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**DIGITAL TURF WARS:
ISSUES AND SOLUTIONS RELATING TO CONCURRENT USE IN A
CYBERSPACE CONTEXT**

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INTRODUCTION

Trademark law is traditionally, characteristically territorial.¹ As the Internet has developed, it has proven a challenge to the way trademark law is conceived of and applied. The extraterritorial, globalizing impact of cyberspace fails to mirror the physical, territorial nature of realspace;² as such, it is often difficult to translate common law and statutory rules developed to govern the use of trademarks in realspace into a cyberspace environment.

Setting aside the international implications of the Internet on trademark law, within the United States, the concurrent use doctrine presents a particularly difficult problem.³ There is little doubt that

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¹ Miles J. Alexander & James H. Coil, III, *Geographic Rights in Trademarks and Service Marks*, 68 TRADEMARK REP. 101, 102 (1978) (“[T]rademark rights are generally... protected on a territorial basis in the geographic area where the mark has been... used or otherwise become known.”).

² “Realspace” is used throughout this paper as a term of convenience. It is intended to represent that which is not “cyberspace,” such as brick-and-mortar stores, print media, and other physical manifestations in which a trademark may be embodied.

³ David S. Barrett, *The Future of the Concurrent Use of Trademarks Doctrine in the Information Age*, 23 HASTINGS COMM. & ENT. L.J. 687, 689 (2001) (“Concurrent use of trademarks doctrine is largely unique to the United States’ legal system.”).

“[w]hat had been coexistence of rights in the physical world [often] becomes a conflict between rights on the Internet.”⁴ This conflict is felt both by the businesses that seek to use the Internet to improve commercial gain and by the consumers using the Internet to find products or information.⁵ The increased likelihood—if not certainty—of confusion created by increased access to highly similar or identical trademarks, regardless of territory, combined with consumers who have limited information to begin with, may obliterate the viability of the concurrent use doctrine.

This note takes a closer look at the concurrent use doctrine and the implications that arise when concurrent use moves into an Internet context. Part I describes the basic realspace doctrine of concurrent use, discussing both the ways in which concurrent use may arise and the rules that make concurrent use possible in the face of the basic goals of trademark law. Part II articulates the ways in which the realities of cyberspace conflict with those realspace concurrent use rules. Finally, Part III attempts to answer two basic questions: (1) what—if anything—should remain of the concurrent use doctrine in light of the substantial changes that the Internet has imposed upon it?; and (2) if concurrent use remains viable, then should that doctrine or the Internet be modified to account for these issues? In response to these questions, this paper suggests that the concurrent use doctrine should be preserved, and that creative solutions to approximate “territory” in the Internet context may be employed to harmonize realspace and cyberspace.

PART I: CONCURRENT USE IN REALSPACE

A. ESTABLISHING REALSPACE CONCURRENT USE RIGHTS

In order to better understand the issues that arise out of the collision between the realities of the Internet and the concurrent use doctrine, it will be necessary to have a rough idea of the parameters of the concurrent use doctrine as it relates to the realspace context.

⁴ WORLD INTELLECTUAL PROP. ORG., INTELLECTUAL PROPERTY ON THE INTERNET: A SURVEY OF ISSUES 76 (2002),

<http://www.wipo.int/export/sites/www/copyright/en/ecommerce/pdf/survey.pdf>.

Note that the international nature of this comment, while significant, is disregarded here. The degree to which this statement is macrocosmic and thus applicable to the concurrent use doctrine within the United States should be self-apparent.

⁵ David S. Welkowitz, *The Problem of Concurrent Use of Trademarks: An Old/New Proposal*, 28 U. RICH. L. REV. 315, 326 (1994) (“[I]n today’s highly mobile society with nationwide media advertising [through media including the internet], concurrent usage becomes a far more serious issue for consumers, if not for business.”).

Understanding the nature and scope of realspace concurrent use rules helps identify why it is difficult to apply these rules to Internet trademark use.

1. Common Law Concurrent Use: Tea Rose-Rectanus Doctrine

The common law rule for establishing the right to concurrently use a mark was set forth in two cases: *Hanover Star Milling Co. v. Metcalf*⁶ and *United Drug Co. v. Theodore Rectanus Co.*⁷ Together, these cases have established the “Tea Rose-Rectanus Doctrine,” which establishes the context in which permissible concurrent use by two separate parties arises.⁸ Under the Tea Rose-Rectanus doctrine, a junior user may adopt a mark that is confusingly similar or identical to a mark already in use if that adoption is in a remote geographic region and in good faith.⁹

The essentials of concurrent use were set forth in *Hanover Star Milling*, where the court indicated that trademarks are not a property right in themselves, but rather the right to protect good will.¹⁰ Because a common law right in a trademark merely protects the good will, the right to use a mark extends only to the territory in which good will has actually been established.¹¹ Where two competitors seek to use a similar or identical mark in the same market, the general rule protects the interests of the party who first adopted the mark because that party was the first to establish good will. However, when priority within a territory is not in question—such as in the case of remote uses of a mark—order of adoption is trumped by the good will established by each user in each territory.¹² The *Hanover Star Milling* Court concluded that:

[W]here two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior

⁶ 240 U.S. 403 (1916).

⁷ 248 U.S. 90 (1918).

⁸ See generally 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 26:2 (4th ed. 2002).

⁹ *Id.* § 26:4.

¹⁰ *Hanover Star Milling*, 240 U.S. at 416 (“[I]t is the trade, and not the mark, that is to be protected.”). See also *United Drug*, 248 U.S. at 97 (“[T]he right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another’s product as his; and it is not the subject of property except in connection with an existing business.”).

¹¹ *Hanover Star Milling*, 240 U.S. at 414.

¹² *Id.* at 415.

appropriation [of the mark] is legally insignificant; unless, at least, it appear 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.¹³

Thus, the first user of the ‘Tea Rose’ mark in *Hanover Star Milling* was not entitled to enjoin the use of ‘Tea Rose’ by a good faith junior user in a remote geographic territory where the senior user had not previously established good will.¹⁴

The *Hanover Star Milling* holding is limited because, under the facts of the case, the conflicting marks were not interacting in a single market.¹⁵ The *United Drug* case followed, expanding the *Hanover Star Milling* rule to the case in which a senior user attempts to move into the junior user’s territory and displace the junior’s use of the mark.¹⁶ The senior user, who has not established good will in the junior’s territory, is not entitled to displace that junior user by virtue of relocation and chance prior-appropriation.¹⁷ “[The senior user], being the newcomer in that market, must enter it subject to whatever rights had previously been acquired there.”¹⁸

Again, one of the goals of trademark law, as articulated in *Hanover Star Milling* and *United Drug*, is to protect established good will. For this reason, the Tea Rose-Rectanus doctrine recognizes the possibility of remote parties adopting similar or identical marks in good faith, and developing good will under the use of those marks. Where remote parties have both established good will through the use of a mark, the doctrine protects the interests of both; it allows both

¹³ *Id.* See also *United Drug*, 248 U.S. at 100 (“[T]he general rule is that, as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question. But the reason is that purchasers have come to understand the mark as indicating the origin of the wares, so that its use by a second producer amounts to an attempt to sell his goods as those of his competitor. The reason for the rule does not extend to a case where the same trade-mark happens to be employed simultaneously by two manufacturers in different markets separate and remote from each other, so that the mark means one thing in one market, an entirely different thing in another. It would be a perversion of the rule of priority to give it such an application in our broadly extended country that an innocent party who had in good faith employed a trade-mark in one state, and by the use of it had built up a trade there, being the first appropriator in that jurisdiction, might afterwards be prevented from using it, with consequent injury to his trade and good will, at the insistence of one who theretofore had employed the same mark, but only in other and remote jurisdictions, upon the ground that its first employment happened to antedate that of the first-mentioned trader.”) (citations omitted).

¹⁴ *Hanover Star Milling*, 240 U.S. at 419.

¹⁵ 5 MCCARTHY, *supra* note 8, § 26:2.

¹⁶ *Id.*

¹⁷ *United Drug*, 248 U.S. at 100.

¹⁸ *Id.* at 101.

users to continue use to the exclusion of the other in the territory of good will.

2. Concurrent Use Under the Lanham Act

The adoption of the Lanham Act complicates concurrent use doctrine to some degree, but largely upholds the basic rationale of *Hanover Star Milling* and *United Drug*. Statutory restrictions prevent parties in certain circumstances from establishing concurrent rights in a similar or identical mark. However, while the Lanham Act restricts concurrent use rights in some ways, it leaves the Tea Rose-Rectanus rule largely intact and relevant.

a. Nationwide Constructive Use and Notice

The Lanham Act's primary impact on the Tea Rose-Rectanus rule comes in the form of nationwide constructive use and notice under sections 1057(c) and 1072.¹⁹ Together, these two sections functionally eliminate the applicability of the Tea Rose-Rectanus rule by making it impossible for junior user to adopt a mark remotely or in good faith *after* application and registration of a mark on the principal register.²⁰ This is a substantial deviation from the common law rule because it no longer requires one to establish actual good will in a territory in order to preclude adoption by another party.²¹

Therefore, when sections 1057(c) and 1072 are read together, priority over all unclaimed territory in the United States is given to an applicant at the moment of application. While constructive notice is not given until registration is approved—preserving the possibility of

¹⁹ 15 U.S.C. § 1072 (2006) (“Registration of a mark on the principal register . . . shall be constructive notice of the registrant’s claim of ownership thereof.”).

²⁰ See *id.* (*Registration*, under section 1072, triggers nationwide constructive notice, which eliminates the possibility of good faith adoption of a mark. The Lanham Act also eliminates the possibility of adoption by a good faith remote junior user the moment that the *application* for registration is submitted.); *id.* § 1057(c) (“[T]he filing of the application to register [a] mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect.”). In other words, section 1057(c) establishes nationwide constructive *use*, in addition to the nationwide constructive *notice* provided for in section 1072.

²¹ 15 U.S.C.S. § 1072 (LexisNexis 2009), Interpretive Notes & Decisions, note 3 (“By eliminating defense of good faith and lack of knowledge on part of junior user, 15 USCS §§ 1072 and 1115 afford registrant nationwide protection for registered marks, regardless of geographic area in which registrant uses mark and even though junior user was first to use mark in its specific area.”).

good faith—the moment the application is filed is the moment at which no use can be remote; the filing of the application allows the applicant to claim all unclaimed territory.²² Thus, a user who attempts to adopt after an application for a mark is not a remote user, and a user who attempts to adopt after registration issues is neither remote nor in good faith. The Lanham Act thus significantly limits the effect of the Tea Rose-Rectanus doctrine, although it does not destroy the possibility of concurrent use.²³

b. Preservation of a Concurrent User's Rights

The Lanham Act preserves concurrent use through concurrent registration—both voluntary and involuntary—and through protecting the rights of existing concurrent users. Sections 1051 and 1052(d) explain how concurrent registration occurs.²⁴ Section 1051 covers voluntary concurrent registration; one can claim concurrent use in an application for registration. The verified statement by the applicant must specify:

(D) to the best of the verifier's knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive, except that, in case of every application *claiming concurrent use*, the applicant shall—

- (i) state exceptions to the claim of exclusive use; and
- (ii) shall specify, to the extent of the verifier's knowledge—
 - (I) any concurrent use by others;
 - (II) the goods on or in connection with which and the areas in which each concurrent use exists;
 - (III) the periods of each use; and

²² See *Thrifty Rent-A-Car Sys., Inc. v. Thrift Cars, Inc.*, 831 F.2d 1177, 1181 (1st Cir. 1987) (holding that a non-registrant's territory is frozen, and that such users are unable to acquire additional protection as against the registrant); see also discussion *infra* Part I.B.2.

²³ Registration of one's mark is not mandatory under the Lanham Act. Therefore, Tea Rose-Rectanus is still the applicable rule when no party seeks, or has yet sought, registration of the party's trademark. The Lanham Act is not generally applicable in the concurrent use context until a party seeks registration of a mark, so prior to that point in time, the common law rules still govern.

²⁴ 15 U.S.C. §§ 1051, 1052(d) (2006).

(IV) the goods and area for which the applicant desires registration.²⁵

In other words, in the case where concurrent use already exists, an applicant should claim that concurrent use in her application, thus voluntarily limiting the scope of her application. The registration, if granted, will be limited to the goods and territory for which the applicant applies. Therefore, existing, pre-application concurrent use is preserved when registration issues.

If the applicant fails to volunteer the fact of concurrent use in her application, registration may still be granted, but the PTO will likely impose involuntary concurrent use limitations anyway under section 1052(d). Generally, registration will be refused if the mark in the application resembles another mark already registered or previously used in the United States when the mark in the application is likely to cause confusion, mistake, or deception.²⁶ However, the Lanham Act provides an exception to this general rule:

[I]f the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of such use of the marks... concurrent registration may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce Concurrent registrations may also be issued by the Director when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Director shall prescribe conditions and limitations as to the mode or place of use of the mark.²⁷

An applicant who has not disclosed concurrent use may still be subject to concurrent registration. The PTO can thus uphold the rights of concurrent users through limiting the applicability of registration even when the applicant has not specifically applied for limited rights.

The primary problem with the concurrent registration provisions is that the PTO and applicant may both miss the existence of a similar or identical mark in use by another that is likely to cause confusion, mistake, or deception. Full registration of the applicants mark may issue in spite of an existing concurrent user's rights. The Lanham Act resolves this issue through opposition and cancellation

²⁵ *Id.* § 1051(a)(3)(D) (emphasis added).

²⁶ *Id.* § 1052(d).

²⁷ *Id.*

proceedings. A trademark approved for registration is published in the Official Gazette to notify the public of registrations that will be issued.²⁸ This notice alerts potential concurrent users to the forthcoming registration of a mark, and provides them with a thirty-day window to oppose it.²⁹ Section 1063(a) provides the statutory authorization for opposition: “Any person who believes that he would be damaged by the registration of a mark upon the principal register . . . may, upon payment of the prescribed fee, file an opposition.”³⁰ This opposition can lead to rejection of the applied-for mark if the PTO finds that the mark is likely to confuse, mislead, or deceive.

The opposition proceeding, however, will only be helpful to a concurrent user who consistently reads the Official Gazette in order to determine when another user has sought registration of a similar or identical mark; a concurrent user can easily miss the opportunity to oppose registration upon issuance of the registration. Cancellation proceedings thus further preserve the rights of a concurrent user. Section 1064 provides: “A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed . . . by any person who believes that he is or will be damaged . . . by the registration of a mark on the principal register.”³¹ There is no specific ground upon which a concurrent user may seek cancellation, but any cancellation proceeding may be brought against any mark “[w]ithin five years from the date of registration of the mark.”³² Therefore, a concurrent user whose use of a similar or identical mark has predated the application for registration has five years to learn of the registration, and to seek to cancel it or request the issuance of concurrent registrations.

After five years, a registered mark becomes incontestable, and a concurrent user loses the ability to petition for cancellation under section 1064.³³ However, even in these circumstances, the Lanham Act recognizes and preserves the rights of a legitimate concurrent user; the registrant’s right to use the registered mark in commerce becomes incontestable, “except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this

²⁸ See *id.* § 1062. Note that in the case of a concurrent application, the publication in the Official Gazette will be published subject to a determination of the rights of the parties.

²⁹ *Id.* § 1063.

³⁰ *Id.* § 1063(a).

³¹ *Id.* § 1064.

³² *Id.* § 1064(1).

³³ See *id.*

Act.”³⁴ While cancellation of the registered mark is no longer possible, the registrant cannot infringe on the territorial rights established by a concurrent user prior to registration.³⁵ In other words, the concurrent user always has the ability to contest an infringing use of the rights established through registration; a non-registered concurrent user can defend his mark within his territory through a common law infringement claim.

The Lanham Act provides additional explicit protection for the rights of an intermediate junior user.³⁶ The intermediate junior user is a user who adopts a mark already in use, but does so prior to application for registration; in other words, the intermediate junior user is the good faith remote junior concurrent user contemplated by the Tea Rose-Rectanus doctrine.³⁷ If a junior user adopts a mark in the period of time between the senior registrant’s adoption of the mark and application, then the junior user qualifies as a concurrent user and is protected under the provisions of section 1115(b)(5).³⁸

Section 1115(a) establishes that “[a]ny registration” shall constitute prima facie evidence of “the registrant’s exclusive right to use the registered mark in commerce,” but also provides that another user of a similar or identical mark will not be precluded from “proving any legal or equitable defense” against that presumption.³⁹ Section 1115(b) then provides a number of specific defenses available even against an incontestable mark, including a defense specifically tailored to protect the interests of an intermediate junior user:

(5) [Conclusive evidence of the right to use a registered mark shall be subject to the following defense:] That the mark whose use by a party is charged as infringement was adopted without knowledge of the registrant’s prior use and has been continuously used by such party... from a date

³⁴ *Id.* § 1065 . Note that incontestability turns on (1) filing of the requisite affidavit alleging continued use between the fifth and sixth year of registration and (2) no prior administrative or legal challenges to the registerability of the mark. *Id.*

³⁵ See also 5 MCCARTHY, *supra* note 8, § 26:38. See generally *Thrifty Rent-A-Car Sys., Inc. v. Thrift Cars, Inc.*, 831 F.2d 1177 (1st Cir. 1987).

³⁶ See also 5 MCCARTHY, *supra* note 8, § 26:38. See generally *Thrifty Rent-A-Car*, 831 F.2d 1177.

³⁷ Alternatively, an intermediate junior user could have adopted the mark prior to the issuance of the senior user’s registration if adoption of the mark by the junior user occurred before November 16, 1989. 5 MCCARTHY, *supra* note 8, § 26:38.

³⁸ *GTE Corp. v. Williams*, 904 F.2d 536, 541 (10th Cir. 1990).

³⁹ 15 U.S.C. § 1115(a) (2006).

prior to... the date of constructive use of the mark established pursuant to section 1057(c) of this title...⁴⁰

As seen in this section, the Lanham Act preserves the right of a junior user who adopted the mark “without knowledge”—that is, in good faith—and has continued using the mark from a time prior to the registrant’s 1057(c) constructive use. While the section only implies the requirement of remoteness through its reference to section 1057(c), and fails to specifically address what is to happen in the case of good faith *non*-remote use prior to the application for registration, the Tea Rose-Rectanus doctrine prevents a non-remote junior user from being able to take advantage of this provision of the Lanham Act. Such a non-remote user is not entitled to any rights in the mark whatsoever.

The Lanham Act thus incorporates concurrent use doctrine through a number of mechanisms. First, it brings concurrent use rights into the registration system through the concurrent registration process; concurrent registration can be voluntary under section 1051⁴¹, or involuntary under section 1052.⁴² In cases where there has not been a concurrent registration, a non-registrant party may still oppose a mark prior to registration, or petition for its cancellation within five years of registration.⁴³ As discussed, beyond the point of incontestability, the Lanham Act preserves the established rights of concurrent users against a registrant, provided the senior user has not abandoned its mark.⁴⁴ Thus, the Lanham Act preserves concurrent use, but restricts the doctrine by limiting the time period in which concurrent rights can be established.

B. SOLUTIONS TO REALSPACE CONCURRENT USE CONFLICTS

Once the right to concurrent use is established, whether by the common law rules or in connection with the Lanham Act, the respective territorial rights of the concurrent users must be determined. Demarcation of the concurrent users’ territory balances the interests of the legitimate concurrent users with the thematic goals in trademark law.⁴⁵ Territorial limitation facilitates this balance both by preventing

⁴⁰ *Id.* § 1115(b)(5).

⁴¹ *Id.* § 1051(a)(3)(D)(i)-(ii).

⁴² *Id.* § 1052(d).

⁴³ *Id.* § 1064(1).

⁴⁴ *Id.* § 1127.

⁴⁵ In particular, demarcating territory helps to preserve the source identification provided by concurrent marks and also prevents consumer confusion. *See* 1 MCCARTHY, *supra* note 8, § 2.8 (indicating that avoidance of confusion is a keystone of trademark law). *See generally id.* § 3:2 (identifying source identification as a central function of trademarks).

the overlap of similarly or identically named goods in a single place and by reducing the frequency with which individual consumers encounter those goods in a situation likely to cause confusion. The concurrent users can thus use their mark in their territory and establish good will under their mark without a likelihood of confusion.⁴⁶

1. Common Law Tests for Establishing Territory

Courts have established three theories for determining the territory to which concurrent users are entitled: (1) market penetration, (2) zone of reputation, and (3) zone of natural expansion.⁴⁷ Each of these theories justifies expansion of territorial rights into specific geographic areas based on the conduct of the trademark user. The core test is the Market Penetration Test, which grants a user territory based on realspace use in commerce.⁴⁸ The Zone of Reputation and Zone of Natural Expansion Tests, when applied, extend a user's rights beyond this core territory when the user has behaved in certain ways.⁴⁹

a. Market Penetration Test

The classic test for determining the territory of concurrent users under the common law scheme is the Market Penetration Test.⁵⁰ The test looks to the degree that “a mark has been commercially used in a particular geographic area.”⁵¹ The idea behind this test is that good will can be presumed in areas where a user has established a requisite level of market activity.⁵² By looking to where the user is using the mark in commerce, the Market Penetration Test delineates

⁴⁶ *But see* Thrifty Rent-A-Car Sys., Inc. v. Thrift Cars, Inc., 831 F.2d 1177, 1184 (1st Cir. 1987) (acknowledging that sometimes consumer confusion cannot be completely eliminated).

⁴⁷ *See generally* William Jay Gross, *The Territorial Scope of Trademark Rights*, 44 U. MIAMI L. REV. 1075 (1990).

⁴⁸ Use in commerce is the corner stone of establishing trademark rights; thus, the Market Penetration Test is theoretically the soundest form of establishing a user's right to territory by requiring the user to have actually established rights in those territories through a prerequisite degree of use giving rise to a likelihood of confusion. *Id.* at 1084-85.

⁴⁹ The courts have indicated a willingness to extend a user's territory beyond the area in which use in commerce exists under the Market Penetration Test has occurred. However, because the user's rights to these extra territories are not based on use, theoretically these territories are less worthy of protection. *See Id.* at 1085-86.

⁵⁰ *See generally* 5 MCCARTHY, *supra* note 8, §§ 26:13 – 26:15.

⁵¹ Barrett, *supra* note 3, at 693.

⁵² 5 MCCARTHY, *supra* note 8, § 26:13.

territory on the basis of the sort of activity that trademark law is designed to protect.⁵³

When ruling on the territory to which concurrent users are entitled, courts generally consider a number of factors to determine whether a user has penetrated a given market. The test is not merely a question of minimal or prerequisite amounts of sales; as a general proposition, the court will look for a significant enough presence to pose a real likelihood of confusion among consumers in an area.⁵⁴ To make this determination, the court will look at factors such as: (1) dollar value of sales, (2) number of customers as compared to the population of the state or region in which sales are occurring, (3) relative and potential growth of sales, and (4) length of time since significant sales have occurred.⁵⁵

b. Zone of Reputation Test

The Zone of Reputation Test expands territory established under the Market Penetration Test by attempting to accommodate the realities of nationwide advertising and the mobility of customers.⁵⁶ Limiting territory to use is, to some degree, undermined by the ability of a user to easily communicate information about a mark to areas in which that user has no actual sales.⁵⁷ It is thus possible for a user to establish some degree of brand recognition or good will in an area where no goods or services are offered for sale.

On the one hand, the test is arguably not as well-founded as the Market Penetration Test because, in territories where the user cannot rely on the Market Penetration Test, the user lacks the requisite degree of use to establish trademark rights.⁵⁸ However, good will can be

⁵³ Use in commerce is the basis for establishing trademark rights, so it makes sense to base a user's territorial rights on the geographic area in which such use has occurred. See 15 U.S.C. § 1051(a)(3)(C) (2006) (identifying use in commerce as a basis for trademark rights by making it a prerequisite to trademark registration).

⁵⁴ *Sweetarts v. Sunline, Inc.*, 380 F.2d 923, 929 (8th Cir. 1967).

⁵⁵ *Id.*

⁵⁶ 5 MCCARTHY, *supra* note 8, § 26:17.

⁵⁷ *Travelodge Corp. v. Sirgusa*, 228 F. Supp. 238, 243 (D.C. Ala. 1964) ("The traditional notions of limited market area pervading the earlier cases dealing with product trademarks are not persuasive in this day of modern communication and travel. Recent decisions involving restaurants and chain stores manifest this expanding concept of the market area for such establishments and the consequent reduced influence of the earlier cases."). See also 5 MCCARTHY, *supra* note 8, § 26:17.

⁵⁸ *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 416 (1916) ("[T]he mark, of itself, cannot travel to markets where there is no article to wear the badge"). See also Gross, *supra* note 47, at 1085-86 ("Theoretically . . . trademark protection should not extend beyond the area of actual market penetration. Moreover, where

established through consumer awareness without sales or physical presence of marked goods; this reality justifies the extension of a user's rights into areas where awareness has been established.⁵⁹ Additionally, if there is consumer awareness of a mark, then use of the mark by another could create a likelihood of confusion.⁶⁰ Because good will, which trademark law seeks to protect, is not necessarily bound to market penetration, there seems to be adequate justification for using reputation as a legitimate basis for establishing territory.⁶¹

c. Zone of Natural Expansion Test

The basic concept of the Zone of Natural Expansion is to protect the interest of a user who has continuously expanded the area in which her use of the trademark occurs. The Zone of Natural Expansion theory is premised on the idea that a user should be entitled to some additional breathing space.⁶² The courts have looked to a number of factors in determining what zones should be reserved for a user's expansion, including: "(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."⁶³

trademark rights are acquired only by the use of the trademark—use requiring sales—it follows that the mark is not 'used' in an area in which there have been no sales.").

⁵⁹ See 5 MCCARTHY, *supra* note 8, § 26:16 (indicating that reputation prevents another's use from being remote).

⁶⁰ See Gross, *supra* note 47, at 1087 ("This protection is reasonable because when the reputation of a trademark has spread and become sufficiently well known in an area outside the area of actual market penetration, there is an increased likelihood that the consuming public will confuse the infringer's product or service with that of the legitimate user. Therefore, in order to protect both consumers and businesses, trademark rights should extend to this zone of reputation.").

⁶¹ The *Hanover Star Milling Co.* opinion indicates: "Into whatever markets the use of a trademark has extended, *or 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." 5 MCCARTHY, *supra* note 8, § 26:17 (quoting *Hanover Star Milling*, 240 U.S. at 415-16) (emphasis in original).

⁶² *Id.* § 26:20 ("The policy involved is that areas of exclusive trademark use should not necessarily be confined only to areas of actual use, but should be extended to give some 'breathing space' or a penumbra or zone of reasonable expansion for the future.").

⁶³ *Weiner King, Inc. v. Wiener King Corp.*, 615 F.2d 512, 523 (C.C.P.A. 1980) (citing *Beatrice Foods Co. v. Fairway Foods, Inc.*, 429 F.2d 466, 475 (C.C.P.A. 1970)). See also 5 MCCARTHY, *supra* note 8, § 26:24 ("(1) . . . the geographical

The Zone of Natural Expansion theory is the most controversial basis for extending a user's territory, primarily because it entitles a user to territory in which there is no established good will. Many courts criticize the theory because it is seen as imprecise and based on a legal fiction; there is no consistent way of determining the extent of the territory that should be reserved for the user.⁶⁴ Furthermore, given the fact that a user who wishes to expand her trade can simply register her mark under the Lanham Act and reserve all vacant territory nationwide, the justification for extending a zone for expansion seems questionable.⁶⁵

2. The Lanham Act and the Territorial Freeze

The Lanham Act authorizes the Director of the PTO to determine the territory and rights of concurrent users when issuing concurrent registration: "In issuing concurrent registrations, the Director shall prescribe conditions and limitations as to the mode of place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons."⁶⁶ This language does not explicitly require the Director to consider the common law tests when establishing the rights of the concurrent users, but it is possible that those tests impact how the Director will prescribe the limitations to be placed on the non-registrant's territory.

The registrant, on the other hand, is entitled to much greater rights. Under the Lanham Act, application for registration, "constitute[s] constructive use of the mark, conferring a right of priority, nationwide in effect."⁶⁷ This language substantially modifies the common law rules for territory. Under the common law rule, any unoccupied territory was up for grabs, and either concurrent user could claim that territory by penetrating the market or establishing a reputation with consumers that lived there; there was essentially a race to acquire rights in available space.⁶⁸ The Lanham Act, however,

distance from the senior user's actual location to a point on the perimeter of the zone of expansion[;] (2) . . . the nature of the business [and whether it already have a large or small zone of actual market penetration or reputation[;] (3) . . . the history of the senior user's past expansion . . . [; and] (4) [whether] it [would] require an unusual 'great leap forward' for the senior user to enter the zone, or [whether] the zone [is] so close to existing locations that expansion would be (or is) a logical, gradual, step of the same length as those previously made.").

⁶⁴ Gross, *supra* note 47, at 1088.

⁶⁵ 5 MCCARTHY, *supra* note 8, § 26:23. See also Gross, *supra* note 47, at 1088.

⁶⁶ 15 U.S.C. § 1052(d) (2006).

⁶⁷ *Id.* § 1057(c).

⁶⁸ 5 MCCARTHY, *supra* note 8, § 26:13. This assumes, of course, that neither of the concurrent users is content with their existing territory or intends to stay put.

gives unclaimed territory to the registrant. The territory of any other party with a claim to concurrent rights is frozen at the moment of application.⁶⁹ The registrant is thus entitled to all other space, but may only enforce that right in circumstances under which there is an actual likelihood of confusion; other users may intrude on this territory, but when the registrant reaches that territory they must make way to his superior rights.⁷⁰

PART II: THE PROBLEMS

A. THE INTERNET PROBLEM: CYBERSPACE AS EXTRATERRITORIAL SPACE

Concurrent use problems arise in the Internet context because Internet-based use will generally have a global impact irrespective of territorial boundaries. This extraterritorial scope is problematic because use by a concurrent user on the Internet will generally be accessible to consumers in territories to which the concurrent user has no rights. It becomes particularly difficult for concurrent users or the traditional realspace legal framework to effectively regulate what the consumer encounters on the Internet.⁷¹

⁶⁹ *Id.* § 26:45 (“Whatever scope of territorial rights the junior user had at the date of registration . . . are protected, but no more.”). *See also* Thrifty Rent-A-Car Sys., Inc. v. Thrift Cars, Inc., 831 F.2d 1177, 1181 (1st Cir. 1987) (“A pre-existing good faith user’s rights are frozen to the geographical location where the user has established a *market penetration* as of the date of registration. Such users are unable thereafter to acquire additional protection superior to that obtained by the federal registrant.”) (emphasis added).

⁷⁰ *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 364 (2d Cir. 1959) (“Therefore if the use of the marks by the registrant and the unauthorized user are confined to two sufficiently distinct and geographically separate markets, with no likelihood that the registrant will expand his use into defendant’s market, so that no public confusion is possible, then the registrant is not entitled to enjoin the junior user’s use of the mark.”). *But see* *Gastown Inc. of Delaware v. Gastown Inc.*, 331 F. Supp. 626, 632 (D. Conn. 1971) (limiting the *Dawn Donut* Rule to cases where there is not a highly mobile population of customers who, through their mobility, create an essentially regional market). Note, however, that some courts have more recently upheld the *Dawn Donut* Rule. *See, e.g.*, *Minnesota Pet Breeders Inc. v. Schell & Kampeter, Inc.*, 41 F.3d 1242, 1246 (8th Cir. 1994) (indicating that the nationwide right conferred by registration does not entitle the owner to injunctive relief unless there is a present likelihood of confusion).

⁷¹ WORLD INTELLECTUAL PROP. ORG., INTELLECTUAL PROPERTY ON THE INTERNET: A SURVEY OF ISSUES 72 (2002), <http://www.wipo.int/export/sites/www/copyright/en/ecommerce/pdf/survey.pdf>. (“When a trademark is used on the Internet it is immediately visible to a global

Access to concurrent marks is only part of the problem; confusion also becomes possible because it is relatively easy for a consumer to believe, mistakenly, that she is visiting a particular website belonging to a particular user.⁷² A consumer seeking a user's website must rely on a domain name or a search engine to access that website, but these suggestive means of navigation may easily direct a consumer to the wrong website.

Given the extraterritorial nature of the Internet, two theoretical concurrent use issues arise. First, what is the impact of concurrent marks on unclaimed territory when the marks are used on the Internet? Second, can access to a concurrent mark on the Internet be the basis for infringement when the mark is viewed in another concurrent user's established territory?

B. INTERNET USE AND UNCLAIMED TERRITORY

The first question essentially asks whether or not the Internet may be used to claim or establish a user's right to territory; part of this inquiry is to determine whether the traditional territory rules—Market Penetration, Reputation, and Natural Expansion—are still feasible tests in the Internet context.

The Market Penetration Test could, arguably, survive in the Internet context. One commentator has suggested as much: "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."⁷³ Internet sales still require realspace delivery of the purchased goods or services, and the volume of sales in the territories into which the goods are delivered, for example, could still be the basis for the traditional Market Penetration analysis.⁷⁴ Thus, the core Market Penetration territory can still be

audience and may be considered to have global effect. This particular feature of the Internet makes it difficult for businesses to foresee in which [territories] their business activities might become legally relevant. Due to the particularities of Internet technology, it is often difficult to fit the "use" of a trademark on the Internet into traditional legal concepts of use in the physical world."). Even though WIPO here contemplates the international implications of the Internet problem, the commentary is no less applicable to the issues as they arise in the United States under the concurrent use system.

⁷² *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1057 (9th Cir. 1999) ("In the Internet context, in particular, entering a web site takes little effort—usually one click from a linked site on a search engine's list; thus, web surfers are more likely to be confused as to the ownership of a web site than traditional patrons of a brick-and-mortar store would be of a store's ownership.").

⁷³ Barrett, *supra* note 3, at 695.

⁷⁴ *Id.*

established by Internet use by relying on the necessary degree to which Internet-based sales are still tied to realspace. The *Sweetarts* Market Penetration factors may become more difficult to apply in cases where sales volume in a particular territory is limited, but Market Penetration could still be determined at the discretion of a court applying the factors in an intelligent way.

Like the Market Penetration Test, the Reputation Test is still a feasible means of determining territory through Internet use. Internet-based advertising could be used to establish brand-recognition in territories outside of the core Market Penetration territory. However, due to the global scope of the Internet, the reputational zone could quickly become much more extensive than under some of the traditional modes of advertising. A user who is able to effectively and efficiently take advantage of Internet-based advertising may be able to quickly claim *all* territory that is unclaimed through establishing reputation.⁷⁵ This may disadvantage smaller concurrent users who previously had the luxury of some time to expand their reputational zone but cannot afford to implement effective Internet advertising.⁷⁶ The most significant analytical problem associated with the Reputation Test in the Internet context is determining how much reputation is sufficient to entitle a user to the territory. There is no clear articulation of a standard for determining the degree of reputation required to establish territorial rights.⁷⁷ Like the Market Penetration Test, a court is best equipped to make this factually driven determination, particularly in the Internet context. However, to make the Reputation Test feasible with the Internet, it might be worthwhile to set a high

⁷⁵ Note also that Internet advertising that is sufficient to quickly establish territory beyond a user's zone of market penetration may also be effective enough to begin to establish a zone of reputation in another concurrent user's territory. This creates a likelihood, if not a certainty, of confusion and may provide an argument against the Reputation Test in the Internet context. On the one hand, this would incentivize effective Internet advertising while at the same time increasing the likelihood of confusion that trademark law seeks to prevent.

⁷⁶ This is not to suggest that trademark law should have a preference for small business, but merely to indicate the degree to which the Reputation Test, in the Internet context, becomes a much more powerful means of acquiring the right to territory.

⁷⁷ *Hanover Star Milling*, often cited as the basis for the Reputation theory, merely states: "Into whatever markets the use of a trademark has extended, or 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." *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415-16 (1916). The 'its meaning has become known' language hardly provides a workable standard or gauge by which to determine a requisite degree of reputation.

standard for reputation,⁷⁸ otherwise, acquiring territorial trademark rights via Internet use could quickly become as efficient as registration of a trademark through the PTO.⁷⁹

The Zone of Natural Expansion Test is very problematic in the Internet context. Should establishing a website constitute expansion for the purpose of determining a past history of expansion? Should Internet-based sales into new territories count for purposes of determining routine expansion? The major problem with the Zone of Natural Expansion Test in the Internet context is that it is far too abstract.⁸⁰ “[T]he sheer number of business sites and restricted sites makes it difficult to apply the test.”⁸¹ Given the general disfavor that the Zone of Natural Expansion Test now faces, the Internet may be just another reason to abandon that theory of territorial expansion altogether. Commentators have suggested that, at least in the Internet context, the Zone of Natural Expansion Test should be “disregarded as unworkable.”⁸²

Although the Internet makes the traditional rules for establishing territory more complex, it does not necessarily follow that there is a fundamental incompatibility. In terms of establishing concurrent trademark rights, Internet use could be a valid means for evaluating territorial expansion under the current system. The Internet may create certain imbalances that might recommend minor tweaks to the way in which the traditional tests are applied—or abandonment in the case of the Zone of Expansion Test—but the tests are still a feasible means of determining territory. The alternative option would be to divorce Internet use from the process of establishing territorial trademark rights, although doing so might prove to be unworkable.⁸³ The fact that there is some rational way to preserve the territory tests and apply them to Internet-based activity might, therefore, suggest the continued use of those tests when possible or necessary.

⁷⁸ A possible standard would look for awareness or recognition by a certain high percentage of the consumers in the area. Alternatively, the reputation standard could be treated like a “famous” standard such as the one for determining dilution under the Lanham Act. *See, e.g.*, 15 U.S.C. § 1125(c)(2)(A) (2006).

⁷⁹ In other words, without a high standard for reputation, the Internet could be used as a means of essentially establishing constructive notice, but without the benefit to others of being able to search for the mark through the PTO and the principal register. This would undermine the apparent legislative intent to incentivize registration of trademarks under the Lanham Act.

⁸⁰ Barrett, *supra* note 3, at 705.

⁸¹ *Id.* at 706.

⁸² *Id.*

⁸³ If, for example, reputation has been established in a territory through Internet use, then not assigning that territory to the user who has established reputation may lead to future confusion when another mark physically invades that territory.

C. INTERNET USE AND CLAIMED TERRITORY

The second question created by concurrent use in the Internet context, namely, how to evaluate claimed territory, is the more interesting and problematic issue. Any use of a concurrent mark on the Internet is essentially viewable *everywhere*, including within another concurrent user's territory. While there do not seem to be any cases in which Internet access to a concurrent user's trademark in another concurrent user's territory has been considered an infringement, the consumer's ability to encounter an outsider's mark in a claimed territory creates a likelihood of confusion. The fact that a likelihood of confusion exists could justify a finding of infringement. The potential for a finding of infringement theoretically suggests that either (1) concurrent users should be forbidden from using the Internet; (2) the Internet should essentially make concurrent use unworkable; or (3) the law must accept the fact that a likelihood of confusion will exist and choose, against the principles of trademark law, not to respond. Therefore, in order to avoid confusion and preserve concurrent use in light of Internet technology, it seems necessary to formulate a solution to this problem.

PART III: SOLUTIONS

In order to preserve the concurrent use doctrine, the territorial nature of the doctrine and the extraterritorial nature of the Internet must be reconciled. This section proposes a number of solutions in response to the compatibility problems. However, in order to evaluate the viability of these solutions, it is first important to identify the specific types of use on the Internet that may give rise to a likelihood of confusion. After defining the specific use-types of concern, each solution can be evaluated in light of how it will resolve or fail to resolve problems arising out of each use.

A. USES ON THE INTERNET

There are at least five different ways in which a consumer might encounter a mark on the Internet. Analysis of any workable solution for concurrent use should, in some way, attempt to resolve the problems associated with each Internet use-type. Therefore, the main focus in analyzing these use-types is to determine the way in which each use creates a likelihood of confusion and the degree to which a

solution resolves that potential for confusion.⁸⁴ A solution's ability to resolve the confusion of each use-type should act as a rough measure of the solution's effectiveness.

1. Internet-as-Domain Name Uses

The first type of use to be considered is the trademark-as-domain name use. Companies frequently register '[trademark].com' as their domain name because it is easy to remember or find. There are strategic incentives for doing this; oftentimes when a consumer does not know the web address for a website, that consumer is likely to "hazard[] a guess at the domain name . . . [;] [commonly] the company name followed by '.com.'"⁸⁵

In the concurrent use setting this can be particularly troublesome. Two users may be entitled to use a given mark concurrently, but there can only be one website with the '[trademark].com' address. Therefore, at least one concurrent user will be unable to use the '[trademark].com' website; instead, that user will have to settle for some variation. The concurrent user could use a separate top-level domain indicator, like '.biz,' but, as the *Brookfield* court noted, a consumer looking for the site of either concurrent user is likely to start with the '[trademark].com' website.⁸⁶ The consumer might not realize that the site they have found at '[trademark].com' is not the site they were looking for. The lesser known top-level domain designations are not yet familiar to consumers and a consumer who finds a confusing website at the '[trademark].com' address might not even look for a second website. Confusion is thus likely to occur.

2. Search Engine Results

The second relevant Internet-based use is the search engine result. A consumer trying to locate a user's website may use a search engine to find the desired website by merely typing in the trademark. In the case of concurrent users, the search engine will presumably reveal at least one result for each concurrent user. The consumer, at this point, may be unable to determine which search result leads to the desired website, and confusion will arise. Furthermore, depending on

⁸⁴ An analysis of likelihood of confusion is central to any evaluation of a solution because preventing confusion is central to trademark law. See 1 MCCARTHY, *supra* note 8, § 2.8 ("[T]he keystone of unfair competition law which relates to trademarks is the avoidance of a likelihood of confusion in the minds of the buying public.")

⁸⁵ *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1044-45 (9th Cir. 1999).

⁸⁶ *Id.*

what method the search engine uses to generate and rank its results, a user may only initially encounter one concurrent user's website, and it may not be the intended website.

The search engine, while creating a likelihood of confusion, may do so to a lesser degree than a guessed domain name alone. If the search engine does provide results for each concurrent user, then at least the consumer will be alerted to the fact that there are multiple parties each using the same trademark.⁸⁷

3. Hyperlinks and Banner Advertisements

A consumer may initially encounter a mark in the form of a hyperlink or banner advertisement encountered on another website. Here, the consumer might not even initially have intended to visit a user's site, but might be inspired by the presence of a hyperlink and choose to pursue it. Like a domain name, a hyperlink or banner advertisement may give little to no information about its source or the website to which it leads. A consumer who recognizes the mark advertised but does not realize that there are concurrent users of that mark may become confused when following the link or ad.

4. Display of Trademark or Logo-Mark on User's Webpage

Another Internet-based use is the display of a trademark or logo-mark within the website itself. This use is less problematic than the domain name use because a consumer will first have to get to the website before seeing the mark; in other words, the consumer is likely to first encounter the mark within the domain name or on a search engine before reaching the website. This form of use is characteristically different than the other forms identified here because it does not cause confusion; it merely perpetuates it. Because the consumer could not access the website without first using the domain name, a search engine, or some other hyperlink it is likely that the consumer will either know she is where she intended to be or will have already been confused before the point at which she encounters the displayed mark. This characteristic difference is important because solutions that eliminate confusion prior to website access may render this use harmless.

⁸⁷ This, of course, assumes that the consumer does not merely select the first relevant search result without reading further. The search result list, in the case of a hastier consumer, may be no better than the domain name in terms of confusion.

5. Use of Mark In the Context of Third Party Sales

A final Internet-based use arises in the context of third party merchants on the Internet. In particular, marks may be encountered while browsing or purchasing goods through an Internet merchant or Internet superstore like Amazon.com or Overstock.com. If the third party seller markets the goods of both concurrent users, then a consumer purchasing goods through that seller may encounter both concurrent marks. An inability to differentiate between source or an impulse purchase of goods is likely to confuse the consumer.

B. SPECIFIC SOLUTIONS TO THE INTERNET PROBLEM

The following proposals may provide some meaningful way of preserving concurrent use in light of the Internet. While none of these solutions is a perfect fix for the problem, some seem more feasible than others. Each solution has advantages, but is also subject to some criticism. In light of the possibility that there may not be a perfect solution, these potential solutions may at least form the basis for a discussion about how to resolve concerns about confusion while allowing concurrent users to benefit from the commercial advantages the Internet offers.

1. Choosing Not to Recognize a Problem

One way to deal with the perceived Internet problem is to ignore it altogether.⁸⁸ In other words, perhaps the wisest course is to admit that realspace and cyberspace have fundamental incompatibilities, at least where trademark law is concerned, and to accept that certain problems may arise out of those incompatibilities. While this solution may preserve some confusion problems, it is possible that confusion is preferable to grossly over-inclusive solutions the implications of which extend beyond the concern of trademark law.⁸⁹ The primary advantage of this solution is that it requires neither the imposition of restrictions on the Internet itself, nor a restructuring

⁸⁸ This seems to be the approach currently favored by the courts.

⁸⁹ The Internet is a powerful tool by virtue of the ability to communicate information quickly over long distances and to an enormous audience. Restricting the free-flow of information and communication on the Internet in order to bring it into compliance with an area of law that is only occasionally implicated is a grossly over-inclusive solution. In order to avoid imposing such restrictions on the Internet, it may be easier to accept confusion in the Internet context, and preserve the realspace concurrent use doctrine as is.

of current law—along with correspondingly necessary realspace implications. This solution is extremely easy to implement—nothing needs to be done.

While ignoring problems presented by the Internet may be an easy course of action, and while avoiding over-inclusive, restrictive solutions should factor into the development of any reasonable solution, it seems hasty to disregard the possibility of finding a tailored solution to the problem in the name of ease. Furthermore, this solution fails to address the issue of confusion or any of the use-types that create confusion on the Internet.⁹⁰ Therefore, while there is an argument for taking this course of action, it is of little help when it comes to developing a cohesive law of trademarks that is responsive to Internet issues.⁹¹

2. Abandonment of Concurrent Use Doctrine

Another approach would be to abandon the concurrent use doctrine in the realspace context. This solution, like the previous solution, sees the realspace and cyberspace realities as fundamentally incompatible, but favors the cohesive legal theory that the previous solution fails to provide. This solution avoids imposing restrictions on the Internet, and resolves confusion arising out of concurrent use by prohibiting concurrent use outright. Furthermore, this solution addresses all of the use-types that create confusion on the Internet; a consumer on the Internet encountering a familiar mark used in any way would be able to rely on the fact that the mark seen is indicative of the single source entitled to use of that mark.

However, choosing to abandon legal doctrines that have realspace advantages just because those doctrines are incompatible with certain technological developments might do disservice to the rationale that created those doctrines in the first place.⁹² Furthermore,

⁹⁰ This solution, in fact, makes no apology about the fact that confusion will continue in an Internet context.

⁹¹ Due to the fact that prevention of confusion is central to the purpose of trademark law, continuing to allow confusion in some contexts while not in others seems contrary to the basic goals of trademark law. It is hard to imagine how allowing confusion in one circumstance while abhorring it in another can be justified in a theoretical legal context.

⁹² The courts in *United Drug Co.* and *Hanover Star Milling Co.* felt that the creation of a concurrent use doctrine was justified and appropriate. See *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 96-100 (1918); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413-16 (1916). Because good will could be developed separately in different regions, absent notice through registration, it is inequitable to

this solution fails to dictate what should be done with existing concurrent rights; concurrent users have already established good will under concurrent marks, and to force one or both of those users to rebrand and start over would be expensive and grossly inequitable given each rebranding user's detrimental reliance on the concurrent use doctrine itself. Without eliminating existing concurrent rights, however, the effectiveness of this solution would be severely undermined.

Therefore, this solution is a possible approach, and would certainly resolve confusion problems, but seems to face a number of practical, implementation-based difficulties that might prevent the solution's viability.

3. Imposition of Disclaimers

Concurrent use could work on the Internet if it were possible to dispel arising confusion quickly. Concurrent users could be required to place disclaimers on their web-pages indicating the source of the mark used and alerting the consumer to the possibility that they are not where they intended to be. The primary advantage to the imposition of disclaimers is that it preserves concurrent use in the realspace context, avoids imposing significant or over-inclusive restrictions on the Internet, and arguably resolves confusion. Additionally, this solution addresses all of the use-types that cause confusion. Domain name, search engine, and hyperlink uses all lead to the website where the disclaimer would dispel confusion. The disclaimer would also attempt to prevent a displayed mark on the web-page from perpetuating confusion. Finally, the disclaimer idea could potentially be extended to a third-party merchant setting by having the merchant disclose the source of the product.⁹³

penalize users who adopted a mark and developed good will just because an unknown user elsewhere adopted the mark first and failed to provide notice through relatively easy means. See *United Drug Co.*, 248 U.S. at 100; *Hanover Star Milling Co.*, 240 U.S. at 415-16. Trademarks may still be developed in the realspace context without Internet display or exposure; when this is the case, the legitimate interests and investment of a junior good faith user in acquired good will should be protected provided the junior user qualifies for concurrent use. It seems grossly unfair to affect junior users of this type—even if they represent a minority of cases—just because of the development of the Internet in more recent years.

⁹³ Two issues arise in the third-party merchant context. First, it may seem unreasonable to impose a burden of having to develop and post disclaimers on a third-party merchant, particularly when a merchant is not simultaneously selling the goods of two distinct concurrent users. This issue may be unavoidable; confusion will arise in the third-party web-based merchant setting if there are concurrent users on the Internet. If there is an unwillingness to impose some burden on the third-party merchant, than this confusion will be unavoidable. A simple disclaimer may

Disapproval of the disclaimer solution already exists, and there is already general criticism of the effectiveness of disclaimers in the Internet context. As one court put it:

[A] domain name and home page address [or a search engine result or hyperlink] are external labels that, on their face, cause confusion among Internet users and may cause Internet users who seek plaintiff's website to expend time and energy accessing defendant's web site. Therefore . . . a disclaimer on defendant's home page would not be sufficient to dispel the confusion [already] induced.⁹⁴

Furthermore, depending on how the disclaimer is made, a consumer may never see it, choose not to read it, or misunderstand it.⁹⁵

There are ways to make disclaimers more effective. For example, the disclaimer requirement could force a concurrent user to use an intermediate web-page to which a search engine result, hyperlink, or domain name would first lead.⁹⁶ This would act as a portal to the actual web-page and alert the consumer to the ownership of the mark and the website at the earliest possible time. While there may be a small degree of initial confusion prior to reaching the intermediate web-page, that small degree of confusion might not justify rejecting an otherwise potentially workable solution.⁹⁷ Therefore, although currently disfavored, the disclaimer might be more effective and useful to trademark law than currently thought.

be the least burdensome possibility available. Second, the merchant may not even be aware of the concurrent use circumstances. This second issue could easily be resolved by requiring the concurrent users who provide the merchant with goods to give notice of concurrent use.

⁹⁴ *Planned Parenthood Fed'n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d (BNA) 1430, 1441 (S.D.N.Y. 1997). *See also SNA, Inc. v. Array*, 51 F. Supp. 2d 542, 553 (E.D. Pa. 1999) (“[T]he relevant confusion that the domain name causes is drawing the web user to the site in the first place, and the disclaimer cannot fix that.”).

⁹⁵ *Welkowitz*, *supra* note 5, at 360.

⁹⁶ Another option would be a pop-up or clickwrap-style disclaimer, although in light of the proliferation of pop-up windows and advertising on the Internet, disclaimers taking this form might quickly be disregarded.

⁹⁷ The confusion issue, here, must be looked at from both sides. While one could argue that a consumer who ignores an intermediate disclaimer prior to reaching the site, and subsequently becomes confused, is the cause of his own confusion, and therefore not someone about whom the law should worry. The bigger problem is the potential harm that the confusion might cause to the concurrent user who becomes misrepresented in that consumer's mind after the confusion. If a consumer is able to bypass the disclaimer without taking time to read it fully, then there will always be the possibility of harm, and this may further justify the general disapproval of the disclaimer solution, even when disclaimers are made more obvious.

4. Regionalization of TLDs

The regionalized TLD⁹⁸ solution can be conceptualized in a number of different ways, but the basic idea is to reserve the “.com” or “.biz” TLDs for registrants while creating new region specific TLDs for non-registrants. This approach would create some connection between realspace territory and cyberspace by explicitly referring to territory in the domain name.

A major flaw of this solution is that it primarily targets only the domain name use problem; a user who inputs a domain name will know where the domain name will lead because of the TLD suffix. The search engine result and hyperlink uses will still have the potential to cause confusion because the consumer might not look at the destination’s domain name; the domain name, in connection with these uses, will only serve to act as a disclaimer. As noted above in the discussion of disclaimers, the effectiveness the domain name would have on dispelling confusion from these other uses would depend upon whether or not the consumer who reaches the web-page through a search engine or hyperlink looks at the domain name. This solution altogether ignores the third-party merchant use.

Additionally, this solution has a number of shortcomings. First, the average consumer generally will not know the registration status of a trademark; in order for this solution to be meaningful, the consumer must know (1) the fact that trademarks can be registered, (2) the existence of concurrent users, and (3) the identity of the concurrent user whose mark is registered. The average consumer will likely not have all of this information, if any. Second, even if the consumer has all of this information, if they know they are dealing with a non-registrant, then the appropriate regionalized domain name might not be obvious; the consumer may not know the concurrent user’s state of origin and may be unable to determine an appropriate domain name. Furthermore, concurrent use territory is not necessarily statewide;⁹⁹ it is possible for a concurrent user only to have territory in a city or county. The more specific the TLD region must be in order to account for concurrent use, the more unworkable the solution becomes; the consumer’s job of determining the domain name becomes too difficult.

Other administrative problems make this solution nearly unworkable. First, the PTO governs registration of trademarks while

⁹⁸ TLD is a common abbreviation for “Top Level Domain Name” and refers to the suffix added to website names. The “.com” or “.biz” TLDs are good examples.

⁹⁹ Gross, *supra* note 47, at 1089 (“[A] majority of courts have . . . held that separate trade areas may exist within state boundary lines.”).

ICANN¹⁰⁰ registers domain names. The fact that a single entity does not govern the registration of both trademarks and domain names forces a high degree of cooperation and communication between both agencies; this may create inefficiencies and be unduly burdensome on both agencies. Second, under current ICANN policy, geographic generic TLDs can only be created with documented support from the relevant government authority;¹⁰¹ this would require a state government or other governmental entity to join both ICANN and the PTO in establishing these TLDs. Furthermore, the global nature of domain names undermines the ability of this solution to work because United States law alone should not be able to dictate international domain name registration procedure. Finally, ICANN is in the process of lifting the tight regulation that had until recently been placed on TLDs.¹⁰² With the potential opening of an endless number of TLDs, region-specific, uniform TLDs may not be a viable solution.

5. IP Geolocation Restrictions

IP geolocation relies on technology to fix the problems that technology has created; it also reduces the gap between realspace and cyberspace by fitting cyberspace into the realspace territory scheme. When computers access the Internet, they must do so using an Internet Protocol number—commonly referred to as an ‘IP address.’ It is possible, using software, to determine the IP address of a consumer who is requesting access to a website.¹⁰³ Importantly, IP addresses are

¹⁰⁰ ICANN is the Internet Corporation for Assigned Names and Numbers. ICANN is a non-profit organization whose primary responsibility is to coordinate domain names in order to facilitate use of the Internet. *See generally* ICANN, About, <http://www.icann.org/en/about/> (last visited May 14, 2009).

¹⁰¹ *See* ICANN, New gTLD Program Explanatory Memorandum: Proposed Process for Geographic Name Applications (Oct. 22, 2008), <http://www.icann.org/en/topics/new-gtlds/geographic-names-22oct08-en.pdf>.

¹⁰² ICANN is in the process of adopting new rules that would allow anyone to apply for a new TLD designation. Under this process, applicants for a domain name need not be restricted to the twenty-one existing TLDs. *See generally* ICANN, New gTLD Program: Draft Applicant Guidebook (Draft RFP) (Oct. 24, 2008), <http://www.icann.org/en/topics/new-gtlds/draft-rfp-24oct08-en.pdf>.

¹⁰³ *See* IP2LOCATION.com, <http://www.ip2location.com> (last visited June 14, 2009), for an example of IP geolocation software is IP2Location. IP2Location’s website indicates that: “IP2Location is a geo IP solution to help you to identify visitor’s geographical location, i.e. country, region, city, latitude, longitude, ZIP code, time zone, connection speed, ISP and domain name, IDD country code, area code, weather station code and name using a proprietary IP address lookup database and technology without invading the Internet user’s privacy.” *Id.* By visiting the

distributed in realspace, so the software that determines the IP address can also determine where in the country or world the user is located. This is a process known as IP Geolocation. Given this technological possibility, a concurrent user who chooses to have a website could restrict users from outside her realspace territory from accessing the website.¹⁰⁴ In other words, this solution could impose a realspace analogue onto the cyberspace context. It has been estimated that geolocation is highly accurate and can determine a visitor's location within fifty miles,¹⁰⁵ so the possibility of error related to this solution should be considered, but may not be prohibitive.

This solution resolves many of the use-types that cause confusion. First, it prevents access to all displayed marks, except for the one with territorial rights in the area. Second, while geolocation will not prevent input of a domain name for a concurrent user that is not entitled to the consumer's geographic area, it will prevent access to the site; this may prevent confusion, particularly once consumers understand why they are being blocked. A similar result holds true for hyperlinks and search engine results. While it might be unfairly burdensome and possibly technically impractical to require third party websites to implement geolocation software to limit how and when certain banners, hyperlinks, or search engine results appear on a consumer's screen, geolocation would still prevent the consumer's access to the website. So long as the consumer is adequately educated about why they are being blocked, this solution will resolve the confusion quickly.¹⁰⁶

There are a number of potential criticisms to the solution, however. First, it fails to address the third-party merchant problem at all. Second, it may be overinclusive; restricting free access on the

website, a live demo of the software will display the visitor's geographic location on the company's homepage; this demonstrates the viability of the technology.

¹⁰⁴ Note that this ability to restrict access to certain users based on territory is contrary to assumptions made by some courts within the past decade. *E.g.*, *ACLU v. Reno*, 217 F.3d 162, 166 (3rd Cir. 2000) (stating "current technology does not permit a Web publisher to restrict access to its site based on the geographical locale of each particular Internet user").

¹⁰⁵ AHARON KELLERMAN, *THE INTERNET ON EARTH: A GEOGRAPHY OF INFORMATION* 195 (2002) (stating that geolocation software is 98% accurate at the country level, and 85% accurate at the city level.) *See also* SUBHAJIT BASU, *GLOBAL PERSPECTIVES ON E-COMMERCE TAXATION LAW* 304 n. 50 (2007) (indicating that geolocation software providers claim to be able to locate an individual within 50 miles of his actual location).

¹⁰⁶ Note that a consumer who believes they have input the correct domain name may be frustrated when blocked. While it is possible for this frustration to translate into harm to the good will of the user the consumer thought owned the domain name, education about what being blocked represents may prevent this harm. This may, however, be a concern.

Internet seems contrary to its nature and advantages. Furthermore the restrictions would be absolute and not subject to exceptions; there are a number of circumstances in which a consumer on the Internet intending to visit the website of and patronize a concurrent user in a different territory would be blocked.¹⁰⁷ Additionally, this solution fails to provide a rule regarding unclaimed territory; may the concurrent users allow users in unclaimed territory to access their websites, or must they block those individuals too? Another significant criticism is that this solution may be prohibitively expensive or technical for small concurrent users to implement. Finally, it is possible to circumvent IP geolocation with a certain degree of technical knowledge.¹⁰⁸

This solution may be somewhat overinclusive, but it does not appear to be grossly so. Additionally, it would likely only be implemented on websites of concurrent users in the commercial context; for this reason it would generally preserve the free-flow of information on the Internet and only restrict access in a limited set of circumstances. Therefore, while there are problems with this solution, it is a viable option.

6. Third-Party Merchant Solutions

Two final solutions are specific to the third-party merchant use. They are presented because the other solutions generally fail to address this use-type, and it may be necessary to resolve the third-party merchant issues separately. There are two possible variants: (1) treat the third-party Internet-based store as territory itself, or (2)

¹⁰⁷ As an example, a consumer may wish to order flowers for his mother on Mother's Day. Currently, he can access a local florist in his mother's area to order the flowers and have them delivered. This particular consumer would not be confused, and would intend to patronize that concurrent user. The goods and services would be provided in that concurrent user's territory and would not infringe on the rights of the concurrent user in the consumer's territory. IP geolocation restrictions would prevent this legitimate transaction.

¹⁰⁸ A consumer with a high degree of technical knowledge can, for example, access the Internet with their computer by using another computer as a proxy. The consumer's computer will communicate with another computer, and then use that computer's IP address to access the Internet. In this way, it is possible to deceive the IP geolocation software. However, the average consumer will not know how to do this, and a consumer that knows how to do this may be doing it intentionally to access a blocked website, diminishing the likelihood of confusion. Thus, while proxying may be a valid criticism, it may not destroy the viability of the solution. For a general explanation of web proxying, see ARI LUOTONEN, *WEB PROXY SERVERS* (1998).

prevent a third-party seller from selling the goods of concurrent users into territory in which those users have no rights.

The first variant resolves the confusion problem because it prevents the possibility of having two confusingly similar or identical marks available at the same time on a single Internet-based store. This may be particularly important in the Internet-store context because the consumer is often provided with only a picture and name of a product and will generally be unable to readily determine its quality; thus, a concurrent user's good will can be protected when his goods are of a vastly superior quality. The major criticism of this approach is that it is a significant and, arguably, unfair restraint on a third-party's ability to choose how to operate its business. There is an additional possibility that the third-party merchant's good will could be harmed, even if slightly, in the mind of consumers who believe that the merchant should have been providing products that it does not. Furthermore, this approach may place one concurrent user at a significant market disadvantage.¹⁰⁹ Therefore, while this is a potential solution, its impact on the parties involved may caution against it.

The second variant resolves some of the issues the first solution creates. It does not restrain the third-party merchant's ability to choose what goods it will sell. Instead, it merely places territorial restrictions on the way in which those goods may be offered. It also limits the market disadvantage felt by the concurrent users. However, this variant is subject to a number of criticisms. First, it does not resolve the issue of consumer confusion at the point of sale; consumers still encounter confusingly similar or identical marks in the Internet store. Second, it fails to dictate a rule with regard to unclaimed territory. Can the merchant sell the goods of either user into unclaimed territory, or is the seller prohibited from selling either into the unclaimed territory? Third, this solution may impose a substantial administrative burden on the third-party merchant. Finally, in the Internet context it is possible for the consumer to purchase the goods but have them shipped directly to a different recipient. Should the restrictions of this solution apply to the billing address of the consumer, the shipping address of the recipient, or both? The consumer that makes the purchase may intend to purchase a particular good that could not be shipped into the recipient's territory; therefore,

¹⁰⁹ Market disadvantage may not be a significant criticism in light of the fact that the same may be true in a realspace setting. A non-registrant may be left with very little territory when a concurrent user registers her mark.

this solution may restrict sales in cases when there would be no confusion.¹¹⁰

Both of these third-party merchant solutions appear to be extremely problematic. For this reason, both might be ill advised. However, because there is a definite likelihood of confusion in the Internet-store context, it may be worthwhile to try one of these solutions and troubleshoot until a more well-tailored approach can be fashioned. Alternatively, the third-party merchant disclaimer previously alluded to¹¹¹ might be an option. Working on the premise that Internet-based confusion should be resolved, it would seem odd to leave confusion in this one context unresolved. Creative thinking and careful analysis may provide better solutions than the ones presented here, but these may serve as a worthwhile starting point.

PART IV: CONCLUSION

Established concurrent use doctrine seems to be incompatible with the realities of the Internet, and this fact should not be ignored. It is unclear what the best approach is toward reconciling concurrent use with the apparent incompatibility, if at all. The solutions presented in this paper are not perfect and do not resolve every nuance of the problem. They do, however, illustrate the possibility of creative solutions capable of preserving concurrent use rights in an Internet context.

Of the solutions presented here, the imposition of IP geolocation restrictions on commercial websites appears to be the strongest candidate for adoption. By creating active protection of trademark users' realspace territorial rights, IP geolocation restrictions work without requiring work and time investments by consumers who may be unaware of the issue in the first place or unwilling to invest the work and time to differentiate concurrent users. While IP geolocation restrictions will limit the ability of a user to navigate the Internet to some degree, the restrictions need only be imposed in the commercial context and are, therefore, somewhat tailored to the concurrent use issues; restriction need not be too overbroad.

Prevention of confusion is an important goal in trademark law, and ignoring the problem is an insufficient response; without a more

¹¹⁰ It should be noted that this final criticism also arises in the realspace context; therefore, because we are willing to live with this problem in the realspace context, it might not be a significant problem in the cyberspace context either.

¹¹¹ See *supra* Part III.B.3.

proactive solution, the potential for confusion is only perpetuated. Therefore, solutions like the ones here presented should be considered, discussed, and criticized until an appropriate solution can be crafted. Furthermore, the imposition of IP geolocation restrictions should be a good starting point for this discussion.