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EDITOR'S NOTE

The Trademark Reporter published its first volume devoted to the Internet in 1997, with articles focused on legal issues then in their infancy, such as domain name infringements, the use of hyperlinks and metatags, and how the sale of goods and services on the Internet affected the traditional “minimum contacts” analysis for personal jurisdiction. Two years later, the TMR published an extensive update of Internet-related issues, again focused primarily on what was by then commonly known as cybersquatting, along with further coverage of the issues of linking, framing and metatags.

Since 1999, the TMR has regularly published articles on various Internet-related issues, but the time seemed ripe for another issue devoted exclusively to trademark issues arising in the context of the Internet and other new technologies. The articles included in this volume show that some issues that were once “hot” in the late 1990s, such as cybersquatting and initial interest confusion, have cooled down considerably, while other issues have become more controversial. Undoubtedly, as new business models of electronic commerce emerge, different and unanticipated trademark issues will come to the forefront, and the TMR will do its best to cover these developments as well in the years to come.

Sandra Edelman
Editor-in-Chief
ESTABLISHING GEOGRAPHIC RIGHTS IN TRADEMARKS BASED ON INTERNET USE

By W. Scott Creasman *

I. INTRODUCTION

Traditionally, geographic rights in common law trademarks extend from the point of sale only as far as consumers associate the marks with a seller. The very term “geographic rights” reinforces the historical grounding of common law trademark rights in the physical world. Internet sellers, however, lack physical stores from which to measure consumer identification of a trademark. A bricks-and-mortar seller and an Internet seller may have the same number of customers, but only the former may have a sufficiently dense clustering of customers within a market to establish common law geographic trademark rights.

As an initial matter, it does not appear that any court has directly addressed the issue of how (or if) a pure Internet presence can create geographic-specific trademark rights. This article explores the parameters of establishing geographic trademark rights in the physical world and applies them to the non-physical world of the Internet. Accordingly, this article will first briefly examine trademark law in traditional bricks-and-mortar commerce, and then examine the analogies provided in other areas of law for weighing Internet sales, particularly those in the personal jurisdiction and trademark infringement contexts. Finally, this article will discuss ways in which sellers can apply ever-developing Internet trademark rules to establish their own geographic trademark rights.

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1. See discussion infra Part II.

2. See discussion infra Part III.

3. See discussion infra Part IV.
II. HISTORICAL METHODS OF ESTABLISHING GEOGRAPHIC RIGHTS IN A TRADEMARK

Traditionally, a seller has marketed its products to consumers at definite bricks-and-mortar locations.4 This point of sale provided an epicenter for calculating the extent to which consumers identified a seller’s trademarks with its products. As a seller became more successful, the common law expanded a trademark’s geographic reach beyond the epicenter to coincide with the extent of the seller’s actual goodwill.5 This area of actual goodwill is the most basic of the several “zones” used to describe the geographic rights obtained under trademark law.6

Several legal developments conferred geographic rights beyond the zone of actual goodwill. Under the doctrine of natural expansion, trademarks conveyed geographic rights based on the likelihood of a seller’s continued expansion.7 This doctrine has created concurrent use conflicts, between a senior user who first adopted and used the mark in commerce, and a junior user in another market who subsequently did the same.8 Statutorily, the Lanham Act provided sellers with potentially nationwide geographic trademarks rights.9 The Internet does not fit neatly into this framework that was created for the physical world.10

A. Zone of Actual Goodwill:
The Core of Any Argument

At common law, trademarks are enforceable within the zone of actual goodwill where consumers identify the mark with a particular source.11 The zone of actual goodwill is divisible into two subcategories: (1) the zone of market penetration and (2) the zone of reputation.12 The zone of market penetration includes regions where consumers have actually purchased the trademark holder’s

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4. Cf. GoTo.com, Inc. v. Walt Disney Co., 202 F.3d 1199, 1206 (9th Cir. 2000) (offering a comparison between traditional bricks-and-mortar commerce and Internet commerce).
5. See discussion infra Part II.A.
7. See discussion infra Part II.B.
8. See discussion infra Part II.C.
9. See discussion infra Part II.D.
10. See discussion infra Part II.E.
12. Id. at 492. 4 McCarthy, supra note 6, § 26:2. At least one commentator has suggested that this subdivision is unnecessary. William Jay Gross, Comment, The Territorial Scope of Trademark Rights, 44 U. Miami L. Rev. 1075, 1110 (1990).
goods.\textsuperscript{13} The zone of reputation includes areas where consumers are aware of the seller’s goods, but have not purchased them. For instance, advertising and word-of-mouth may spread the seller’s reputation beyond the zone of actual sales.\textsuperscript{14}

To obtain trademark protection within the zone of actual goodwill, the seller must show sufficient use of the mark in commerce. Courts balance several factors to determine the extent of use in commerce, including:

1. the volume of sales of the trademarked product in that area;
2. growth trends in the area;
3. the market penetration as a function of the total product market (“number of persons actually purchasing product in relation to the potential number of customers”); and
4. the amount of advertising in the relevant area.\textsuperscript{15}

If a trademark owner with a bricks-and-mortar establishment is able to satisfy these criteria, showing actual use in a territory may not be necessary.\textsuperscript{16} In other words, a court may find that a trademark has a “zone of actual goodwill” that is territorially more expansive than its area of actual use in order to advance the primary trademark law goal of avoiding consumer confusion.\textsuperscript{17}

\textbf{B. Natural Expansion Doctrine}\textsuperscript{18}

The potential for a seller to expand “naturally” can extend the mark’s geographic rights beyond the zone of actual goodwill.\textsuperscript{19}

\begin{itemize}
\item \textsuperscript{13} Cotter, \textit{supra} note 11, at 492; 4 \textit{McCarthy}, \textit{supra} note 6, § 26:2.
\item \textsuperscript{14} Cotter, \textit{id.} at 492.
\item \textsuperscript{15} \textit{Natural Footwear Ltd. v. Hart, Schaffner & Marx}, 760 F.2d 1383 1398-99 (3d Cir. 1985) (rearticulating element (4)) citing \textit{Weiner King, Inc. v. Wiener King, Corp.}, 615 F.2d 512 (C.C.P.A. 1980) and \textit{Sweetarts v. Sunline, Inc.}, 380 F.2d 923 (8th Cir. 1967). See, e.g., \textit{Allard Enter., Inc. v. Advanced Programming Resources, Inc.}, 249 F.3d 564 (6th Cir. 2001) (restating the factors and noting that specific geographic limitations may not preclude use of a trademark on the Internet).
\item \textsuperscript{16} \textit{Allard Enter.}, 249 F.3d at 574 citing \textit{Weiner King, Inc. v. Wiener King, Corp.}, 615 F.2d 512 (C.C.P.A. 1980) (providing a similar five factor test).
\item \textsuperscript{17} \textit{Id.} citing \textit{In re Beatrice Foods Co.}, 57 C.C.P.A. 1302, 429 F.2d 466, 475 (Cust. & Pat. App. 1970) (“where a party has submitted evidence sufficient to prove a strong probability of future expansion of his trade into an area, that area would then become an area of likelihood of confusion if a registration covering it were granted to another party”).
\item \textsuperscript{18} The related use doctrine is similar to the natural expansion doctrine. Under the related use doctrine, sellers may extend their trademark into a related market. For instance, a dog food seller might extend its use of a trademark to cat food. Nonetheless, producers cannot exert geographic rights into geographically remote areas under the related use doctrine. Accordingly, this article will not consider the Internet’s effect on related uses. \textit{See Tally-Ho, Inc. v. Coast Community College Dist.}, 889 F.2d 1018, 1027 (11th Cir. 1989) (providing an analysis of related use).
\end{itemize}
Courts generally consider these criteria in determining the extent of “natural” expansion:

1. How great is the geographical distance from the senior user’s actual location to a point on the perimeter of the zone of expansion?

2. What is the nature of the business? Does it already have a large or small zone of actual market penetration or reputation?

3. What is the history of the senior user’s past expansion? Has it remained static for years, or has it continually expanded into new territories? Extrapolating from prior expansion, how long would it take the senior user to reach the periphery of the expansion zone he claims?

4. Would it require an unusual “great leap forward” for the senior user to enter the zone, or is the zone so close to existing locations that expansion would be (or is) a logical, gradual, step of the same length as those previously made?  

The natural expansion doctrine might extend geographic rights to as close as a few neighboring counties or as far as the entire state.  

The natural expansion doctrine shows signs of withering, if not outright elimination. One of the doctrine’s weaknesses is its inherent uncertainty—a senior user’s natural expansion rights are usually only defined, through litigation, after entering a market where the junior user is also using the mark. Accordingly, neither the senior nor the junior user can be fully aware of their trademark rights until a conflict arises. Furthermore, some have commented that granting geographic trademark rights without requiring that consumers be aware of the trademark results in a “fiction created to provide senior users with expansion areas.” In response to such concerns, the Restatement Third of Unfair Competition rejected geographic claims based solely on natural expansion. The First Circuit has rejected the doctrine entirely.

19. 4 McCarthy, supra note 6, at § 26:20.
20. Id. at § 26:9. See, e.g., Tally-Ho, 889 F.2d at 1028 (applying the factors listed in 4 McCarthy, supra note 6, at § 26:9).
21. Tally-Ho, 889 F.2d at 1028 (citing Junior Food Stores of West Florida, Inc. v. Junior Food Stores, Inc., 226 So. 2d 393, 396 (Fla. 1967) and noting the trial court’s error in granting statewide geographic rights).
22. 4 McCarthy, supra note 6, § 26:23.
23. Id. at § 26:22.
24. Tally-Ho, 889 F.2d at 1028.
25. 4 McCarthy, supra note 6, § 26:23.
Although other circuits continue considering the doctrine, courts tend to restrict its application.\(^\text{27}\)

### C. Concurrent Use and the Tea Rose-Rectanus Doctrine

Concurrent use principles frequently limit the natural expansion doctrine by granting junior users pockets of geographic rights. The *Tea Rose*-\(^\text{28}\)-*Rectanus*\(^\text{29}\) doctrine has dominated concurrent use analysis. Both the *Tea Rose* and *Rectanus* Supreme Court cases involved a junior user’s prior use of a mark in a territory in which the senior user subsequently entered. The junior user received geographic rights only if it could establish a zone of actual goodwill, and contingent upon two fair dealing characteristics.\(^\text{30}\) First, the junior user must establish that he acted in good faith and was unaware of the senior user’s mark.\(^\text{31}\) Second, the junior user must establish that its initial use was in an area geographically remote to that of the senior user.\(^\text{32}\)

At least one commentator has argued for merging the doctrines of natural expansion and *Tea Rose-Rectanus*.\(^\text{33}\) Taken together, the doctrines balance the senior user’s creativity in initially adopting a trademark against the fairness of the junior user’s good faith use of a similar mark.\(^\text{34}\) Nonetheless, courts created the doctrines to serve parties in very different circumstances: the natural expansion doctrine is an offensive weapon for the senior user; and the *Tea Rose-Rectanus* doctrine offers junior users a defensive shield.

\(^\text{26}.\) *Raxton Corp. v. Anania Assocs., Inc.*, 635 F.2d 924 (1st Cir. 1980).

\(^\text{27}.\) See, e.g., *Brookfield Communications, Inc. v. West Coast Entm’t Corp.*, 174 F.3d 1036, 1051 (9th Cir. 1999) (considering zone of natural expansion for its analysis but ultimately finding that the question was not dispositive); *Lucent Info. Mgmt. v. Lucent Technologies*, 186 F.3d 311, 316 n.8 (3d Cir. 1999) (sidestepping the analysis by citing insufficient use to establish even a zone of actual goodwill); 4 *McCarthy*, supra note 6, § 26:20 n.4 (providing a citation list with similar holdings that narrowly applied the doctrine of natural expansion). Because courts are restricting its application, the analysis in Part III will minimize its consideration of the natural expansion doctrine.


\(^\text{30}.\) 4 *McCarthy*, supra note 6, § 26:4.

\(^\text{31}.\) Id. Some disagreement exists as to whether the ignorance must be total or if the junior user must merely be reasonably unaware of the senior user’s plans to expand into the junior user’s market.

\(^\text{32}.\) 4 *McCarthy*, supra note 6, § 26:4.

\(^\text{33}.\) Cotter, supra note 11, at 541.

\(^\text{34}.\) Id.
D. The Lanham Act and Dawn Donut

The Lanham Act\textsuperscript{35} establishes geographic rights in any location in which the owner uses a trademark. Furthermore, the Act’s national registration provisions offer notice to all potential junior users.\textsuperscript{36} Accordingly, these provisions eliminate most junior users’ good faith arguments under the \textit{Tea Rose-Rectanus} doctrine. Nonetheless, concurrent use continues within the Act’s statutory regime, but to a lesser extent. Under \textit{Dawn Donut v. Hart’s Food Stores, Inc.},\textsuperscript{37} a senior user can only challenge a junior user when the senior user was likely to compete in the same market. This likelihood to compete standard resembles the zone of natural expansion but reflects greater imminence. The Lanham Act further narrows concurrent use by permitting the right to use a mark to become incontestable five years after its registration.\textsuperscript{38} Geographic rights to use obtained through incontestability, however, do not encroach on rights already established by a junior user (\textit{i.e.}, while the incontestability of the right to use a registered mark provides the mark holder with formidable rights, those rights do not “reach back” against a junior user whose use existed prior to the achievement of incontestability status).\textsuperscript{39}

E. The Internet

Recent case law has struggled to reconcile the Internet’s expansive reach with the traditional boundaries of geographic trademark rights. Some courts have treated the Internet as a separate market.\textsuperscript{40} Under this line of reasoning, a bricks-and-mortar seller and an Internet seller would generally have concurrent use over the same trademark. Even when treating the two as being within the same market, courts have also differed on the definition of use sufficient to trigger geographic rights. One decision required such large sales and advertising requirements that an Internet seller would seem to face greater difficulties in

\textsuperscript{35} 15 U.S.C. § 1051 et seq.
\textsuperscript{36} Id., § 1115
\textsuperscript{37} 267 F.2d 358 (2d Cir. 1959); see generally Thomas L. Casagrande, \textit{The “Dawn Donut Rule”: Still Standing (Article III, That Is) Even With The Rise of the Internet}, 90 TMR 723 (2000).
\textsuperscript{38} 4 \textit{McCarthy}, supra note 6, § 26:43. See generally, \textit{Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc.}, 469 U.S. 189 (1985) (addressing incontestability of a descriptive mark where a senior user expanded into a junior user’s market).
\textsuperscript{39} 4 \textit{McCarthy}, supra note 6, § 26:49.
\textsuperscript{40} \textit{E.g.}, \textit{Big Time Worldwide Concert & Sport Club at Town Center, LLC v. Marriott Int’l, Inc.}, 236 F. Supp. 2d 791, 804 (2003) (using a marketing channels analysis to conclude that the Internet-based product was unlikely to cause confusion).
establishing a zone of actual goodwill. Another decision found sufficient use in a large public unveiling of a web service.

Although a consumer in any market can access the Internet, no reported decision has yet held that an Internet presence alone conveys nationwide geographic trademark rights. Internet sellers still must establish trademark rights by creating an area of actual goodwill. For example, one district court held that a local band with a website had geographic rights only within the Dallas-Fort Worth area where it performed. A California consumer’s ability to access the band’s website was irrelevant because the Texas-based band had no plans to make sales in California. Conversely, restrictions in the bricks-and-mortar world might not limit Internet sellers. For instance, the Sixth Circuit has declined to limit a senior user’s Internet website because a junior user held superior trademark rights in Ohio.

The information available through the Internet affects the elements of the traditional tests, particularly in narrowing the common law good faith element required of junior users. Search engines allow at least some ability for potential junior trademark users to search for any senior users of a word mark. Nonetheless, the search technology has limitations: image-based searches are still in developmental phases and rely on text surrounding the image. Meanwhile, searching for prior domain name registrations lacks a unified search strategy. Researching whether a desired domain name conflicts with a previously registered one requires the searcher to check a series of human-determined permutations against the registries of domain names.

F. The Groundwork for a New Regime

The traditional emphasis on “zones” in bricks-and-mortar trademark law analysis remains applicable to the Internet. The challenging issue lies in determining how substantial Internet

42. Brookfield Communications, Inc. v. West Coast Entm’t Corp., 174 F.3d 1036, 1053 (9th Cir. 1999).
44. Id.
46. Domain name search capabilities are rapidly improving, with most advances coming from companies specializing in trademark search/clearance reports. E.g., NameProtect’s ACTIVEIP search product with a common law Internet usage and domain name search element available on a “knock-out” search basis.
47. See generally, Harrods Ltd. v. Sixty Internet Domain Names, 302 F.3d 314 (4th Cir. 2002) (providing a limited discussion of domain name permutations).
sales must be to establish even a zone of actual goodwill. Personal jurisdiction and trademark infringement offer analogies for defining when an Internet seller has established sufficient use to obtain geographic trademark rights.

III. LOGICAL PARALLELS

A. General Personal Jurisdiction

The test for obtaining general personal jurisdiction within a forum is one suitable analogy to consider. General personal jurisdiction is the conceptual mirror image of geographically-specific trademark rights; if one’s contacts with a jurisdiction are sufficient to permit that person to be hauled into court in that jurisdiction for any matter, one should, for the sake of equity, likewise “[enjoy] the benefits and protection of the laws of that state.” If one’s level of Internet activity alone is sufficient to establish general personal jurisdiction, this activity would necessarily be of such a magnitude as to have established a zone of actual goodwill in at least some portion of the judicial district being served by that court. At a bare minimum, this zone would consist of the zone of market penetration—the homes or offices of customers—and would be expandable by showing a zone of reputation beyond these points. If a trademark is used consistently in the ongoing development of that goodwill, a concurrent region of established rights in that trademark should exist. Trademarks associated with goodwill developed in this way necessarily should be afforded the same protection as trademarks associated with the goodwill derived from bricks-and-mortar business activities in that district. Additionally, from a more

48. This section focuses on general personal jurisdiction, not specific personal jurisdiction, as a possible analogy to the establishment of geographic trademark rights. The incidental contacts required for the proper exercise of specific personal jurisdiction are far less analogous to the persistent nature of geographically-specific goodwill required to establish geographic rights in a trademark than the “continuous and systematic” contacts required for general personal jurisdiction. Helicopteros Nacionales de Colombia, S. A. v. Hall, 466 U.S. 408, 414 (1984), (quoting Perkins v. Benguet Consolidated Mining Co., 342 U.S. 437 (1952)). While this causes some predictability problems for want of case law, it does provide a more likely parallel for the question at hand, and such an absence of precedent may be an indicator of how difficult it may be to effectively assert geographic trademark rights exclusively established via the Internet. Moreover, a good measure of the predictability issue will be dealt with by incorporating other elements into a final test.


50. Laurel Capital Group, Inc. v. BT Financial Corp., 45 F. Supp. 2d 469, 492 (W.D. Pa. 1999) (“Rights in a mark can extend beyond the geographic area of actual sales and customer residences if the user’s reputation is carried via word of mouth and advertisements.”). A determination of exactly how far beyond these resident-customers the business’ goodwill extended would require an individualized finding of fact.

51. See discussion supra Part II.A.
abstract perspective, the test for general personal jurisdiction looks at the relationship of the trademark owner—acting in association with the trademark—and its activities, to the public in the market in question. This relationship is similar to the relationship examined when evaluating the robustness of a trademark in a particular geographic region for the purposes of determining geographic trademark rights.\textsuperscript{52}

Such tests for general personal jurisdiction are the logical descendants of the landmark \textit{International Shoe} decision, which focused on whether or not an individual had sufficient minimum contacts with the forum state for that state to exercise personal jurisdiction over that individual, without offending the notions of due process.\textsuperscript{53} In the decades following the \textit{International Shoe} decision, the Supreme Court fleshed out a modern personal jurisdiction doctrine, adapting this doctrine to ongoing developments in technology, and the increasingly national and international nature of markets generally.\textsuperscript{54} With the emergence of the Internet and unique e-business models, courts are challenged again to adapt the law of personal jurisdiction to a novel market situation.

In \textit{Zippo Manufacturing Co. v. Zippo Dot Com, Inc.},\textsuperscript{55} the U.S. District Court for the Western District of Pennsylvania set forth what would soon become, in one permutation or another, the majority test for personal jurisdiction in cases involving the Internet.\textsuperscript{56} The \textit{Zippo} test looks to the “nature and quality of commercial activity that an entity conducts over the Internet.”\textsuperscript{57} Specifically, \textit{Zippo} establishes a sliding scale. An individual who “clearly does business over the [I]nternet . . . enters into contracts with residents of a foreign jurisdiction that involve the knowing and repeated transmission of computer files over the [I]nternet,” is properly subjected to jurisdiction under the \textit{Zippo} analysis. An individual who simply has “[a] passive Web site that does little more than make information available to those who are interested

\textsuperscript{52} See discussion supra Part II.B.
\textsuperscript{53} \textit{International Shoe}, 326 U.S. at 319.
\textsuperscript{54} See, e.g., \textit{World Wide Volkswagen Corp. v. Woodson}, 444 U.S. 286 (1980) (finding that the mobile nature of automobiles and mere foreseeability that an automobile sold in New York could end up in Oklahoma was insufficient to establish personal jurisdiction over defendant New York automobile dealer); \textit{Helicopteros Nacionales de Colombia, S. A. v. Hall}, 466 U.S. 408 (1984) (finding that purchases of helicopters and associated training sessions by a company in the state of Texas were insufficient for personal jurisdiction to be appropriate).
\textsuperscript{56} \textit{Hy Cite Corp. v. Badbusinessbureau.com}, 297 F. Supp. 2d 1154, 1159-60 (W.D. Wis. 2004) (refusing to adopt the \textit{Zippo} test \textit{per se}, but listing numerous cases from various courts in which it has, at least nominally, been used).
\textsuperscript{57} \textit{Zippo}, 952 F. Supp. at 1124.
in it,” is not. 58 For the majority of cases finding themselves somewhere between these two poles, Zippo suggested that “the exercise of jurisdiction is determined by examining the level of interactivity and commercial nature of the exchange of information that occurs on the Web site.” 59 Zippo dealt with specific, not general, jurisdiction, but the sliding scale of interactivity and commercial nature it set forth was later extended by other courts to cases involving questions of general personal jurisdiction and Internet use as well. 60

Although the Zippo and similar tests have been used often in cases of Internet activity and general personal jurisdiction, there is a lack of case law in which the level of Internet activity has been found to be sufficient to grant general personal jurisdiction under such tests. 61 Nonetheless, dicta in a case out of the Western District of Wisconsin spells out what may later be found to be an adequate level of contacts to give rise to general personal jurisdiction. In Hy Cite Corp. v. Badbusinessbureau.com, 62 although the defendant website operators were held not to have sufficient activities to merit general personal jurisdiction, Chief Judge Crabb stated that general personal jurisdiction could have

58. Id.

59. Id. In dealing with the facts specific to the Zippo case, the court held that defendant California-based Internet news service, with 3,000 of its 140,000 worldwide subscribers living in Pennsylvania, which had also engaged in negotiations with seven Internet service providers based in Pennsylvania, had sufficient contacts with Pennsylvania to be properly subject to personal jurisdiction.

60. Mink v. AAAA Development, 190 F.3d 333 (5th Cir. 1999) (finding defendant’s website, accessible in Texas, and containing “a printable mail-in order form, AAAA’s toll-free telephone number, a mailing address and an electronic mail (‘e-mail’) address” to be insufficiently interactive to establish general personal jurisdiction); Efford v. Jockey Club, 796 A.2d 370 (Pa. Super. Ct. 2002) (finding defendant’s website containing informational elements and permitting users to register foals via the Internet, absent evidence that the website targeted Pennsylvania residents or that Pennsylvania residents used the website to register their foals, to be insufficiently interactive to establish general personal jurisdiction).

61. Only one case, Gator.com Corp. v. L.L. Bean, Inc., 341 F.3d 1072 (9th Cir. 2003), found contacts via the Internet of sufficient magnitude as to confer general personal jurisdiction. However, this decision was subsequently vacated, and a new trial granted en banc by Gator.com Corp. v. L.L. Bean, Inc., 366 F.3d 789 (9th Cir. 2004). The parties subsequently settled before judgment could be reached in the new trial, causing the appeal to be dismissed as moot by Gator.com Corp. v. L.L. Bean, Inc., 398 F.3d 1125, 1127 (9th Cir. 2005).

62. 297 F. Supp. 2d 1154 (W.D. Wisc. 2004). This case is notable also in that Chief Judge Crabb expressly declines to adopt the Zippo test and interactivity as the exclusive determinate of minimum contacts within a forum for jurisdictional purposes. Accord, Savage Universal Corp. v. Grazier Constr., Inc., 2004 U.S. Dist. LEXIS 16088 (S.D.N.Y. 2004) (“Although this “sliding scale” model provides a useful guide to how courts have approached such claims in the recent past, it does not amount to a separate framework for analyzing internet-based jurisdiction, and traditional statutory and constitutional principles continue to apply.”).
been found if there were both the specific targeting of Wisconsin residents and “substantial sales” to such residents via the website. Of course, bricks-and-mortar activity in the jurisdiction in conjunction with Internet activity would also increase the likelihood of a finding of general personal jurisdiction.

A legal analogy that has very little case law to support it is, on its surface, of dubious utility. However, the underlying analysis when freed of due process constraints, and the physical realities of traditional commercial interaction, enables this particular analogy to remain useful, arguably. Specific personal jurisdiction is proper “where contacts proximately result from actions by the defendant himself that create a ‘substantial connection’ with the Forum State.” In trademark infringement litigation, harm is found to occur at the point where infringing activity coincides with and impacts the interests of the trademark owner, such as would occur at the location of infringing sales. As cases involving the Internet so often center on intellectual property conflicts, specific personal jurisdiction can be obtained in any jurisdiction where sales have been adequate. Given the diffuse nature of most Internet sales, and the likelihood that some significant level of these sales will have occurred in one or more favorable jurisdictions, a potential plaintiff will likely be able to shop for a favorable forum while operating within the realm of specific personal jurisdiction to an extent that would have been impossible prior to the creation of the Internet for a small or even regional business.

Hence, there is rarely a practical reason to seek general personal jurisdiction in a particular forum for an Internet-based business. This does not necessarily mean that it is prohibitively difficult to prove general personal jurisdiction over an Internet-based company in at least some jurisdictions; rather it means that there has been little cause to do so. Thus, while theoretically a direct line cannot be drawn from general personal jurisdiction to geographic trademark rights in the context of the Internet, the inquiry does not stop here. The essence of the seldom-met general

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63. Hy Cite, 297 F. Supp. 2d at 1162.
65. See, e.g., Beverly Hills Fan Co. v. Royal Sovereign Corp., 21 F.3d at 1558, 1571 (Fed. Cir. 1994) (“Economic loss occurs to the patent holder at the place where the infringing sale is made because the patent owner loses business there.”).
66. See, e.g., Pure Imagination, Inc. v. Pure Imagination Studios, Inc., 2004 WL 2967446, *12 (N.D. Ill. 2004), using, Natural Footwear Ltd. v. Hart, Schaffner & Marx, 760 F.2d 1383, 1400 (3d Cir. 1985) (“When sales activity does not exceed even a minimum threshold level, a court may properly conclude that market penetration [ ] has not been established.”).
67. A test for establishing geographic rights extrapolated solely from the tests for general personal jurisdiction would not be preferable regardless. The all-or-nothing
personal jurisdiction standard has certain parallels to another, often-used and often-met standard, and where case law exists to fit into the equation.

**B. Infringement—The Likelihood of Confusion Standard**

The Lanham Act creates civil liability for “[a]ny person who . . . uses in commerce any word, term, name, symbol or device, or any combination thereof . . ., which (A) is likely to cause confusion . . . as to the origin” of goods or services in relation to another’s goods or services in a market. A variety of generally similar multifactor-based tests are used by courts in applying this likelihood of confusion standard. The Ninth Circuit’s eight-factor Sleekcraft test is well-known and sufficient to demonstrate the relevant issues: (1) the strength of the plaintiff’s mark, (2) the similarity of the marks, (3) the proximity or relatedness of the goods or services, (4) the intent of the defendant in selecting the mark, (5) evidence of actual confusion, (6) the marketing channels approach to the establishment of trademark rights in the national market via the Internet is clearly seen as being insufficiently precise, see, e.g., Allard Enter., Inc. v. Advanced Programming Resources, 249 F.3d 564 (6th Cir. 2001) (holding that the prohibition of the use of a mark within a discrete geographic area does not preclude Internet use of that mark), and on a lesser level, a jurisdiction-by-jurisdiction system would also have problems with imprecision. Additionally, slight differences in the scope of long-arm statutes between jurisdictions, as well as permissible differences in their interpretations by different courts within those jurisdictions—particularly as between state courts and federal district courts, compare Design Information Systems v. Feith Systems & Software, 801 S.W.2d 569 (Tex. App. 1990), affirmed in part, reversed in part on an unrelated issue, Feith Systems & Software v. Design Information Systems, 813 S.W.2d 481 (Tex. 1991) (finding the sale of software to twenty-five Texas residents was sufficient evidence of “continuing and systematic contacts” for general personal jurisdiction to be asserted over a Vermont company), with J-L Chieftan, Inc. v. W. Skyways, Inc., 351 F. Supp. 2d 587 (D. Tex. 2004) (finding that an interactive website accessible in Texas, as well as sales to customers in Texas equivalent to 7.14 percent of company’s annual sales, were insufficient to establish general personal jurisdiction where there was no evidence that the sales were conducted over the website)—result in predictability problems as to exactly what sort of Internet activity is sufficient to establish geographic rights from region to region. See Charles W. “Rocky” Rhodes, The Predictibility Principle in Personal Jurisdiction Doctrine: A Case Study on the Effects of a “Generally” Too Broad, but “Specifically” Too Narrow Approach to Minimum Contacts, 57 Baylor L. Rev. 135 (2005) (stating that the personal jurisdiction doctrine of the State of Texas is internally inconsistent). Moreover, the jurisprudences of some jurisdictions have served to blur the line between general and specific personal jurisdiction, potentially causing confusion in efforts to extrapolate a test for geographic rights based upon one, not both, of these standards. Id. When such information is considered, a test drawing from more than one existing test seems all the more preferable than a direct analogy.


used, (7) the likelihood of expansion of product lines, and (8) the degree of care consumers are likely to exercise. The sixth factor of this test, the examination of marketing channels used, is particularly significant.

In *Entrepreneur Media*, the Ninth Circuit synthesized a three-question test for determining if Internet activity counts as conflicting “use” within a marketing channel for the purposes of *Sleekcraft’s* sixth factor. First, has the Internet been exploited as “a substantial marketing and advertising channel,” and not merely used in some lesser way? Second, have the parties used the marks “in conjunction with Web-based products”? Third, do the parties’ marketing channels overlap in any other way? In *Entrepreneur Media*, the parties’ use of the Internet was found not to be “significant enough to be pertinent,” thereby failing the first prong of the analysis. Other courts have applied the *Entrepreneur Media* test as well, and while conflicting use by both parties exclusively as the result of Internet activity is rarely found, there are several cases in which the activities of one of the parties are held to be sufficient to have the Internet qualify as a marketing channel, and others where the specific reasons why the use was not found to be sufficient were set out.

In *Big Time Worldwide v. Marriott International*, two ticket sales companies were found not to be in conflict on the Internet in its capacity as a marketing channel, as the plaintiff did not actually sell tickets over its website, but only used it as a marketing device. Additionally, the defendant’s use of direct-mail advertising and similar bricks-and-mortar activity in conjunction with its Internet activity was also found to work against the

70. *Id.*

71. Other circuits use subtle variations on the same theme. For example, the Seventh Circuit uses a seven-factor test as in *Ty, Inc. v. Jones Group, Inc.*, 237 F.3d 891, 897 (7th Cir. 2001), looking to the “area and manner of concurrent use” in the same way that courts that apply *Sleekcraft* look to “marketing channels.” Regardless of the specific language, a market analysis of this sort is a cornerstone of every “likelihood of confusion” test. Cf. *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1054 (9th Cir. 1999) (“this eight-factor test for likelihood of confusion is pliant”).

72. *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135 (9th Cir. 2002).

73. *Id.* at 1151, quoting, and adding emphasis to, *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1207 (9th Cir. 2000).

74. *Id.*, quoting *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1057 (9th Cir. 1999).

75. *Id.* (where plaintiff maintained a website hosting an online version of its publication, selling subscriptions to the print version of its publication, for marketing and advertising, and to facilitate interaction between visitors to the site, and defendant’s use was limited to a homepage hosted at a domain name allegedly infringing to plaintiff’s marks).

likelihood of confusion. 77 In M2 Software, Inc. v. M2 Communications, the plaintiff failed to establish the use of the Internet as a marketing channel because it did not provide specific evidence of sales attributable to the website, notwithstanding the fact that the website “appear[ed] to be geared primarily to providing music and video content.” 78

When combined with cases that use the Entrepreneur Media test in substance, if not in form, there is a clear picture of the sort of activity that would qualify as sufficient Internet “use” in the context of the marketing channel test. There must be evidence of (1) actual sales, (2) conducted via the website, and (3) of some degree of substantiality. 79

IV. THE FRAMEWORK FOR GEOGRAPHIC TRADEMARK RIGHTS BASED ON INTERNET USE

The substantive similarities between the majority of tests for general personal jurisdiction and market-channel trademark use via the Internet are significant. While the exact formal layout between the tests may vary slightly, the variance is no greater than the variance within each test from court to court. 80 With the exception of the additional specific targeting requirement of the general personal jurisdiction tests, the requirements for actual sales conducted via the website on some significant level are uncannily similar. Moreover, the subtle differences between the two tests enhance rather than damage their fitness as analogies to a test for geographic trademark rights when both tests are viewed in juxtaposition with one another. The more established infringement case law, when combined with the analytical rubric of general personal jurisdiction that has so many logical ties to geographic rights, enables findings on geographic trademark rights based on Internet use to be anticipated with a great deal of accuracy.

77. Id.
79. Pure Imagination, Inc. v. Pure Imagination Studios, Inc., 2004 WL 2967446 (N.D. Ill. 2004) (finding, although not by using the Entrepreneur Media test per se, significant conflict within the framework of an "Area and Manner of Concurrent Use" test, where both companies were exclusively Internet based, and not only marketed but also rendered their services over the Internet); see also Halo Management v. Interland, Inc., 308 F. Supp. 2d 1019 (N.D. Cal. 2003) (using a brief combined analysis of the relatedness of the goods and services as well as the marketing channels used for two Internet service providers to find the same marketing channel to be used based upon the similarity of services within the space of the Internet).
80. See discussion supra note 67.
A test to evaluate geographic trademark rights based on Internet use needs to be an effective way of divining the zone of actual goodwill that has been achieved by an Internet business. This test needs to deal with both factors of the zone of actual goodwill that have been used by courts to evaluate geographic trademark rights at common law in the bricks-and-mortar world—(1) the zone of market penetration and (2) the zone of reputation.

A test for the zone of market penetration is easily articulated and can be covered in a single factor. A simple examination of the number and distribution of sales that have been made over the Internet will illustrate, like pins in a map, the specific geographic points where an Internet business has penetrated the market.81

While a substantiability requirement is not central to the determination of a zone of market penetration, it should not simply be cast aside. Any test for the zone of actual goodwill would need to address the zone of reputation as well. Unlike a purely quantitative analysis used for finding a zone of market penetration, even in the bricks-and-mortar world, a zone of reputation is more difficult to accurately determine. Moreover, evaluations of Internet-based businesses would lack the convenience of contiguity present in most bricks-and-mortar situations. Adding to this problem is the lack of a practical way at present to non-invasively evaluate the effectiveness of Internet advertising such as from a qualitative perspective.82 The number of “hits” a website registers over a period of time may be logged, but the substantive quality of these hits is not examined in a way at all comparable with the analysis of television advertising, for example. However, given what is known, and the useful framework of the foregoing tests, it is possible to estimate a zone of reputation with enough accuracy to assess its legal impact.

The substantiability of activity in a region is one of those things that we do know. While substantiability thresholds exist as part of personal jurisdiction and market channel tests for different reasons, the concept can be borrowed as part of the solution for the problem at hand. Through making a quantitative, volume-based analysis of the zones of market penetration of a particular Internet company, considering the first three factors of the four-factor zone

81. The concept of formal substantiability of market penetration for purposes of infringement suits is not relevant to determining a zone of market penetration per se, rather it looks at such a zone’s significance in the market as a whole to determine if this zone is substantial enough. The zone itself still exists, even if it is de minimus in relation to a case at bar.

82. This is particularly true in light of the public’s abhorrence of spyware. Also, while courts could infer effectiveness from volume in a bricks-and-mortar situation, see supra note 15, there is not necessarily the same connection to be drawn from Internet advertising, although with an increased sophistication of Internet marketing strategies over time, such an inference may be revisited.
of actual goodwill use test, namely (1) the volume of sales in an area, (2) growth trends in that area, and (3) the extent of these sales as a function of the total market, provides some initial figures with which to work. However, unlike the bricks-and-mortar situation in which these figures could simply be held against the volume of advertising in an area to make an educated inference as to a company’s reputation in that area in a homogenous sense, the user-specific subjectivity of the Internet advertising environment requires another approach. Part of this approach could examine a fourth factor—dispersal of these sales points within a given area. For example, ten buyers scattered widely across an urban area of one million persons would likely be insufficient to infer any geographic area of reputation, in the traditional sense, between these points; in contrast, if those ten buyers are within one suburban residential block of one another, an inference of some area of reputation in that specific environment could be warranted, particularly when examined in conjunction with growth trends within the total market.

These examples are necessarily simplified, and problems could arise if dispersal was the primary test used in the making of an inference of reputation. First, while the above examples are clear, the vast majority of actual fact patterns would not be, and the fleshing out of that middle ground would take some time, with predictability suffering as it develops. Second, the interpretation of a single keystone factor could become the single point of contention in cases involving an investigation of geographic trademark rights and Internet use. A competition of experts could very much become the order of the day. However, if the remaining, unapplied element of the general personal jurisdiction test, specific targeting, is applied as a fifth factor, a far more accurate image could be reached without the need to delve so deeply into the specific facts of a distribution situation. At this stage, it is clear that courts have a preference for a bricks- and-mortar component on this point. For a company that is exclusively involved in e-business, this presents a dilemma not uncommon to early technology adapters. While directed mailings or region-specific advertising would likely, in conjunction with substantial actual sales to individuals in a particular jurisdiction, satisfy the targeting requirement, such

83. See discussion supra accompanying note 15.

84. See, e.g., Hy Cite Corp. v. Badbusinessbureau.com, 297 F. Supp. 2d 1154, 1159-60 (W.D. Wis. 2004) (stating, in dicta, the directed actions that defendant could have taken to satisfy the directed targeting requirement); Travelers Health Association v. Commonwealth of Virginia ex rel. State Corp. Commission, 339 U.S. 643 (1950) (directed solicitation alone, if sufficient, can support an exercise of personal jurisdiction).
marketing vehicles create just that sort of expense that businesses operating on the Internet seek to avoid.85

For this reason, it is important that these five factors be evaluated on a case-by-case basis, and that no one factor be dispositive of the evaluation. Rather, courts should evaluate the totality of the relevant facts in a very similar manner to the factors evaluated in the Sleekcraft test, as a whole.86 This permits some degree of flexibility to accommodate the specific facts of any given case, while remaining structured enough to ensure some degree of predictability for practitioners dealing with Internet trademark rights, particularly in that the factors incorporated into this test are drawn from analogous tests, from numerous cases, that provide solid, if only analogous, precedent on which to stand going forward.

V. CONCLUSION

Given the novel nature of geographic trademark rights established through the Internet as a legal concept, and the uniqueness of Internet advertising more specifically, and e-business more generally, there are sufficient conflicts with existing tests for establishing zones of actual goodwill to cause these tests to fail when they are applied to e-business and the Internet. In such a situation, courts must look to other, similar, established tests that can be appropriated to some degree or another, in spirit if not in form, to create a new test that will be both sufficiently simple and clear in its nature, and predictable and equitable in its application.

A bifurcated test that builds upon the dual ideas of zones of market penetration and reputation implicit in the concept of a zone of goodwill would be such a test. This bifurcated test would first examine the zone of market penetration using a quantitative analysis, looking to the distribution and amount of sales conducted over the Internet. Such a test could also be used as an initial de minimus threshold test to apply in the event of relevant infringement claims. The second facet of this test would then use a primarily qualitative analysis to infer a zone of reputation,

85. A potential solution is for the business to keep abreast of the geographic dispersion of its ongoing sales, and to use directed mailing or advertising only for those areas that are developing into zones of higher sales. This approach is inherently reactionary and somewhat takes a company out of the driver's seat of the development of their trademark protection (and jurisdictional exposure, for that matter), but given courts' treatments of the general personal jurisdiction question as it has related to the Internet in the past, and the similarly high evidentiary standard needed to establish geographic rights in trademark under the common law, such action would be a somewhat cost-effective way of consolidating and insuring rights within an area where a company has some market foothold already.

86. See discussion supra Part III.B.
examining and balancing (1) the volume of sales in an area, (2) growth trends in that area, (3) sales in that area as a function of the total market, (4) the distribution of these sales points within a given area, and (5) specific targeting, which would encompass any bricks-and-mortar advertising as well.

These two areas would, in conjunction, form an accurate approximation of the zone of actual goodwill, the zone of enforceability for trademark rights under the common law. However, given some courts’ employment of a high standard of use for Internet companies, a conservative strategy for establishing geographic trademark rights under the common law by an Internet company, going forward, would ideally include some follow-up traditional communication or other specifically targeted advertising, even though such action should not be required from an evidentiary point of view. Such actions are desirable more as a way of achieving legal certainty than a necessary e-business practice.

In a period and place of such uncertainty in the law, where even courts seem to be reaching for straws, tests using analogous standards and situations as a bridge to some existing case law, such as the likelihood of confusion test, provide the best available guidelines for predictability as the law develops. A test that uses these factual analogies in the larger context of an established standard that is similar to the issue at hand in its structural concept, such as the test for general personal jurisdiction, is doubly advantageous, in that it can speak to both predictability and equity. The test outlined above should provide a useful guide to the sort of tests that courts will employ as the issue of establishing geographic trademark rights based on Internet use becomes a more salient issue.

87. See Lucent Info. Mgmt. v. Lucent Technologies, 186 F.3d 311, 315-17 (3d Cir. 1999) (Ackerman, J., dissenting; describing the problems associated with a high standard of “use” for Internet companies).

88. See Allard Enter., Inc. v. Advanced Programming Resources, Inc., 249 F.3d 564, 575 (6th Cir. 2001) (the Sixth Circuit suggesting, in dicta, that the district court compare concurrent Internet use with concurrent national advertising on remand to establish a doctrine for concurrent use on the Internet).