

## WHAT STATE AM I IN?: COMMON LAW TRADEMARKS ON THE INTERNET

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### PREFACE—SCOPE OF ESSAY

This essay explores the interaction between common law trademarks and the Internet—a relationship that has yet to be scrutinized by the intellectual property and Internet communities. More specifically, it strains to identify a common law mark's territorial zone of protection with respect to the Internet. This is an ambitious endeavor from the start, for there is no case law or published academic material available or directly on-point. As a result, this essay will not be a critique of judicial precedent or academic opinion. Instead, it offers a premonition of future case law and a foreshadowing of legal scenarios that might soon be faced by common law trademark owners throughout the U.S.

A multitude of literary works have been published on the topic of trademarks and the Internet during the past several years—most of it dealing with domain names and jurisdictional issues. Although this essay will utilize such case law and academic work, it will not attend to these specific issues per se. Case law has already provided answers to many of these questions, and thus, such precedent will certainly be useful in the context of this essay. Beyond that, however, this essay considers the territorial scope of common law trademark protection within the rapidly developing world of cyberspace. For this reason, the domain name and jurisdiction cases will be helpful to apply.

It is known that common law trademarks are enforceable only where the mark has come to be identified with the user's goods or services, a territory often referred to as the "Zone of Actual Goodwill." This zone can be further broken down into two distinct subparts, a "Zone of Actual Market Penetration" and a "Zone of Reputation." These concepts were developed through case law decades ago and are still implemented by the courts today.

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It has also been noted that there exist three exceptions to this general rule, meaning that there are three ways in which a common law trademark owner can claim territorial rights outside of his "Zone of Actual Goodwill." Two of these exceptions include the Lanham Act and the Natural Expansion Doctrine.<sup>1</sup> The first exception allows a common law mark owner to automatically expand his zone of protection by federally registering his mark, thereby gaining territorial protection throughout the U.S., even if he does not use his mark everywhere. The important caveat to federal registration, however, is that the registrant is entitled to exclusive nationwide use of his mark, *except* in those areas where a senior user can prove *continuous prior use*. The second exception—the Natural Expansion Doctrine—is associated with common law mark owners who decide not to federally register. It not only affords a common law mark owner protection within a "Zone of Actual Goodwill," but also within a "Zone of Potential Goodwill," a zone consisting of those areas in which the mark owner was *reasonably likely* to penetrate though actual use. These two exceptions provoke interesting, yet unanswered questions with regard to common law mark usage on the Internet.

Accordingly, Part I of this essay will briefly discuss the theory of territorial protection for common law trademarks, the traditional means of using a mark, and how these marks are now being used on the Internet. Part II will then discuss how common law mark owners traditionally prove usage, and in conjunction, how they might go about proving such usage on the Internet. Part III will address the Natural Expansion Doctrine, how it is applied to common law marks, and what impact the Internet might have upon this doctrine. Part IV will then discuss the Lanham Act, the problem that emerges when a common law mark owner can prove continuous prior use, and how the Internet might affect this issue. In conclusion, Part V will explain how and why common law trademark territorial rights are likely to be affected as more and more trademark owners place their marks on the Internet. Although most of these issues have yet to be litigated, the Internet is about to have a great impact on the territorial rights of many common law marks.

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1. The third exception, The Tea Rose/Rectanus Doctrine, is noted here but will not be discussed in this essay. This doctrine emerged from two landmark cases which helped define common law trademark territorial rights. *See* Hanover Star Milling Co. v. Metcalf, 240 U.S. 403 (1916) and United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918).

INTRODUCTION—TERRITORIAL PROTECTION  
FOR COMMON LAW TRADEMARKS

Before exploring how the Internet might affect a mark owner's territorial protection, it is important to emphasize that while common law trademarks and the right to their exclusive use are classified among property rights, this right grows out of use and not mere adoption of the mark.<sup>2</sup> This usage requirement has been the foundation of common law trademark rights since the beginning of the 20th century, when landmark cases like *Hanover Star Milling Co. v. Metcalf* were decided, and it remains a fundamental necessity today. We continue to follow the general rule that a common law mark is enforceable only in the limited area where it has come to be identified with the user's goods or services.<sup>3</sup> Outside of that limited area, there are no enforceable rights. Common law rights can be enforced in Boston, for example, if an owner shows that the mark is used in Boston, but they will not be enforced in Springfield unless the owner can prove usage there as well.

Any theory offered to prove how the Internet might affect common law trademark rights depends upon a consensus that common law marks can, in essence, be utilized on the Internet. If they couldn't, the purpose of this essay would be futile. Thus, this issue will be addressed first.

I. USE OF A COMMON LAW MARK

In 1916, the Supreme Court decided the *Hanover Star* case by setting forth a number of important standards to determine the territorial rights of a common law mark. It concluded that since common law rights were not a commodity to be purchased (or "adopted"), a common law mark owner had the burden of proving that he actually used the mark before seeking to protect it.<sup>4</sup> In holding for the plaintiff, the Court examined the several ways in which the Hanover Star Milling Co. used its mark in conjunction with its flour products. For example, the flour was sold in wrapping with distinctive markings that included the mark, the mark contained three roses which were imprinted upon the labels, the product had been marketed through the maintenance of high quality

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2. See *Hanover Star Milling Co.*, 240 U.S. at 404.

3. See Thomas F. Cotter, *Owning What Doesn't Exist, Where It Doesn't Exist: Rethinking Two Doctrines from the Common Law of Trademarks*, 1995 U. ILL. L. REV. 487, 491–92 (1995) (citing 3 RUDOLF CALLMANN, *THE LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES*, § 19.19, at 82 (1994)).

4. See *The Trademark Cases*, 100 U.S. 82, 94 (1879) cited in *Hanover Star Milling Co.*, 240 U.S. at 413.

advertising and the diligent work of sales representatives in order to familiarize customers with the mark, and the product had established a valuable reputation whereby the mark represented and stood for the plaintiff's flour.

While this list is surely not exhaustive, it is exemplary of the many ways in which trademarks were first and have since been used in the marketplace. More recent cases display similar types of usage, although time has perhaps allowed trademark owners to become a bit more sophisticated in how they use their marks. In *Natural Footwear*<sup>5</sup>, for example, the Third Circuit examined a variety of factors in legitimizing the plaintiff's use of the mark "ROOTS." For example, the plaintiff's mark appeared on its entire product line and was then distributed throughout retail stores. The plaintiff also hired an advertising firm to produce local newspaper ads in which its mark appeared, and it hired another firm to develop a national ad campaign to use its mark in the same manner.<sup>6</sup>

Such usages are typical of the many contemporary ways in which trademark owners have thrust their marks into the marketplace. Especially for common law mark owners, these types of use (or any other type) are essential. Without using the mark, the necessary association between one's goods and services and one's mark will never transpire, and as a result, one's common law rights will not be enforceable in a court of law. With the ever-present chance of infringement, this is not a risk that a common law mark holder can afford to take. Thus, the burden is on each mark owner to never stop using his mark in the area in which he wishes to maintain a protectable right.

This same burden befalls those common law mark owners who place their marks on the Internet. It is important to understand, however, whether common law marks are even capable of being used on the Internet in the first place. Until recently, there was no definitive answer to this question, but a flurry of recent trademark litigation has seemingly provided the answer. As most people in the trademark business know, these trademark cases have largely been focused around domain names.<sup>7</sup>

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5. *Natural Footwear v. Hart*, 760 F.2d 1383 (3d Cir. 1985).

6. *Id.* at 1391-94 (In total, Plaintiff spent a great deal of money on television advertising, placed advertisements in 5 major newspapers, and also in 12 periodicals with national circulation.).

7. "Domain (names) are similar to street addresses in that it is through (a) domain address that Internet users find one another. A domain (name) consists of three parts: the first one identifies the part of the Internet desired, such as the World-Wide-Web (www); the second part is usually the name of a company or other identifying words; the third part identifies the type of institution, such as "government" (.gov) or "commercial" (.com), etc. If a company uses a domain which is identical to the name or trademark of a company, an Internet user may inadvertently access an unintended company. Thereafter, the Internet user

As soon as the domain name registry—Network Solutions Inc.—opened its doors for business in 1993, implementing a “first come, first served” policy, parties were lined up to place trademarks on the Internet.<sup>8</sup> From the beginning, a domain name provided one of the easiest ways to use a mark on the Internet.

Some of the first people in line were those subsequently known as “cybersquatters.”<sup>9</sup> Amazingly, these people were not even trademark owners themselves—they were pirates. They used other people’s trademarks for their own monetary benefit, hoping to register them and then sell them back to the owners. Although this essay does not address “cybersquatting” issues, these cases do provide some of the earliest examples of trademarks being used on the Internet.<sup>10</sup> The fact that they were used illegally does not diminish their usefulness in this context.

Other good examples come from cases where a party has registered a domain name using the federally registered trademark of another company, but with no deliberate intention of pirating the mark.<sup>11</sup> These cases were often simply the result of the proverbial “race to the domain name registry” in which the federal registrants normally lost. Interestingly, many of these cases were eventually decided in accordance with state and federal Anti-Dilution statutes, as opposed to traditional infringement laws. Regardless, it has become evident by examining both scenarios that trademarks are abundantly used on the Internet, especially to create domain names.

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may not realize that the advertisement is actually from an unintended company, or the Internet user may erroneously assume that the source of the information is the intended company. As a result, confusion in the marketplace could develop.” See *Inset Systems v. Instruction Set, Inc.*, 937 F. Supp. 161, 163 (D. Conn. 1996).

8. The administrative policies of Network Solutions Inc. are controversial, and will not be discussed in this essay.

9. “These individuals attempt(ed) to profit from the Internet by reserving and later reselling or licensing domain names back to the companies that spent millions of dollars developing the goodwill of the trademark.” *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1233 (N.D. Ill. 1996).

10. See, e.g., *MTV Networks v. Curry*, 867 F. Supp. 202 (S.D.N.Y. 1994) (using the mark “MTV” in the domain name “mtv.com”); *American Standard v. Toeppen*, 1996 U.S. Dist. LEXIS 14451 (C.D. Ill. Sept. 3, 1996) (using the mark “American Standard” in the domain name “americanstandard.com”); *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227 (N.D. Ill. 1996) (using the mark “Intermatic” in the domain name “intermatic.com”); *Panavision v. Toeppen*, 945 F. Supp. 1296 (C.D. Cal. 1996) (using the mark “Panavision” in the domain name “panavision.com”); *Teletech v. Tele-Tech*, 42 U.S.P.Q.2d (BNA) 1913 (C.D. Cal. 1996) (using the mark “Teletech” in the domain name “teletech.com”).

11. See, e.g., *Actmedia v. Active Media Int’l.*, 1996 U.S. Dist. LEXIS 20814 (N.D. Ill. July 12, 1996) (using the mark “Actmedia” in the domain name “actmedia.com”); *Hasbro v. Internet Entertainment Group*, 40 U.S.P.Q.2d 1479 (W.D.Wash. 1996) (using the mark “Candyland” in the domain name “candyland.com”); *Toys “R” Us v. Akkaoui*, 40 U.S.P.Q.2d 1836 (N.D. Cal. 1996) (using the domain name “adultsrus.com”).

It is worth noting that trademarks are, of course, also often visible once a viewer reaches a particular site's homepage.<sup>12</sup> If a computer user were to visit the "america.net" web site, for example, the first document to appear on the user's computer screen is the homepage. At the top of that page is the word "america.net" in large letters.<sup>13</sup> Without a doubt, however, domain names provide the greatest opportunity for trademark usage on the Internet, and courts recognize this reality as they continue to struggle in applying traditional trademark law to domain name disputes. Consequently, it is also interesting to note that the USPTO now allows domain names themselves to be registered as trademarks, as long as they are used in a trademark sense.<sup>14</sup>

## II. PROVING USE OF A COMMON LAW MARK

Proving a mark's use requires showing that it has a "Zone of Actual Goodwill"—an area in which the mark has come to be identified with the senior user's goods or services. Within this zone, courts will afford redress or relief upon the ground that a party has a valuable interest in the goodwill of his trade or business and in the trademarks adopted to maintain and extend that trade or business. When infringement occurs in this zone, it normally consists of the sale of the goods of one manufacturer or vendor for those of another.<sup>15</sup>

The first subpart is the "Zone of Actual Market Penetration." Here, courts have determined that a party should be awarded ownership of a mark in a specific geographic area only when the party's mark achieves market penetration that is significant enough to pose the real likelihood of confusion among the consumers in that area.<sup>16</sup> To determine market penetration, courts will most often examine a party's sales, advertising, and reputation in that area.<sup>17</sup> In *Natural Footwear*, for example, the

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12. See *Intermatic, Inc.*, 947 F. Supp. at 1231 ("One way to establish a presence on the Internet is by placing a web page, which is, ultimately, a computer data file on a host operating a web server within a given domain name . . . . There are a number of ways for an Internet user to find a web page. Web browsers feature access to various indexes, commonly referred to as search engines.")

13. See *American Network v. Access America*, 975 F. Supp. 494, 495 (S.D.N.Y. 1997).

14. "For a domain name to be registerable in the PTO, it must be used as a trademark or service mark in a conspicuous manner that identifies the source, origin, sponsorship, or affiliation of a particular set of goods or services." Gary W. Hamilton, *Trademarks on the Internet: Confusion, Collusion, or Dilution?*, 4 TEX. INTELL. PROP. L.J. 1, 5 n.10 (1995) (citing INTA's *Special Bulletin: Registration of Internet Domain Names in the USPTO*, (1995)).

15. See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412 (1916).

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

17. See *Natural Footwear v. Hart*, 760 F.2d 1383, 1397 (3d Cir. 1985).

Third Circuit considered four distinct factors to determine whether a trademark had successfully penetrated an area's market: 1) the volume of sales of the trademarked product, 2) the growth trends (both positive and negative) in the area, 3) the number of persons actually purchasing the product in relation to the potential number of customers, and 4) the amount of product advertising in the area.<sup>18</sup>

The second subpart is the "Zone of Reputation"—an area in which a mark's reputation has been carried by word of mouth and/or by advertisements.<sup>19</sup> This zone can also represent a protectable area for the trademark user. In one case, for example, the Ninth Circuit suggested that it was willing to enjoin an infringing user where the legitimate user's reputation extended into the infringer's area at the time the infringer adopted its mark.<sup>20</sup> In most instances, however, the "Zone of Reputation" will not be the sole determinative factor. Theoretically, trademark protection should not extend beyond the area of market penetration.<sup>21</sup>

Proving a mark's "Zone of Actual Goodwill" when it is used on the Internet, however, is an interesting concept, and one yet to be addressed by any court. Limiting the area in which an Internet mark has come to be identified with a user's goods or services is rather difficult, especially given the lack of tangible boundaries on the Internet. Nonetheless, this article makes an attempt to define an Internet mark's "Zone of Market Penetration." By using an analogy with recent Internet cases that deal with personal jurisdiction, this zone could, in fact, be determined.

The landmark cases dealing with personal jurisdiction outline the standards by which a court can summon foreign parties into its jurisdiction to adjudicate a matter. The purposeful availment of defendants conducting business in foreign states lead to the formulation of the "minimum contacts" test. Among other factors, this test examines the purposeful establishment of any contacts within a forum state, the creation of continuous relationships and obligations with the citizens of a forum state, the foreseeability of being called into court in a forum state,

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18. *Id.* at 1398. For similar tests evaluating market penetration, see *Sweetarts v. Sunline, Inc.*, 380 F.2d at 929; *Weiner King, Inc. v. Wiener King Corp.*, 615 F.2d 512, 522 (C.C.P.A. 1980).

19. See Alexander & Coil, *Geographic Rights in Trademarks and Service Marks*, 68 Trademark Rep. 101, 105 (1978).

20. See *Stork Restaurant v. Sahati*, 166 F.2d 348 (9th Cir. 1948).

21. See William J. Gross, Comment, *The Territorial Scope of Trademark Rights*, 44 U. MIAMI L. REV. 1075, 1085 (1990).

the substantial connection to a forum state, and the systematic and/or continuous activities in a forum state.<sup>22</sup>

Many recent Internet cases involving personal jurisdiction have been decided in accordance with the forum state's Long-Arm Statute. By applying the respective statute to a defendant's Internet activity, many courts have successfully exercised personal jurisdiction over these parties.<sup>23</sup> Naturally, some courts have also chosen not to do so.<sup>24</sup> In the majority of instances, however, a court found adequate proof of a defendant's Internet contacts within the forum state and applied the Long-Arm Statute accordingly. In *American Network*, for example, the court exercised personal jurisdiction after the defendant signed up six subscribers in New York to its online service and collected revenues from them.<sup>25</sup> Similarly, in *Haelan Products, Inc.*, the court exercised jurisdiction over the defendant after discovering that the defendant's web site, which was available in Louisiana, included frequent advertisements about the defendant's services and was available 24 hours a day, seven days a week to the residents of Louisiana.<sup>26</sup> Thus, evidence of customer bases and advertising became two of the important factors courts began to consider.

The types of contacts illustrated by defendants in the Internet cases regarding personal jurisdiction are, in comparison, remarkably similar to those necessary to prove a trademark's "Zone of Market Penetration." Both tests take into consideration the types of contacts (of a defendant or trademark) in a particular area (a forum state or market area), such as customer base, advertising, and sales volume. If these types of contacts are adequate to mandate the exercise of personal jurisdiction over a defendant, one could successfully argue that they are adequate to define a

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22. A complete analysis of personal jurisdiction will likely focus on the following cases: *International Shoe v. Washington*, 326 U.S. 310 (1945); *Travelers Health Ass'n. v. Virginia*, 339 U.S. 643 (1950); *Hanson v. Denckla*, 357 U.S. 235 (1958); *World Wide Volkswagen v. Woodson*, 444 U.S. 286 (1980); *Helicopteros Nacionales v. Hall*, 466 U.S. 408 (1984); *Burger King v. Rudzewicz*, 471 U.S. 462 (1985);

23. See e.g., *American Network v. Access America*, 975 F. Supp. 494 (S.D.N.Y. 1997) (using New York's Long-Arm Statute); *State of Minnesota v. Granite Gate Resorts*, 568 N.W.2d 715 (Minn. Ct. App. 1997) (using Minnesota's Long-Arm Statute); *Haelan Products Inc. v. Beso Biological*, 43 U.S.P.Q.2d 1672 (E.D. La. 1997) (using Louisiana's Long-Arm Statute); *Digital Equip. v. AltaVista*, 960 F. Supp. 456 (D. Mass. 1997) (using Massachusetts's Long-Arm Statute); *Zippo v. Zippo Dot Com*, 952 F. Supp. 1119 (W.D. Pa. 1997) (using Pennsylvania's Long-Arm Statute); *Edias Software v. Basis Int'l.*, 947 F. Supp. 413 (D. Ariz. 1996) (using Arizona's Long-Arm Statute).

24. See, e.g., *CD Solutions v. Tooker*, 965 F. Supp. 17 (N.D. Tex. 1997); *Hearst Corp. v. Goldberger*, No. 96CU3620, 1997 U.S. Dist. LEXIS 2065 (S.D.N.Y. Feb 26, 1997); *Bensusan Restaurant v. King*, 937 F. Supp. 295 (S.D.N.Y. 1996), *aff'd*, 126 F.3d 25 (2d Cir. 1997).

25. *American Network v. Access America*, 975 F. Supp. 494 (S.D.N.Y. 1997).

26. *Haelan Products Inc. v. Beso Biological*, 43 U.S.P.Q.2d 1672 (E.D. La. 1997).

“Zone of Market Penetration.” In short, how could a defendant possibly be called into court in a particular state under that state’s Long-Arm Statute, yet not be able to assert that his mark has successfully penetrated that market?

The amount of contact needed within a particular state to prove personal jurisdiction does not really differ from the amount of contact needed to prove market penetration. Assuming that relative quantity is not an issue, the two tests ask many of the same objective, fact-finding questions. In the first instance, the inquiries are made concerning the defendant party. In the other, they are made concerning the mark itself. Since there are no cases on point regarding the market penetration of Internet marks, courts will have the opportunity to make this analogy as well. Chances are, they will find it quite useful. Thus, a common law trademark owner, after placing his mark on the Internet, could successfully argue that the Internet has facilitated the penetration of his mark into a particular market area. This, accordingly, helps to define his “Zone of Market Penetration,” and in conjunction, his “Zone of Actual Goodwill.”

Theoretically, the owner of a common law Internet mark should be held to the same standard as the parties in *Hanover Star*. The owner should have to prove 1) continuous use of his mark, and 2) a “Zone of Actual Goodwill” where his mark has come to be identified with his goods and services. If he can do this, his mark should be enforceable in the relevant market area. Thus, the owner who diligently uses his mark on the Internet (as either a domain name or on his home page) will satisfy requirement (1). In addition, that same owner who can prove substantial contacts with a particular market area (through a customer base, advertising, and sales volume) should satisfy requirement (2). By doing both, the common law mark owner who lives in Boston, but who now places his mark on the Internet, should be protected in Springfield, as long as he has the necessary contacts there. What if those contacts were not in Springfield, but rather in Connecticut, or even Florida? Shouldn’t this common law Internet mark owner be protected in those places as well? Theoretically, there is no reason why he should not.

### III. THE NATURAL EXPANSION DOCTRINE EXCEPTION

The Natural Expansion Doctrine (“NED”) is one exception to the general rule that a common law trademark is only enforceable in the area where it has come to be identified with its user’s goods or services. Traditionally, a court applying the NED will allow a senior user to exclude a junior user from using his mark not only within his “Zone of

Actual Goodwill,” but also within his “Zone of Potential Goodwill.” This latter zone consists of those areas that, at the time the junior user adopted his mark, the senior user was *reasonably likely* to penetrate through actual use.<sup>27</sup> The test, therefore, is one of reasonable likelihood. When considering the NED in conjunction with the Internet, the fundamental issue becomes: Once a common law owner places his mark on the Internet, is the mark *reasonably likely* to penetrate markets beyond the owner’s current market area? If so, can a zone of natural expansion exist on the Internet to help define the territorial rights of a trademark?

Application of the NED is premised on the assumption that the common law mark owner already has an enforceable right in a defined “Zone of Actual Goodwill.” Once established, the first task is to determine the boundaries of his “Zone of Natural Expansion.”<sup>28</sup> Among the factors a court will consider in determining the extent of this zone are 1) the distance between the senior user’s location to a point on the perimeter of the zone of expansion, 2) the nature of the business, including whether it already has a small or large “Zone of Actual Market Penetration,” 3) the senior user’s history of expansion, and 4) whether expansion into the zone would require an unusual “great leap forward” or would be a “logical, gradual step of the same length as those previously made.”<sup>29</sup>

In *Weiner King Corp.*, for example, the Court of Customs and Patent Appeals (“CCPA”) stated that actual use in a territory was not necessary to establish rights in that territory.<sup>30</sup> Rather, one of the factors an inquiry should focus on is the party’s “presently-planned expansion.” In this case, the plaintiff operated a small restaurant chain under its name in several adjacent towns within New Jersey. The defendant, based in North Carolina, also operated a restaurant chain under this name and planned to expand its business into New Jersey. After bringing suit, the plaintiff claimed that the defendant wrongfully entered its market area, for it considered the entire state of New Jersey to be within its “Zone of Natural Expansion.” In holding for the defendant, the court applied the aforementioned four factors. It found that the entire state

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27. See Cotter, *supra* note 3, at 493.

28. There seems to be no established rule for setting the geographic boundaries of a “Zone of Natural Expansion.” The Eleventh Circuit has stated that their assumption is that “the distances (will not be) great” from the initial “Zone of Actual Goodwill”. At the same time, however, it concedes that “there are very few firm guidelines to define (a) senior user’s imaginary “Zone of Natural Expansion”. See Tally-Ho, Inc. v. Coast Community College Dist., 889 F.2d 1018, 1028 (11th Cir. 1989).

29. See *id.* (citing 3 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION, § 26.09 (3d ed. 1992)).

30. *Weiner King, Inc. v. Wiener King Corp.*, 615 F.2d 512, 522 (C.C.P.A. 1980).

could not constitute plaintiff's "Zone of Natural Expansion" because there was no proof, based on these factors, of the plaintiff's "presently-planned expansion" throughout New Jersey.<sup>31</sup>

This is the same rationale used by the court in *Pedi-Care, Inc.*<sup>32</sup> In that case, the court reasoned that the prior user of a service mark was entitled to protection not only in the immediate area of its current physical plant, but also within the area to which it can "reasonably be expected to expand." There, the plaintiff's in-home pediatric care and nursing service was based in Pennsylvania, but also serviced clients in New Jersey where the defendant's business was located. The court ruled for the plaintiff, finding that there was not only a "reasonable expectation" that the plaintiff would expand into the defendant's marketing area, based on the four factors, but that the plaintiff did in fact expand into that area before the defendant even incorporated.<sup>33</sup>

In a third case, *Tally-Ho, Inc.*<sup>34</sup>, the Eleventh Circuit applied this analysis once again, asserting that the NED provides a senior user with some limited "breathing space" in which to expand beyond its current actual use. Here, the plaintiff was a Florida corporation that produced and distributed a certain TV program under the name "You and the Law" throughout Dade County, Florida. The defendant, a national producer and distributor of educational telecourses, distributed a program under the same name but defended plaintiff's infringement allegations by claiming that Dade County was within its "Zone of Natural Expansion." In this instance, however, the court held for the plaintiff. It found that the defendant's "breathing space" did not include the plaintiff's market because defendant had not 1) entered appropriate licensing agreements, 2) used its mark in that particular market, 3) shown market penetration at the time the plaintiff began use of its mark, and 4) proven that its history of expansion within the plaintiff's market area was not static.<sup>35</sup>

Once again, application of a traditional trademark doctrine can be rather tricky with regard to the Internet. Assuming that the argument presented in Part I prevailed (i.e. that a common law trademark owner can not only use his mark on the Internet, but can also develop a "Zone of Actual Goodwill" via the Internet), Part II attempts to apply the NED analysis to that same trademark owner. For example, if the common law Internet mark owner in Boston had a customer base (facilitated through

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31. *Id.* at 523.

32. *Pedi-Care, Inc. v. Pedi-A-Care Nursing, Inc.*, 656 F. Supp. 449 (D.N.J. 1987).

33. *Id.* at 456.

34. *Tally-Ho, Inc. v. Coast Community College Dist.*, 889 F.2d 1018 (11th Cir. 1989).

35. *Id.* at 1028.

online advertising) that extended throughout the greater Boston area, this area would logically constitute his “Zone of Actual Goodwill.” If every month, however, his client base grew farther and farther west as new clients were developed, up to the point where he was even encompassing Worcester, his “Zone of Actual Goodwill” would logically expand with it. In essence, his “Zone of Actual Goodwill” would expand as long as he did not infringe upon another user’s market area.

In addition, however, shouldn’t this same owner be able to claim (if in the course of a subsequent litigation) that Springfield was in his “Zone of Natural Expansion”? In the CCPA’s view, Springfield could arguably constitute an area of “presently planned expansion” in accordance with *Weiner King Corp.*, especially considering the direction of the owner’s expansion up to that point. In accordance with the District of New Jersey’s ruling in *Pedi-Care, Inc.*, it also should not be difficult to prove a “reasonable expectation that (the owner) would expand into (that) market area,” for it only seems a matter of time before the client base reaches Springfield anyway. Finally, in accordance with the Eleventh Circuit’s standard in *Tally-Ho, Inc.*, this owner would surely be able to prove that his “history of expansion was not static” and that Springfield lies within his area of “breathing space.”

We might also consider changing the facts of the *Pedi-Care, Inc.* case to apply this analysis. There, the plaintiff enjoyed substantial business and goodwill in Philadelphia and the surrounding counties in Pennsylvania and New Jersey, providing services to patients in the Trenton area and the Southern Jersey shore area. As a result, it also enjoyed a favorable reputation.<sup>36</sup> If instead of providing an in-home pediatric care and nursing service, however, the plaintiff provided a similar Internet service, would there have been a difference with regard to defining its “Zone of Natural Expansion”? Wouldn’t the plaintiff still have prevailed in this lawsuit? Assuming the contentions in Parts I and II are true, there is no reason why it would not have.

If placing a mark on the Internet, for the purposes of selling, advertising, or marketing specific goods or services, can constitute “actual use” of the mark, how should the courts determine if natural expansion of a mark’s rights, through use of the Internet, are “reasonably likely”? A court has yet to apply the “reasonable likelihood” test in this context, but the only possibility seems to be that they will simply use traditional trademark rules to help make their rulings.<sup>37</sup> The fact that there has yet

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36. See *Pedi-Care, Inc.*, 656 F. Supp. at 456.

37. “As the Internet grows in prominence as a venue for business, the courts will be called upon to apply traditional legal principles to new avenues of commerce.” See *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1229 (N.D. Ill. 1996).

to surface a case on-point hardly means that one is not lingering in the near future. Given the present rate at which Americans are using the Internet for business purposes, this type of situation seems inevitable.

It seems increasingly more probable every day that trademark owners will continue placing their marks on the Internet. In 1996, the Supreme Court conceded to the fact that the growth of the Internet has been and will continue to be phenomenal.<sup>38</sup> Since then, other courts have made the same prediction, suggesting that the potential viewing audience for an owner's mark will also continue to grow at an exponential rate.<sup>39</sup> These predictions are substantiated by the official Internet registry itself, Network Solutions Inc., which stated that its net registrations increased to 1.3 million by September 30, 1997. This represented a 25% increase for its current quarter and a 107% increase for the nine months ending September 30, 1997.<sup>40</sup>

A court's use of traditional trademark rules to decipher Internet cases means that the four relevant NED factors will have to be applied accordingly. The first factor—the distance between the senior user's location to a point on the perimeter of the zone of expansion—helps test the user's rate of expansion in relation to the territorial area claimed to be within the zone of expansion.<sup>41</sup> Consider again that the owner is located in Boston, and a point on the perimeter of his zone of expansion is in Los Angeles. Should this suggest that his rate of expansion was too quick? It does not seem very relevant what the distance is between Boston and Los Angeles, or the rate of expansion to get from the first location to the second, when one is talking about a medium of communication that has no territorially based boundaries.<sup>42</sup> At the very least, this factor should more times than not weigh in the Internet mark owner's favor, for the ability to cover large distances is extraordinarily simple on the Internet.

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38. See *Reno v. ACLU*, 117 S. Ct. 554 (1996) (“The Internet has experienced ‘extraordinary growth.’ The number of ‘host’ computers—those that store information and relay communications—increased from about 300 in 1981 to approximately 9,400,000 in 1996. Roughly 60% of these hosts are located in the United States. About 40 million people used the Internet at the time of trial, a number that is expected to mushroom to 200 million by 1999.”) (summarizing findings of fact made by the District Court in *Reno v. ACLU*, 929 F. Supp. 824, 831 (E.D. Pa. 1996)).

39. “An estimated 25 million individuals have some form of Internet access, and this audience is doubling each year.” *Bensusan Restaurant Corp. v. King*, 937 F. Supp. 295, 297 n.1 (S.D.N.Y. 1996), *aff’d*, 126 F.3d 25 (2d Cir. 1997).

40. See *Network Solutions Announces Third Quarter Revenue and Earnings*, para. 7 (last modified Oct. 30, 1997) <[http://www.netsol.com/news/pr\\_19971030.html](http://www.netsol.com/news/pr_19971030.html)>.

41. See Gross, *supra* note 21, at 1087–89.

42. For a discussion regarding the lack of territorial borders in cyberspace, see David R. Johnson and David Post, *Law and Borders—The Rise of Law in Cyberspace*, 48 STAN. L. REV. 1367 (1996).

The second factor—the nature of the business, including whether it already has a small or large “Zone of Actual Market Penetration”—helps test the motives behind the user’s claim regarding the extent of his zone of expansion.<sup>43</sup> In this case, consider an owner who runs a primarily Internet-oriented business, which in turn, gives him a greater potential to first create a large “Zone of Actual Market Penetration.” Does this ability suggest that his motives to expand are questionable or that expansion is unnecessary? Probably not. “A business legitimately organized is entitled to the protection of the law in its development from a small local concern to the larger concern into which it has the natural right to grow.”<sup>44</sup>

The third factor—the senior user’s history of expansion—like the first, helps test the user’s rate of expansion in relation to the territorial area claimed to be within the zone of expansion. Specifically, it asks whether the user’s market has remained static for a number of years, or if it has continually expanded into new territories. In addition, it asks, by extrapolating prior expansion, how long it would take the user to reach the periphery of the expansion zone he claims.<sup>45</sup> Consider again the Boston/Springfield example. By expanding his client base further and further west every month, the Boston Internet mark owner can certainly not be labeled as having a “static” market, for he is continuously enjoying an increase in clientele. At the same time, it would not just be wishful thinking to assume that he will soon reach Springfield, given this history of expansion. In fact, expanding into Springfield is probably inevitable, especially as more and more people acquire Internet access. As one report indicated, “52 million people will access the Internet from their homes by the year 2000. Regardless of the numerical estimates, the proposition that the Internet is poised for tremendous growth is relatively undisputed.”<sup>46</sup>

The fourth and final factor—whether expansion into the zone would require an unusual “great leap forward” or would be a “logical, gradual step of the same length as those previously made”—could be the most important one for a court to consider. In this instance, it might not be as relevant to ask whether this expansion would require a “great leap forward” for the Internet mark owner, but rather, whether this expansion would require a “great leap forward” for the Internet itself. For

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43. See Gross, *supra* note 21, at 1087–89.

44. 3 RUDOLF CALLMANN, *THE LAW OF UNFAIR COMPETITION, TRADEMARKS, AND MONOPOLIES*, § 19.21, at 95 (1994) (quoting *Eastern Outfitting Co. v. Manheim*, 110 P. 23, 25 (Wash. 1910)).

45. See Gross, *supra* note 21, at 1115.

46. See Mary Kathleen Flynn, *A Tiny Winery’s Giant Reach*, U.S. NEWS & WORLD REP., Oct. 30, 1995, at 84.

the Internet mark owner, there is relatively little effort required. Once a provider posts its content on the Internet, "it cannot prevent that content from entering any community,"<sup>47</sup> whether it is specifically targeting that community or not. As for the Internet, however, this "great leap forward" seems to depend upon those individuals who have (or will have) access to cyberspace. For the Internet mark owner in Boston, a "Zone of Natural Expansion" that covers the Springfield area relies upon potential customers in that territory accessing his web site, or at the very least, gaining access to the Internet itself. Considering the present number of Internet users and the estimates for future users, the Boston mark owner's claim that he has a "Zone of Natural Expansion" on the Internet does not appear to be much of a "great leap forward."

Once on the Internet, it has been suggested that the mark should be afforded the same territorial protection as is afforded every other trademark. A "Zone of Actual Goodwill" is discernable on the Internet, just as it is discernable in real life. In conjunction, Part III has discussed the NED as a means to enlarge a trademark owner's protectable territory by claiming that even though his mark might not actually be used right now in an extended area, it is *reasonably likely* to be used there in the future. The purpose of this discussion is to suggest that the NED should be equally applied to Internet mark owners as well.

Statistical studies generally confer that the Internet will continue to flourish into the 21st century. The number of people gaining access to the Internet is supposed to double every year, which in turn, should also double the viewing audience. As for trademarks, their presence on the Internet is undisputed. Network Solutions Inc., the official domain name registrar, has enjoyed astronomical growth in its business since 1993, and its clients continue to register domain names at a staggering rate. Naturally, most of the corporate registrants wish to register their trademarks as domain names so that clients can easily find information about them or their products and services.<sup>48</sup> Having a known or deducible domain name is important to companies seeking to do business on the Internet, as well as important to consumers who want to locate those businesses' web sites.<sup>49</sup> As Internet commerce becomes increasingly common and useful, trademark owners, especially those who wish to utilize the best means possible to market and sell their goods and services, will take advantage of the Internet in this manner.<sup>50</sup>

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47. See *Reno v. ACLU*, 117 S. Ct. 554 (1996).

48. See *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1235 (N.D. Ill. 1996).

49. See *Panavision v. Toeppen*, 945 F. Supp. 1296, 1299 (C.D. Cal. 1996).

50. The author recognizes that there does exist a potential conflict of law with regard to intra-state trade versus inter-state commerce. Although relevant, this essay does not endeavor to discuss this aspect of Internet usage.

With this in mind, the natural expansion of trademark rights on the Internet must be addressed soon. Although courts have yet to encounter this issue, it will not be long before Internet mark owners assert their rights under the NED. To address the issue, this essay suggests that courts have to be willing to apply the four factors set forth above as they are normally applied to traditional NED cases. Just as they did in traditional cases like *Weiner King Corp.*, *Pedi-Care, Inc.*, and *Tally-Ho, Inc.*, courts now have to determine the *reasonable likelihood* of a mark's expansion on the Internet.

#### IV. THE LANHAM ACT EXCEPTION

The Lanham Act<sup>51</sup> is another exception to the general rule that a common law trademark is only enforceable in the area where it has come to be identified with its user's goods or services. Historically, as modern business expanded its operations beyond limited geographical areas and engaged in nationwide activity, the common law doctrines of limited trademark protection only within the areas of actual goodwill and natural expansion became inadequate. The territorial scope of trademark protection needed to be enlarged in order to enable entrepreneurs to expand growing businesses without the fear that subsequent users would preempt their trademark rights. The Lanham Act filled this need for increased trademark protection by expanding the territorial scope of trademark protection beyond the common law doctrines.<sup>52</sup>

Under the Lanham Act, common law owners have a readily available method for preserving their interest in expansion into remote geographical regions—namely, by registering their marks with the USPTO and thereby acquiring nationwide rights. In this sense, actual use of the mark within every geographical area of the country becomes irrelevant. In addition, there is no longer a need to protect a zone of natural expansion. Congress intended the Lanham Act to afford nationwide protection to all federally registered marks, and once the certificate has been issued, no person can acquire any additional rights superior to those obtained by the federal registrant.<sup>53</sup>

An important caveat to the Lanham Act is exposed, however, when a federally registered mark conflicts with a similar common law mark. In this situation, timing becomes a fundamental issue, and the rights of

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51. 15 U.S.C. §§ 1051–1127 (1988).

52. See Gross, *supra* note 21, at 1090.

53. See *Natural Footwear v. Hart*, 760 F.2d 1383, 1395 (3d Cir. 1985) (citing *Burger King v. Hoots*, 403 F.2d 904, 908 (7th Cir. 1968)).

senior users versus junior users must be taken into consideration.<sup>54</sup> The caveat is not normally highlighted when the senior user is also the federal registrant, but rather, when the federal registrant is the junior user. In these cases, the senior user is normally a common law mark owner whose mark derives its territorial rights based upon traditional common law doctrines. The challenge, therefore, is how to reconcile a dispute over conflicting territorial rights, for a federally registered mark is protected nationwide, and thus will always overlap the limited geographical area in which the common law mark also has rights. As a result, courts have often followed the general rule that a junior user/federal registrant is entitled to nationwide use of the mark *except* in the limited areas in which the senior user has operated.<sup>55</sup>

*Natural Footwear*<sup>56</sup> illustrates this scenario. In this case, the plaintiff was a Toronto and Detroit-based footwear and apparel manufacturer who federally registered the mark “ROOTS” with the USPTO in 1974 and then placed the trademark on its entire product line—including shoes, leather goods, and wearing apparel. The plaintiff opened its first U.S. store in California in January of 1974; by the end of 1975, 46 stores were doing business in 22 states. The defendant, on the other hand, a northern New Jersey retail clothing operation, claimed that it held common law rights superior to the rights that flowed from plaintiff’s federal registration because of its prior use of the mark before the date of plaintiff’s registration.<sup>57</sup>

Although finding for the plaintiff<sup>58</sup>, the Third Circuit applied the rule set forth by the Lanham Act, which provides that a senior user of a (common law) trademark has a defense against a later good-faith federal registrant, but only for the area in which *continuous prior use* is proven.<sup>59</sup> According to the Third Circuit, proof of *continuous prior use* meant that a party should be awarded ownership of a mark in a specific

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54. A “senior user” is the first person in time to use a trademark, whether it is a common law mark or federally registered. A “junior user” is any person who subsequently uses the same mark, whether in a common law or federally registered capacity.

55. See *Burger King v. Hoots*, 403 F.2d 904 (7th Cir. 1968); *Weiner King v. Wiener King*, 201 U.S.P.Q. 894 (TTAB 1979); *Nark Inc. v. Noah’s Inc.*, 212 U.S.P.Q. 934 (TTAB 1981), *aff’d*, 728 F.2d 410 (8th Cir. 1984); *GTE Corp. v. Williams*, 649 F. Supp. 164 (D. Utah 1986), *aff’d*, 940 F.2d 536 (10th Cir. 1990).

56. *Natural Footwear*, 760 F.2d at 1383 (1985).

57. See *id.* at 1386–1391.

58. In this case, the Third Circuit reversed the decision of the District of New Jersey, which granted a permanent nationwide injunction against the plaintiff and ordered the cancellation of its federally registered trademark, based on a judgement that the defendant had shown prior continuous use of its common law mark on a nationwide level. The Third Circuit found that although the defendant had superior common law rights within New Jersey, it did not have superior rights in any other state.

59. See *id.* at 1397 (citing 15 U.S.C. § 1115(b)(5)).

geographic area only when the party's mark achieved market penetration that was "significant enough to pose a real likelihood of confusion among the consumers in that area."<sup>60</sup> Thus, the court in *Natural Footwear* decided that four specific factors should be considered to determine whether the market penetration of a trademark in an area is sufficient to warrant protection. Those factors were 1) the volume of sales of the trademarked product, 2) the growth trends (both positive and negative) in the area, 3) the number of persons actually purchasing the product in relation to the potential number of customers, and 4) the amount of product advertising in the area.<sup>61</sup>

At present, there are no cases that deal with the problem of a junior user/federal registrant who finds, subsequent to registration, that a senior user exists and has been using his common law mark on the Internet. This situation would somewhat mimic the *Natural Footwear* case, except that the defendant's mark would penetrate a cybermarket instead of a traditional geographical area.<sup>62</sup> Given the applicable case law, however, there is no indication that a court could apply any other rule except that set forth in *Natural Footwear*. In essence, the senior Internet mark owner would still have a defense against a later good-faith federal registrant in the area(s) in which he could prove *continuous prior use* and sufficient market penetration.<sup>63</sup>

Suppose, however, that the senior Internet user in this scenario could not only prove *continuous prior use* and sufficient market penetration within his own state, but throughout the country as well.<sup>64</sup> This would imply that the senior user had a customer base in each of the 52 states.<sup>65</sup> Knowing that a court would have to apply the same rationale the Third Circuit did in *Natural Footwear* (i.e. applying 15 U.S.C.

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60. *Id.* at 1397 (quoting *Sweetarts v. Sunline, Inc.*, 380 F.2d 923, 929 (8th Cir. 1967)).

61. *See id.* at 1398-99. These four factors come from a combination of two similar tests cited in *Sweetarts v. Sunline, Inc.*, 380 F.2d at 929 (1967) and *Weiner King, Inc. v. Wiener King Corp.*, 615 F.2d 512, 522 (C.C.P.A. 1980).

62. By "cybermarket," the author simply means that, in accordance with *Natural Footwear*, the defendant could prove he 1) sold a trademarked product over the Internet, 2) could calculate growth trends (both good and bad) from his online sales, 3) could calculate the number of persons actually purchasing his product online in relation to the potential number of Internet users, and 4) did product advertising over the Internet.

63. *See supra* note 58.

64. In *Natural Footwear*, the Third Circuit acknowledged that a common law mark had a protectable right outside its home state, or in any state where it could pass the aforementioned test. In fact, the issue in this case was whether the defendant had protectable trademark rights in both New York and Pennsylvania, as well as New Jersey.

65. This implication disregards any argument that a nationwide customer base via the Internet would not be possible, for the author believes that it easily would be. Assume, hypothetically, that the "AltaVista" mark (or a similar type mark) was not federally registered, but instead was a common law mark.

§ 1115(b)(5)), how would this scenario be reconciled? Could the senior user, in essence, claim superior nationwide rights to those of a junior federal registrant who was afforded nationwide protection himself by means of the Lanham Act? Theoretically, he could.<sup>66</sup>

Clearly, holding for the senior user in this scenario could effectively undermine the purpose of the Lanham Act. If a common law mark owner (assuming that he is a senior user) could simply place his mark on the Internet and establish enough business to prove nationwide market penetration, why would he bother to federally register his mark? He would already have a nationally protectable trademark right. Perhaps the real question is whether or not a common law right could ever fully enjoy nationwide enforcement. Although it is not designed to do so in theory, the limits of territorial protection for a common law mark become much more difficult to define once that mark is placed on the Internet. In 1916, the Supreme Court said that “[t]he right to use [a] trademark is not limited to any place, city, or State, and, therefore, must be deemed to extend everywhere. . . . [T]he proprietor [of a trademark] may assert and maintain his property right wherever the common law affords remedies for wrongs.”<sup>67</sup> In 1916, however, Justice Pitney probably did not have much of a premonition about the difficult trademark issues the Internet would one day create.

## V. CONCLUSION

Recent case law has correctly asserted that trademarks are now being widely used on the Internet. Although many of the first people to place a mark on the Internet were doing so illegally (i.e. cybersquatters), this does not suggest that many trademark owners have not, from the beginning, done so legitimately. Trademarks have always been visible in both web pages, and more predominantly, in domain names. Network Solutions Inc. can rightfully testify to this fact, for it has registered over 1.3 million domain names to date.<sup>68</sup> The most persuasive fact, however,

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66. The author understands that a preemption issue could exist here, but does not endeavor to address it in this essay. More specifically, common law trademark rights are grounded in state law, whereas trademark rights under the Lanham Act are grounded in federal law by means of the Commerce Clause power. The issue appears to be a problem in differentiating federal rights derived from inherently inter-state commerce from common law rights derived from inherently intra-state commerce. Normally, this might not be a problem, but with regard to the Internet, there exists an inherently inter-state means of communication.

67. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 417 (1916) (quoting *Kidd v. Johnson*, 100 U.S. 617, 619 (1879)).

68. See *supra* note 40.

is the amount of recent litigation over many of these domain names. Because the World Wide Web is everywhere and nowhere simultaneously—accessible worldwide but often outside of public scrutiny or interest—businesses with valuable intellectual properties like trademarks are nervous about policing their valued asset. Having witnessed the World Wide Web spawn a domain name “land grab” of vast proportions, businesses are now hastily running to court to fight for their trademarks. In response, the courts are trying to apply whatever trademark law is remotely applicable to settle these disputes.<sup>69</sup>

Defining the territorial scope of trademark rights has been an exercise for courts throughout the 20th century. The threshold question is whether more than one party is entitled to use the same or similar mark. The answer to the question is derived from common law.<sup>70</sup> Historically, common law marks are afforded protection within the geographical area known as their “Zone of Actual Goodwill,” for this is the area in which the mark has come to be identified with its user’s good or services. More specifically, this zone consists of a “Zone of Actual Market Penetration” and a “Zone of Reputation.” Once these zones are defined, the party possessing the exclusive right to use its mark there may protect that right by enjoining other users from operating within that protected area.<sup>71</sup>

Defining the geographical scope of an Internet mark’s territorial right, however, is no simple task, mostly due to the apparent lack of “boundaries” on the Internet. Thus far, there have been no cases on point, and determining how a court might rule on this issue is simply an exercise in educated guesswork. Assuming, however, that courts will continue to apply traditional trademark law to Internet cases, this author chooses to do the same. For example, this essay has shown that the test to determine a “Zone of Actual Market Penetration,” as set forth in *Natural Footwear*, can be equally applied to Internet marks. Many of the same factors have already been examined by the courts in the Internet cases involving personal jurisdiction. Interestingly enough, the “minimum contacts” test and a trademark’s “market penetration” test

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69. See Jonathan E. Moskin, *Postcards from the Internet: Domain Name Infringement*, N.Y.L.J. (March 10, 1997). “Rather than focus on traditional infringement principles, the most recent court decisions in Internet infringement cases have relied on a newly enacted federal statute that prohibits “dilution” or watering down of the distinctiveness of a mark. The statute is no panacea and suffers from many deficiencies. In the context of domain name infringements, one significant limitation is that, on its face, the statute requires the mark to be famous to merit protection from dilution. In at least some instances, however, the actual words of the statute have been no bar to its implementation.” *Id.*

70. See Gross, *supra* note 21, at 1080.

71. See Gross, *supra* note 21, at 1080.

show striking similarities. They examine similar factors: contacts in a particular area, customer base, sales, and advertising. Evaluating these factors in the “market penetration” context should be no more difficult than evaluating them in the context of “minimum contacts”. In fact, having personal jurisdiction exercised over a defendant could, in some cases, be that defendant’s best proof of its Internet mark’s penetration into that market. In conclusion, geographical boundaries for trademark territorial rights are just as discernable in cyberspace as they are in the real world. Courts simply have to be willing and able to apply the correct test to set these boundaries.

If a trademark has a “Zone of Actual Goodwill,” case law tells us that it must also be afforded protection in its “Zone of Potential Goodwill”—and there is no reason to think that this protection should not apply equally to Internet marks. This protection stems from the rule set forth in the Natural Expansion Doctrine, which considers four separate factors, as exemplified in the *Weiner King Corp.*, *Pedi-Care, Inc.*, and *Tally-Ho, Inc.* cases. These factors help a court to determine whether a trademark user has a protectable zone of expansion, consisting of those areas that the user is *reasonably likely* to penetrate through actual use. If he does, many courts, like those in the aforementioned cases, have been willing to enjoin another mark from being used within this zone.<sup>72</sup>

Since this rule has yet to be applied to cases involving Internet marks, this essay also seeks to provide an educated guess as to how this issue could be reconciled, assuming that the courts will again rely upon traditional trademark doctrines to provide the answer. Since the traditional test considers the *reasonable likelihood* of such expansion, it has been suggested herein that the same test be applied to Internet marks. After consideration of the four factors utilized in the *Weiner King Corp.*, *Pedi-Care, Inc.*, and *Tally-Ho, Inc.*, it has also been suggested that when a trademark owner places his mark on the Internet, it is *reasonably likely* that his zone of protection can be naturally expanded to cover geographical areas in which he has yet to actually use the mark. Given the inherent nature of the Internet, and the predictions for its future usage, these geographical areas might not even need to be in proximity to the user’s home state. This takes into consideration the fact that the Internet does not necessarily differentiate between true geographical distances, for it has no territorially based boundaries and there

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72. See, e.g., *Sweet Sixteen Co. v. Sweet “16” Shop*, 15 F.2d 920 (8th Cir. 1926); *American Radio Stores, Inc. v. American Radio & Television Stores Corp.*, 150 A. 180 (Del. Ch. 1930); *Quality Courts United, Inc. v. Quality Courts, Inc.*, 140 F. Supp. 341 (D. Pa. 1956); *Food Fair Stores, Inc. v. Lakeland Grocery Corp.*, 301 F.2d 156 (4th Cir. 1962), *cert. denied*, 371 U.S. 817 (1962); *Burger King, Inc. v. Brewer*, 244 F. Supp. 293 (W.D. Tenn. 1965).

is no real connection between an Internet address and a physical location.<sup>73</sup>

Perhaps the most formidable challenge for our courts is to reconcile the conflict between the rights of Internet marks and the protection afforded federally registered marks under the Lanham Act. The *Natural Footwear* case exemplifies the traditional rule that the senior user of a common law mark has a valid defense against a later good-faith federal registrant, assuming that the senior user can show *continuous prior use*. At this time, there is no reason to think that a court would not allow a senior Internet mark user to prove *continuous prior use*, just as it would allow a non-Internet user, for the only applicable precedent courts are likely to apply denote traditional trademark rules.

The biggest problem, however, stems from the possibility that a senior user could prove *continuous prior use* of his Internet mark throughout the country. A well-known common law mark placed on the Internet most certainly has this potential, especially if the mark is used as a domain name or is placed on a web site that conducts substantial business online. This, in theory, would leave no geographical rights for the federal registrant, whose mark is supposed to be afforded nationwide protection by virtue of the Lanham Act. Soon enough, cases involving trademark infringement on the Internet will force courts to determine how this traditional common law rule can coexist with this federally enacted statute.

In conclusion, this essay does not suggest that there will never be suitable answers to these questions. In time, these types of cases will find their way into courts, and there will emerge new case law for trademark attorneys to digest. The Internet was not created with its own set of rules and regulations, especially with regard to trademarks. Instead, the courts have been struggling to apply whatever case law is presently applicable—in some cases with success, in other cases without. The issues presented herein are simply more examples of how the Internet will further challenge the courts in the years ahead. The answers provided here are simply premonitions of the results we, as trademark attorneys, will see.

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73. See generally Johnson and Post, *supra* note 42.