits to shoppers who come to the actual store can gain local support. Tim McCollum, Corner Store.com. Industry Standard, (Apr. 17, 2000) (available in LEXIS, Markets and Industry News) (describing a local retailer’s 500% increase in web business after targeting the website to locals).
local Chamber of Commerce websites. The content promoting local businesses is of use primarily for those individuals who can take advantage of these local services. Once the nexus between cyberspace and realspace is bridged, the courts may have a harder time refining the scope of territory covered. As the court in Hanover Star stated:

[S]ince it is the trade, and not the mark, that is to be protected, a trademark acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where the trader's goods have become known and identified by his use of the mark.

In the above-mentioned classified advertising example, it may be impossible to gage from where the visits originate—from within the city limits or outside. Perhaps the boundary may be demarcated according to the distribution of the printed version. It may be necessary and practical to rethink Hanover's rejection of per se municipal boundary demarcations.

When a web business is targeted to a national audience, content on a website is no longer useful as a nexus between cyberspace and realspace. National-oriented websites can be determined by the nature of the advertising and the geographic scope of sales. Generally, the lack of local business content is as indicative of the type of website involved (national or local) as the presence of national products.

The first question presented at the beginning of this section is difficult to answer. National-oriented websites and products must be presumed to affect all geographic markets, but no one in particular. The Internet is simply another widespread media outlet similar to national magazines, but unlike geographically limited radio advertisements. The analysis then immediately goes to the balancing of evidence typically used to determine whether a reputation has been established in cases involving national advertising.

2. Perambulating Customers

In traditional trademark analysis, the law affords greater geographic coverage for trademarks that are associated with consumers who are perambulating, or mobile. The law assumes that

65. For example, Yahoo! maintains a website that provides a "yellow page" service. A particular town may be called up and local businesses are sorted by type of good or service.
because the consumer of the business with the trademark is more mobile than the typical consumer, the trademark reputation will be carried farther away because the consumers are located farther away. The primary examples are hotels and restaurants. The law essentially focuses on the nature of the industry and the consumers who purchase the goods or services.67

The issue brought on by the Internet is whether any industry should be given more latitude in establishing trademark rights in a particular geographic region simply because it maintains an active presence on the Internet. The theory might be that the court might give X amount of weight to a mark when deciding market penetration for a particular market. However, if, because the mark is associated with a particular industry, and that industry attracts more people on the Internet than the average retail/wholesale good or service, then the court should give this Internet presence more weight because the average consumer is more likely to visit the site. For example, a mark may have greater recognition for its association with electronics sold on the Internet than its association with linen doilies. Although this may be too complicated to parse into a standard for industry specific goods or services, painting a broad picture may be useful.

3. Active Versus Passive Web Sites

Establishing territorial rights through reputation created via web presence is a very real prospect, though hard to calculate. There are a couple of issues that arise: (1) to what extent can courts weigh web presence when determining in which trade markets a concurrent user has established trademark rights via web-presence-generated reputation where no other concurrent user has established itself; and (2) what effect does web-presence-generated reputation have on the competitor's trademark rights in a remote territory.

The first issue was discussed largely in Part II(A)(2). Regarding the second issue, there have been no cases dealing with the degree to which one company's website affects its restriction on entering another company's realspace area. The reality is that even a passive website makes the geographically-remote company known to residents of the area in which a concurrent user has sole territorial rights. This can happen when a consumer in the restricted territory inadvertently discovers the trademark while surfing the Internet. The same potential for consumer confusion exists when a consumer sees a remote and confusingly similar trademark on a web page as one on a

67. See McCarthy, supra n. 7, at § 26:17.
billboard. A comparison of the degree and nature of confusion when encountering similar trademarks on the Internet is discussed in Part III. For present purposes, passive web presence is similar to a company's advertising in national media and that advertising penetrates the restricted area. Courts have held that owners of a mark who advertised nationally, but were enjoined from a certain geographic area, could continue to advertise nationally. The reasoning of one of the courts is that consumers associate the source of the trademark differently based on the methods of advertising. In other words, there will not be a likelihood of confusion if the trademark is used in the same trade market as long as the businesses confine their advertising to different advertising methods and media. This essentially short-circuits the concurrent use doctrine by anchoring the analysis in a generalized assumption. Whereas the typical likelihood of confusion test for trademarks assumes a small chance of confusion still triggers infringement, here the courts are not so picky.

Absolute restriction is not needed with regards to the web any more than national advertising. Cases that allow marks in national advertising to penetrate a restricted territory only via certain advertising methods are splitting hairs very finely. It is fair to assume that at least some confusion will result in a situation in which two trademarks that are otherwise confusingly similar are suddenly not confusing only because of the methods of advertising. This logic seems to bode well for confusingly similar trademarks on the Internet. Confusingly similar trademarks on the Internet are using the same advertising method, so if courts are willing to give the reasonably prudent consumer credit for not being confused due to subtle differences in advertising methods, perhaps even more credit should be given to reasonably prudent Internet users when sorting out the different sources of confusingly similar trademarks. Differences in website appearance, disclaimers, and information regarding the location of the company are some examples of characteristics that differentiate confusingly similar trademarks on the

---

68. See Flavor Corp. of Am. v. Kemin Indus., Inc., 503 F.2d 729, 733 (8th Cir. 1974) ("The bare possibility that a potential customer... might be misled by [an] advertisement into thinking he could not obtain [the product] in Georgia and Florida is insufficient to justify the punitive effect of an injunction construed to prohibit all national advertising."); see also Zimmerman v. Holiday Inns of Am., Inc., 438 Pa. 528, 539 (1970) ("If we barred the Holiday Inn System from advertising within [the] twenty-two mile radius [of plaintiff's hotel], we would, in effect, be enlarging Zimmerman's zone of protection by diminishing the effective market area of the Holiday Inns which are outside that zone. This we will not do.").
Similarly, a website will create at least some confusion in the forbidden territory.

It is worth noting the treatment that passive websites have received in personal jurisdiction cases. The courts have consistently held that a website alone is not enough to confer personal jurisdiction over the site owner. A website would put any foreign or domestic website owner within the jurisdiction of any court in the United States. This would diminish national and state sovereignty, almost rendering past jurisdiction cases meaningless and stifle e-commerce. If passive web presence alone results in a legal overlap of trademark territories, the impact would not have the nefarious consequences as would happen with the personal jurisdiction issue. However, this treatment would render the present concurrent use case law an endangered doctrine on the way to eventual extinction.

Should the concurrent use analysis treat differently active sites as opposed to passive sites discussed above? Interaction with a website is of course evidence of reputation, and especially useful if a visitor can be connected to a particular geographic area. So the evidence needed for establishing reputation would depend on technological know-how.

C. Establishing Territorial Rights with the Zone of Expansion Test

1. Zone of Natural Expansion

The “zone of expansion” test may be too abstract and require too much attenuation of logic. The geographic progress of realspace businesses is traceable, and thus the amount and location of Internet advertising is also traceable. However, it is not helpful for a court to conclude that because company R advertises on websites Y and Z, it is likely that company R will expand to realspace areas A and B. Less abstract is the determination that because company R advertised on local content (as opposed to national) websites X and Y (of close realspace geographic location), it is likely that they are about to enter the market of realspace location Z, located nearby. However, this is still too abstract because of the lack of uniform representation on the web by every geographic location. Further, although it is less abstract to apply the “zone of expansion” test to “virtual” areas on the

69. For more information on the likelihood of confusion of a reasonably-prudent Internet user, see infra Part IV.
Internet, the sheer number of business sites and restricted sites makes it difficult to apply the test. It also more firmly puts the courts in the position of fantasizing and guessing probable or improbable business strategies and decisions. Therefore, the “zone of expansion” test should be disregarded as unworkable.

III
Do Domain Names and Web Presence Eliminate the Good Faith and Innocent User Defense?

The second important factor of the concurrent use test is whether the subsequent user adopted the mark with knowledge about the existence of the first user’s mark. The Lanham Act establishes constructive notice for nationally registered marks. The rationale behind national registration providing constructive notice is to extinguish the innocent use and good faith defenses. If the Information Age is shrinking the element of geographical remoteness, the courts must determine whether good faith can be defeated in the absence of actual knowledge. This is necessary because the purpose of the good faith analysis is to determine whether the junior user is trying to capitalize on the goodwill of the senior user’s mark. Whereas national registration creates the presumption that the junior user is aware of the senior user’s mark, then perhaps the Internet presence should also be factored into the good faith analysis. It is important to note that in Rectanus, the Court stated that neither party had any “knowledge or notice of the other’s trademark use.” A majority of courts equate the absence of actual notice with good faith, and no examination is done to determine whether actions by the senior user, short of establishing common law rights or registering nationally, will put the junior user on inquiry or record notice. As will be discussed later, the courts might consider

73. 248 U.S. at 96 (emphasis added).
74. As can be seen in the GTE Corp. v. Williams case, the defendant had heard of General Telephone as an out-of-state business. 904 F.2d at 541. The court meshed the actual knowledge and establishing common law rights analysis together. Id. at 541-42. They eventually concluded that because there were no common law rights, no notice existed even in the face of an admission that defendant had heard of another business. Id.
applying a different standard to trademarks existing on the Internet.

There are two lines of decisions on the issue of notice. The first requires that the junior user have no actual knowledge in order to find the junior user adopted the mark in good faith.\footnote{5} The second treats actual notice as weighing significantly in favor of determining that there is no good faith use.\footnote{6} Actual notice, however, does not automatically destroy the good faith defense.\footnote{7}

It is difficult to determine actual confusion on the part of retail customers,\footnote{8} therefore the anarchistic order of the web makes this even more difficult. There are numerous aspects of the Internet that can potentially provide notice to subsequent users of a mark. The following section discusses whether the following scenarios provide notice, constructive or other forms of notice, to a junior user of a trademark: (1) a registered domain name whose secondary level domain consists solely of the trademark; (2) a registered domain name whose secondary level domain contains the trademark embedded in or with other words; (3) a trademark located in the website URL path, but not the domain name; (4) advertising; and (5) presence on different Internet topographies.

A. Domain Names as Notice

A brief explanation of Internet basics is required for a better understanding of the following section. A domain name consists of two parts: the top level and the secondary level ("sub-level") domain

---


\footnote{6} See Fry v. Layne-Western Co., 282 F.2d 97, 104 (8th Cir. 1960); see also Sci. Applications, Inc. v. Energy Conservation Corp. of Am., 436 F. Supp. 354, 359 (N.D. Ga. 1977) ("[D]efendant’s assertion of good faith as a defense . . . is suspect after actual notice.").

\footnote{7} See Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d 44, 48 (2d Cir. 1978) (concluding that actual and constructive notice of a registered mark did not destroy good faith defense because the party was not aware of the other mark and it considered the senior user’s products to be unrelated); see also Accu Personnel, Inc. v. Accustaff, Inc., 823 F. Supp. 1161, 1170 (D. Del. 1993); Tampa Wholesale Co. v. Foodtown, U.S.A., 166 So.2d 711, 712 (Fla. Dist. App. 1964); Architemps, Inc. v. Architemps, Ltd., 11 U.S.P.Q.2d 1885 (S.D.N.Y. 1989).

\footnote{8} See W.E. Bassett Co. v. Revlon, Inc., 435 F.2d 656, 662 (2d Cir. 1970); see also Miles Shoes, Inc. v. R.H. Macy Co., 199 F.2d 602, 603 (2d Cir. 1952), cert. denied, 345 U.S. 909 (1953).
name. The top level domain name immediately follows the secondary level domain name and it is comprised of the well-known .com, .gov, .org, .edu, .mil, .int, .net, and a wide variety of two-letter country codes, e.g., .uk (England), .dk (Denmark), and .ca (Canada). The secondary level domain is the text immediately before the top level domain. For example, "ibm" in www.ibm.com is the secondary level domain name and the .com is the top level domain.

Domain names are currently comprised of letters, numbers, and dashes. This obviously limits the breadth of marks for which notice can be obtained through domain names. Domain name registration is maintained by several organizations that share the same database from which new domain names are stored. This database is essentially a central registry, which is analogous to the database used to maintain active trademarks. Both databases are available for unpriced, on-line searches.

While top level domain names cannot provide notice to a subsequent user, a trademark used as the secondary level domain name may succeed in notifying any subsequent user. The second level domain is the important part of the domain name because it is commonly associated with either the source of a product or the product itself. The second level and top level domain names must be registered with an organization that is licensed to do so. Once a domain name is registered, the central database that keeps track of available domain names will identify the domain name as unavailable to any subsequent individual searching for the same domain name. The same website also provides the name and address of the domain name's owner. Searching for the domain name in this manner may not be necessary. Any person wishing to find out whether a domain name is taken may simply type the domain name into their Internet browser and see if any website exists. It would be efficient for courts

---


82. Albert, Jr., supra n. 64, at 94-95.


84. This does not mean that the domain name is in use at all, merely that it has been registered by another party.
to require junior users to exercise a modicum of due diligence to search for conflicting trademarks in a domain name since there is a central registry, using an Internet browser is relatively simple, and it is quite common for businesses to establish a website. A modicum of due diligence is all that is needed where the trademark is only comprised of text and is the only word in the secondary level domain name.


> [r]egardless of when Nashville discovered that Network had registered the domain name, it certainly should have been aware of the existence of the Internet, of the practice of registering domain names, and of the likelihood that an existing organization with the initials TNN would seek the most obvious domain name for its website.

Although the court does not state exactly the scope of who should "be aware," the analysis appears to presume that businesses are at least sophisticated enough to perform a domain name search on the Internet.

There is also the added burden upon the searching party to search for the trademark embedded within or coupled with additional words in a domain name. For example, if the junior user seeks to establish rights in the trademark "spade" in connection with gardening tools, it may be too much to expect the junior user to search the domain name database for more variations than the most obvious: "thespadehardware.com," "spade-hardwares.com," or "spadehardwarestore.com." While the domain name database may contain numerous variations, there does not exist a service for the public to search for such domain name variations. The junior user would simply have to search by process of elimination, compiling a

---

86. Id. at 1151.
87. Id. at 1152.
88. Id. (emphasis added).
89. It is not a stretch to impose upon sophisticated individuals the same presumption. After all, to say that a business is sophisticated is the same thing as saying that individuals within that business are sophisticated.
list of every conceivable combination. The number of possible combinations makes the search insurmountable. Assuming that technology allowing a search of a trademark in any combination becomes available, then a reasonableness standard may be in order. After all, the more common the trademark, the more domain name variations will be retrieved in a search. Hundreds of retrieved domain names may be too many to provide notice.

The remaining portion of a web page address is the lower level address, and it presents a greater problem for establishing notice. First, some of courts have stated that the use of a trademarked name in the path of a URL is not infringement of another's trademark. In *Patamont v. Gateway*, the plaintiffs plead six different trademark related claims after defendant used the plaintiff's protected mark “Go-Ped” in the secondary level domain of the web address: (1) trademark violation under 15 United States Code section 1114; (2) common law trademark infringement; (3) false designation of origin under 15 United States Code section 1125(a); (4) trademark dilution under California Business & Professions Code section 14320; (5) common law unfair competition; and (6) unfair trade practices under California Business & Professions Code section 17200. The court granted summary judgment as to the claims because the use of “Go-Ped” constituted nominative fair use. The plaintiff failed to satisfy the three part test set forth in *New Kids on the Block v. News America Publishing*: (1) the product or service in question must be one not readily identifiable without use of the trademark; (2) only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and (3) the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder. More notably, the court stated that as a matter of law the use of the mark in the secondary level domain “does not suggest Patamont’s sponsorship or endorsement because the Go-Ped mark did not appear in the website’s ‘domain name.’” The court held that the assigned alphanumeric designation, everything to the left of the first slash following the top level domain,
was by definition the domain name, while the text after the slash was the "path" of the URL.95 Essentially, because the domain name is associated with the source of the goods and the rest of the web address is not, there is not going to be a likelihood of confusion.

This lower degree of protection for trademark owners may be an acceptance of a limited type of concurrent use, but is it notice? Assuming that an easy, low cost search of all web page addresses is possible, it still may make little sense to attach notice to marks used in the path of the URL. The Internet is growing at a rapid rate, thereby flooding any searchable database with new addresses every day. Outdated and defunct addresses are often retrieved by search engines because the old addresses have not been deleted from the search engine system. If the search retrieves any sequence of text, no matter if the sequence falls within other words or between words, the sheer volume of hits a search engine will find may be staggering, especially if the text sought after is a common word.

There exists no central database that can search every path of every website. As indicated earlier, the registering entities only record the domain name. This renders the commercial use of a trademarked name virtually hidden and undetectable from current and publicly available technology.

National registration of a mark precludes the innocent user and the good faith defense of any junior user because it provides constructive notice to the junior user. The marks precluded from use by a junior user are not only enforced against the exact same mark, but against any confusingly similar or phonetically similar mark. The junior user can argue that a diligent search was conducted or that advice of counsel was followed. It obviously would be an insurmountable obstacle to require the junior user to search for the numerous variations of similar marks.

B. Web Site and Advertising's Notice

Although a website is a form of advertising, it is necessary to differentiate between websites and other advertising methods when discussing whether each provides notice. Information on the Internet is in the public domain. The reality is that any reasonable or exhaustive search for web pages containing a trademark that a junior

95. Id. The court distinguished the two by noting that the domain name indicates the source of the origin; the path "merely shows how the web site's data is organized within the host computer's files." Id. (citing The World Wide Web Unleashed 334-36 (John December & Neil Randall eds., 1995)).
user wants to use may still not locate the senior user's trademark presence on the web. First, search engines are proven to get only a small portion of the Internet. Second, Internet access exists only to extent an individual can afford a computer or has access to publicly available facility. Third, public domain materials like corporate filings do not currently provide notice of any kind to junior users.

Whether or not the mark is in the public domain, it cannot at all times be considered notice merely because it appears on the Internet. The argument against trademarks appearing on the web constituting notice appears strong. There are too many web pages *not searched* by engines, and whether a web page containing the senior user's trademark provides notice is entirely dependant on the percentage chance that the web page will be found by search engines. No search engine scours the entire web, even though a big part of the web can be searched when using multiple search engines. Further, there is no guarantee that the entire web has been searched when using multiple search engines. There also exists the problem of the ever increasing number of websites. There are estimated to be a minimum of two million web pages added *each day*. The argument supporting the notion that a senior user's trademark displayed on a web page should provide *some* degree of notice is that there are dozens of search engines, and it takes little effort to find many of the search engines. The number of hits collected when searching for descriptive, suggestive, or arbitrary marks can be decreased when the search includes other search terms, e.g., another word describing the product.

Even if the junior user of a mark searches the Internet using multiple search engines, the user still faces the laborious task of going through all the web pages that the engines retrieve. The number of websites a search engine retrieves depends in part on the commonality of the words used in the mark searched. Descriptive,

---

96. See Jocelyn Kaiser, *Search Engines Fall Short*, 285 Science (July 16, 1999) ("A survey of the 11 most widely used search engines found that no single engine covered more than 16% of the Web's contents, but scientists predict the search engines will catch up as the Internet's growth slows down.").


98. For example, a search on yahoo.com using the keywords "list" and "search engines" pulls up numerous websites containing links to different search engines. Yahoo!, *Search Results for Search Engines* <http://search.yahoo.com/search?p= search+engines> (accessed Oct. 17, 2001).
suggestive, and arbitrary marks comprised of a single word are likely to result in an incredible number of web pages found. Word phrases are likely to result in fewer hits, while fanciful marks may only result in a few hits. Searching for a particular trademark being used by a senior user is further complicated by the nature of how some search engines operate. Many search engines place collected websites closer to the top of the list of results according to how much the retrieved website is willing to pay the search engine. This may bury a senior user of a trademark far down on the list. Also, some web pages contain the trademark within a picture file (a "jpeg" or "gif" file). If this is the case, the search engine cannot identify the trademark because the trademark is not individually identified by text or keywords within a metatag.\textsuperscript{99} The word is instead a picture composed of colored pixels.\textsuperscript{100} Image recognition software exists, but current search engines do not utilize this technology, and the computing power necessary to find images is enormous. It will take a sophisticated Internet user to conquer these problems.

Given the large number of websites, the unknown chance that a website will be found by search engines, and the possibility that the website will be far down the list of retrieved websites, to what extent can a website provide notice to a junior user of a mark? The answer does not lie in per se rules, instead this new Internet medium lends itself to the same fact-sensitive analysis that is used with other communication media, except more so. The presence of a mark on a website or in a metatag does not readily make itself known as does the trademark registry. For this reason, web presence cannot be said to give constructive notice to subsequent users of a mark.

Inquiry notice may be too high a standard for descriptive, suggestive, and arbitrary marks, but it may be fine for fanciful marks. Because the varying commonality of descriptive, suggestive, and arbitrary marks, some marks will undoubtedly be too common to make any search effective. If the courts dare to construct a sophisticated analysis, it almost demands that the courts engage in its own search using a number of search engines. It would take little effort to choose the ten largest search engines, according to an


objective determination, and search for the mark. The number of hits effectively tells the courts how common the term is, which would help the courts decide if the website provides inquiry notice.\(^{101}\) Given the unlikelihood that the courts will engage in searching the Internet on its own, whether this means by the judges or special masters appointed by the court, perhaps it will have to rely on affidavits attesting to search results.

Advertising that appears on the Internet may be just as difficult to sort through as web pages. Several unique situations arise regarding the Internet. Trademark advertising may appear on the web in three primary forms: banner ads, hypertext links, and metatags.\(^{102}\) Hypertext links and metatags have essentially been dealt with in the preceding paragraphs. The relevant issues for determining whether banner advertisements provide notice are how widespread the advertisements are and how readily can the banner advertisements be located by search engines.

Trademarks can be embedded in permanent banner ads or they can be embedded in particular banner ads that are triggered based on the particular user that visits the site. That is, cookies\(^{103}\) on the visitor's computer are read by the host computer, and the past web surfing activity will determine which ads the host computer will display. Therefore, widely advertised trademarks may be viewed less often than one might guess.

The difficulty in assuming that banner ads have been viewed by any individual is that banner ads cannot be found by search engines, and, as such, cannot play a role in a courts analysis on how likely a mark or website will be found using search engines. Courts cannot,  

\(^{101}\) It should be noted that when the court does the search, it should use those search engines that an objective source indicates as the largest at that point in time. The effectiveness of a search engine can vary from one year to the next, so one court's use of X, Y, and Z search engines in Year One may be of little help to another court in Year Two. In other words, there is little precedential value in the search engines used by a court. See NET, A Search Engine's Value <http://www.cnet.com/search engines> (accessed Sept. 10, 2001).


\(^{103}\) Cookies are text files "given to [the visitor's] web browser by [the host computer] web server." Webopedia, Definitions & Links, Cookie <http://webopedia.internet.com/TERM/c/cookie.html> (accessed Feb. 1, 2001). These text files contain information about the visitor, typically information that the visitor has given to the host computer when the visitor customizes a web page on the host computer's website. Id.
however, ignore the fact that banner ads, like typical print media, can generate a reputation. Widely advertised marks on national-oriented websites will generate greater national reputation than local websites.\footnote{But then, if a company has spent a lot of money widely advertising on the Internet, it may have spent money on traditional media types. If this is the case, the Internet advertising seems to play a less significant role because the court can hang its hat on the geographic specific areas of traditional advertising. \textit{See generally} Marketing Terms \texttt{<http://www.marketingterms.com>} (accessed Oct. 17, 2001).} How do we know whether a locally targeted product generates more reputation in a given area than a nationally targeted mark? The court’s only option is to treat local and national websites like traditional media.

\section*{IV}

\textbf{A Not So New Analysis}

There may be an easier analysis of the concurrent use doctrine in cyberspace. A coherent concurrent use analysis can be pieced together from a variety of Internet-related case decisions. Closely related to the concerns surrounding the concurrent use doctrine is the trademark infringement test itself: likelihood of confusion. Any discussion of the concurrent use doctrine is academic if there is little to no chance of being confused by the same or confusingly similar trademarks on the Internet.\footnote{This is different from domain name trademark issues, a topic not discussed by this article.} A discussion of a modified likelihood of confusion test for cyberspace precedes the discussion of new concurrent use analysis.

A likelihood of confusion standard for the ordinary Internet consumer should involve a higher degree of evidence needed to show confusion for three reasons: (1) the nature of the Internet may make confusion less likely as to the source of the trademarked good or service; (2) the sophistication of the average user is likely to be higher than average; and (3) the ease of the analysis.

The nature of the Internet makes shopping and searching in cyberspace very different than the traditional methods for which the modern confusion test has been structured. Looking for just about anything on the Internet inevitably involves using a search engine. The average Internet user is surely aware of the high probability of encountering many websites that have the words the user is looking for, be it a product name or a particular business, even if they are not relevant to the search. This realization will occur after the first several searches because it is a commonplace that search engines get much
more than the relevant material in a search. The average Internet user then is at a minimum skeptical about the source of the trademarked goods or services until they are sure it is the thing sought after.\textsuperscript{106}

The nature of Internet searching is such that users encounter such a wide array of businesses and products on the Internet, there exists almost a "virtual identity" for a business. The way one does business and advertises over the Internet is another experience altogether than the methods traditionally used. Courts are beginning to address this.\textsuperscript{107} For example, if there is a local business called "Jacobs Hardware Store," and the average web consumer knows that the Internet may be host to many businesses that are named "Jacobs Engineering," or websites that contain both words in them, then the likelihood of confusion is by definition less likely.\textsuperscript{108} The consumer expects to fight to find the correct site. The nature of the Internet forces one to be more inquisitive and certain that the website found sells the items, or is the business sought. There is also contact information regarding products and services offered. This further gives the consumer notice about which store the consumer is dealing with. This argument appears circular in that, because of the confusion, the Internet consumer will need to be more inquisitive.

Perhaps the side effect of searching on the Internet is that the

\textsuperscript{106} See e.g. Brookfield Commun., Inc., 174 F.3d at 1057 ("In the Internet context, in particular, entering a website takes little effort – usually one click from a linked site or a search engine's list; thus, Web surfers are more likely to be confused as to the ownership of a website than traditional patrons of a brick-and-mortar store would be of a store's ownership.").

\textsuperscript{107} Recognizing this difference, at least one court has explicitly agreed with this notion. See Bigstar Ent., Inc. v. Next Big Star, Inc., 105 F. Supp. 2d 185, 216 (S.D.N.Y. 2000) ("The manner in which products may be purchased on the web and the requirements imposed upon prospective buyers cannot be overlooked, and must be distinguished from generally prevailing norms associated with purchases of inexpensive cash items at brick-and-mortar stores. The latter encompasses the entire population. It takes no technical knowledge, level of education or sophistication or credit rating to place a small cash amount for an inexpensive purchase over the counter. The web visitors who decide to buy, on the other hand, include only those who have some level of sophistication with the technology to be able to locate the product and the seller and who are generally limited to purchasing only with credit cards or checks.").

\textsuperscript{108} The more generic the name, the less likely the consumer will be confused because the consumer will know that they are commonly used. It is generally accepted that where the purchase decision involves "careful consideration," there is less likelihood of confusion. Astra Pharm. Prod., Inc. v. Beckman Instruments, Inc., 718 F.2d 1201, 1206 (1st Cir. 1983); see Versa Prod. Co. v. Bifold Co., 50 F.3d 189, 204 (3d Cir. 1995) (dealing with trade dress infringement, the court stated that the "greater the care and attention, the less the likelihood of confusion" (quoting Fisions Horticulture, Inc. v. Vigoro Indus., Inc., 30 F.3d 466, 476 (3d Cir. 1994)).
Internet consumer becomes more sophisticated due to the inherent basic confusion that accompanies searching cyberspace. This sophistication required to search the Internet is not the same as the average reasonably prudent consumer in realspace. Because courts already classify the particular consumer depending on the product, type of industry, and the nature of the buyer, it then stands to reason that the “likelihood of confusion” standard can be raised for “Internet consumers.” The courts do not have a uniform definition of the “reasonably prudent buyer,” so one might hope for a more coherent “reasonably prudent Internet user.” And courts are not necessarily bound to find infringement if there is confusion. They may decide that a certain amount of confusion is tolerable given the particular situation, and, in fact, courts do not assume the average

109. Planned Parenthood of America Inc. v. Bucci, 42 U.S.P.Q. 2d 1430, 1439 (S.D.N.Y. 1997) (“[The Court] note[s] that those with access to the Internet may not be coextensive with the segment of the population to whom plaintiff normally offers its services; those with Internet access may be more sophisticated.”). The Court concluded on the issue of Internet consumer confusion that “the sophistication of the user is no guarantee, here, that the consumer will not be confused, I find that this factor is of limited value in determining whether the consumer is likely to be confused.” Id.; see also Toys “R” Us, Inc. v. Feinberg, 26 F. Supp. 2d 639, 643 (S.D.N.Y. 1998) (“Consumers looking at defendants’ web site are internet users and, presumably, sophisticated.”); but see On-Line Careline, Inc. v. Am. Online, Inc., 229 F.3d 1080, 1087 (Fed. Cir. 2000) (“[T]he TTAB noted that because of the broad proliferation of computer and Internet use, there is no basis for concluding that Internet users are any more knowledgeable or sophisticated than the general public.”).

110. Cf. GOTO.COM, Inc. v. Walt Disney Co., 202 F.3d 1199, 1209 (9th Cir. 2000) (“Navigating amongst web sites involves practically no effort whatsoever, and arguments that Web users exercise a great deal of care before clicking on hyperlinks are unconvincing.”). In GOTO.COM, the court addressed the actual effort needed to “click” between sites, not the actual effort needed to find the site sought. Id.

111. This notion runs headlong at the new type of Internet confusion called “initial interest confusion,” which is typically associated with mistaking the source of a product based on a trademark that is some another’s domain name. This does not refer to site content confusion. It also can be differentiated with the holdings of some courts that sophistication of customers and search methods are not needed when searching for domain names. See e.g. Paccar, 115 F. Supp. 2d at 778 (quoting with approval Green Prod. Co. v. Independence Corn By-Prod Co., 992 F. Supp. 1070, 1079 (N.D. Iowa 1997) (“Internet users do not undergo a highly sophisticated analysis when searching for domain names.”)).

112. See McCarthy, supra n. 7, at § 23:92. Case law generally applies the same type of consumer “class” distinctions to Internet buyers as is applied in traditional analyses, e.g., professional buyers. The discussion in the text concentrates on the nonprofessional class.

113. This author found only one case that uses the phrase “reasonably prudent Internet user.” See Bally Total Fitness Holding, Corp. v. Faber, 29 F. Supp. 2d 1161, 1168 (C.D. Cal. 1998).

114. See CCBN.COM, Inc. v. C-CALL.COM, Inc., 73 F. Supp. 2d 106, 113 (D. Mass. 1999) (“Moreover, de minimus confusion, which is easily resolved, and does not affect the ultimate purchase decision, is of minimal relevance.”); Lang v. Retirement Living Publg.
buyer is totally indifferent.\textsuperscript{115}

\textit{Co., Inc.}, 949 F.2d 576, 583 (2d Cir. 1991) (finding confusion irrelevant where plaintiff supplied no link between confusion and eventual purchase decision).

\textsuperscript{115} McCarthy, \textit{supra} n. 7, at \$ 23:94 (quoting \textit{Volkswagenwerk Aktiengesellschaft v. Church}, 411 F.2d 350 (9th Cir. 1969), supplemental op., 413 F.2d 1126 (9th Cir. 1969) ("A reasonably prudent purchaser is expected to exercise that degree of 'care, caution and power of perception' appropriate to the kind of choice he faces in the marketplace."). McCarthy goes on to cite \textit{W. W. W. Pharm. Co. v. Gillette Co.}, 984 F.2d 567, 575 (2d Cir. 1993) ((I)n considering the issue of likelihood of confusion, the court considers the 'general impression of the ordinary purchaser, buying under the normally prevalent conditions of the market and giving the attention such purchasers usually give in buying that class of goods.') (emphasis added). It is clear that the courts can borrow the similar reasoning from various circuits and fashion an Internet unique standard. \textit{But see Northern Light Tech., Inc. v. Northern Lights Club}, 97 F. Supp. 2d 96, 112-13 (D. Mass. 2000) (noting that even though the court searched case law in vain for an applied Internet unique standard, it applied the traditional test to the Internet consumers, who were a mix of sophisticated and unsophisticated "Internet users"). The court did find that the similarities between plaintiff's and defendant's websites resulted in a likelihood of confusion. \textit{Id.} at 113. The court implied in its hedging that an Internet standard may be applicable. \textit{Id.} at n. 18. Also interesting is the court's finding that one of the reasons that made the sophisticated customer as such is the average number of years of Internet use associated with the sophisticated customer: two years. \textit{Id.} at 112. If this becomes part of the analysis, then surely a presumption of greater average experience increases as time goes on. If this is the case, then eventually this might force a higher Internet consumer standard. But then, this may imply the point made in the above text that the a Internet consumer becomes more inquisitive and certain about website content. The court in \textit{Bigstar Ent., Inc. v. Next Big Star, Inc.}, 105 F. Supp. 2d 185 (S.D.N.Y. 2000), considered whether the web audience should:

encompass a representative cross-section of all who daily browse and shop and otherwise navigate the Internet's wide-ranging services, thereby spreading the base and skewing the curve downward to the level of the least sophisticated? Or should the measure be taken by applying the standard to a narrower, more targeted field? Given the ever increasing reach of the Internet and the almost universal presence of telecommunications, the market of relevant purchasers is indefinite. Purchasers may transact business from home, the office and other convenient places and reflect the full spectrum of the general population, not only of the whole country, but indeed of the World Wide Web.

\textit{Id.} at 185.

The court held:

\[ \text{In this Court's view, the relevant purchasers relied upon for purposes of gauging sophistication in the Internet context should not encompass the broad sweep of that general population. Rather the measure should be circumscribed to the class of buyers who are prospective purchasers of the parties' products, the same market audience of reasonably informed and reasonably prudent consumers that serves as the base group by which to test likelihood of confusion and the qualities or characteristics relied upon to examine the strength of a trademark.} \]
If this is the case, and the virtual identity is a shield that adds a layer of protection from likelihood of confusion, then perhaps in trademark infringement cases the courts need only take a look at the site itself and decide how easy it is for the consumer to figure out the location and identity of the business. The courts may end up fashioning remedies such as a link on the opening page that states basic information about the company; such as, where it does business, types of items sold, etc.\textsuperscript{116}

Policy should err on the side of allowing confusingly similar trademarks to exist on the web. Closing off this medium to subsequent web page builders or trademark users would do more harm than good. The good to be done is to spare the consumer from confusion and trademark owners from diverted business.

A higher standard for Internet consumers would filter out many concurrent use cases because, if there is no likelihood of confusion between trademarks displayed in cyberspace, then there is no need to determine the concurrent use of trademarks. Because finding a geographic nexus may provoke endless analysis of differing websites and a convoluted approach to the concurrent use doctrine, the courts can dispense with the geographic remoteness requirement. Geographic remoteness can be ignored, or more logically, it can be presumed. The court is then left with the notice element of the concurrent use doctrine. The courts would be left to decide whether actual knowledge automatically spoils the junior user's ability to use the mark, or whether some other level of "notice" is to be applied. Or courts may impose a reasonably prudent Internet consumer or due diligence test similar to the due diligence test already expected of trademark investigations. This "duty to browse" makes the most sense because the courts have begun to treat the Internet as a medium sufficient to provide notice.\textsuperscript{117}

Starting from the common sense examination of the extent to which the Internet provides "notice" — not in the legal sense — to an

\textsuperscript{116} Id. at 215.

\textsuperscript{117} But see Mediamatch, Inc. v. Lucent Tech., Inc., 120 F. Supp. 2d 842, 853 (N.D. Cal. 2000) (stating that "the Court cannot say as a matter of law that plaintiffs should have discovered the information on the web site through the exercise of reasonable diligence. As plaintiffs' counsel pointed out, these plaintiffs are not in the technology field and had no reason to be checking the web sites of the manufacturers of their office equipment."). The court went on to state that it would decline "to rule as a matter of law, as defendants' counsel proposed at oral argument, that the website posting was tantamount to the traditional practice of national publication through the print media." Id. at n. 6.
average person seems obvious. Quite simply, knowing precisely what to look for does not mean a quick find. Before the advent of the Internet, the trademark database was not readily available to individuals for a quick, spontaneous inspection. And even then registration was constructive notice after the Lanham Act was enacted. The Internet is increasingly analogous to a database that may be publicly inspected, albeit not completely. Until search engines can scour the entire Internet, perhaps a lower expectation should be imposed on a junior user. A reasonably prudent consumer standard would be a function of the extent to which a mark appears on the Internet and the degree to which it is able to be found by search engines. This analysis lends itself well to the current business practices of tracking the number of web page hits, whether the visitor linked to the site from another and which one; amount of time spent on the website and which pages; and whether a banner ad was utilized and by whom. A geographic component is too convoluted at this stage of technological development.

V

Conclusion

The complexity, flexibility, and fast-pace speed of technological innovation create conflicting incentives. On the one hand, the complexity begs the court to draw legal lines so that there is stability and predictability in the law. For example, the courts might establish per se rules regarding commercial or noncommercial activity using the web or Usenet newsgroups. The complexity, flexibility, and speed of innovation also feeds on the lack of regulation. Courts meddling in this area might find that a judicial pronouncement today is obsolete and meaningless tomorrow. The courts will undoubtedly create fictions to deal with the new Internet medium that defies the basis upon which the concurrent use doctrine exists. The lack of a geographic aspect to cyberspace suggests this will happen. There is

118. A court can easily determine which segments of the Internet are publicly accessible. It should be noted that this may only be a temporary measure. The effort to put as many public records online is moving at great speed. Search Us, Says Google, Tech. Rev. 108, 113 (Nov. 2000) (“We are on a quest to build the ultimate search engine. We think it will be a smart tool that understands exactly what you want, understands all the information on the web, and then gives you the exact right thing...Recently we have focused on making sure we have access to all the public information in the world.”).

119. Courts already utilize evidence of number of “hits” a site can receive. “As of August 18, 2000, the Plaintiffs’ reported that the settlement website had received 48,088 ‘hits’ and 13,043 claim forms had been downloaded.” In re Motorsports, 112 F. Supp. 2d 1329, 1332 (N.D. Ga. 2000).
the very real possibility that courts may need experts in the field simply to notify the court of the technological capabilities at that present time. Special masters of the court may be necessary because technological change and the complexity of technology are far greater and faster than anything with which the courts have dealt with. The speed at which technology is changing weighs against making per se rules.120 At the very least, courts "may, as part of its remedy, limit a party's right to advertise [and] should ... consider the nature of a [party's] product and marketing scheme in fashioning a remedy which properly balances competing interests."121

There is good reason to believe that the current web address system will not survive in its current form. The speed at which new users are being added suggests that the shrinking pool of available vanity addresses will constrain future web businesses. The vastness and semi-chaotic nature of the Internet suggests that its architecture will change, and for the most part the only direction of this change is towards greater organization and ease of use.

Concurrent use of trademarks in the Information Age does not require a new elaborate analysis. Notice should play the primary role in a world of electronic boundaries. Analogizing Internet features to realspace locations is not meaningless, but it is probably more trouble than it is worth.

A common law search involves searching records other than the federal register and pending application records. It may involve checking phone directories, yellow pages, industrial directories, state trademark registers, among others, in an effort to determine if a particular mark is used by someone who has not filed for a federal trademark. A common law search is not necessary but some find it beneficial. Telephone numbers for search firms that perform these searches for a fee can be found in the yellow pages of local phone directories and through an Internet search.122

120. See Lockheed Martin Corp. v. Network Solutions Inc., 985 F. Supp. 949, 968 (C.D. Cal. 1997) ("The solution to the current difficulties faced by trademark owners on the Internet lies in ... technical innovation, not in attempts to assert trademark rights over legitimate non-trademark uses of this important new means of communication.").


122. For "Frequently Asked Questions About Trademarks" go to: <http://www.uspto.gov/web/offices/tac/tmfaq.htm>