

FENNEMORE CRAIG

I - Law

INTELLECTUAL PROPERTY LAW ALERT

As a friend of Fennemore Craig, we thought you might be interested in *Fennemore Craig I-Law*, a bi-weekly e-mail from Fennemore Craig's Intellectual Property Group that provides an update on e-commerce, Internet, trademark, patent, licensing and copyright news. Each issue will contain a sentence or two about the latest story with a link for those who want additional information. Periodically, on particularly important news, a more in-depth analysis will be provided.

Fennemore Craig counsels clients on Internet, branding and e-commerce issues and protection and commercial exploitation of patents, copyrights, trademarks, and trade secrets. Clients include a range of domestic and international businesses from Internet start-ups to large multi-nationals, in industries ranging from computer software and hardware to pharmaceuticals, toys, games, optics, and electronics.

If you think other people would benefit from this communiqué, please let them know that they may subscribe by sending an e-mail to Cheryl Martin-DeVries at cdevries@fclaw.com. If you would like to obtain back issues of *Fennemore Craig I-Law*, please refer to the Issues & Answers section of our web site at www.fennemorecraig.com.

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FENNEMORE CRAIG NEWS

- In the latest issue of *Corporate Board Member* magazine, Fennemore Craig was voted by the magazine's subscribers as one of the most respected law firms in Phoenix. (No link is available.)
- The most recent edition of the *Arizona Attorney* (not yet online) contains a review of Arizona law firm websites. Fennemore Craig's website receives a very favorable review. According to the reviewer of the websites, www.fennemorecraig.com "accomplish[es] the number one goal, which is to provide excellent content through newsletters, articles and seminars. They promote pro bono and have a unique section of the site dedicated to recruiting." Please feel free to visit our website at www.fennemorecraig.com or www.fclaw.com. In a related note, a new study shows that legal consumers use law firm websites, newsletters, search engines, etc. to evaluate and select their legal counsel.
<http://www.law.com/cgi-bin/gx.cgi/AppLogic+FTContentServer?pagename=law/View&c=Article&cid=ZZ40FJ2EQC&live=true&cst=6&pc=0&pa=0&s=News&Explgnore=true&showsummary=0>

ONLINE & E-COMMERCE

- A new study of UDRP decisions shows that single arbitrator decisions hold in favor of trademark owners 83% of the time while three-member panels only hold in favor of the trademark owners 60% of the time. The first link is to the study. The second link takes you to a website where you can search the data by panelist.
<http://aix1.uottawa.ca/~geist/geistudrp.pdf>
<http://www.udrpinfo.com/>

What does it take to create an online click-through contract? Experts say: availability of terms at the beginning, clear manifestation of assent, an opportunity to say no, and a printable agreement. Click through the following link and see more details.

http://ipcenter.bna.com/ipcenter/1,1103,1_941,00.html

<http://www.usatoday.com/life/cyber/ccarch/2001-08-23-sinrod.htm>

- The Pennsylvania Supreme Court has ruled that people have no reasonable expectation of privacy for phone calls made or received in their own home.
<http://www.law.com/cgi-bin/gx.cgi/AppLogic+FTContentServer?pagename=law/View&c=Article&cid=ZZHW8CDOQC&live=true&cst=1&pc=0&pa=0&s=News&Explgnore=true&showsummary=0>

- On a related note, despite objections from some judges, a committee of the Judicial Conference of the United States has recommended that federal judges and other judicial employees' computers should be monitored. Courts regularly allow employers to use advanced technology to monitor how employees use their computers, but two Ninth Circuit judges were unhappy to learn that their own computers contained key stroke monitoring technology that allows the office in Washington that administers the judicial branch to make sure no one is downloading inappropriate content. Maybe, we will soon be seeing more decisions limiting the right of employers to monitor employees' computers.

<http://www.nytimes.com/2001/08/08/national/08COUR.html>
<http://www.siliconvalley.com/docs/news/tech/060305.htm>
<http://www.newsbytes.com/news/01/169357.html>
- Online critics are once again allowed to remain anonymous. A California court refused to order Yahoo! to provide the names of bulletin board posters who posted information about an online pre-paid legal service. The company claimed it needed the identities to determine whether the posters had revealed trade secrets.

http://news.cnet.com/news/0-1005-200-6863061.html?tag=mn_hd
<http://www.zdnet.com/zdnn/stories/news/0,4586,5095619,00.html?chkpt=zdnnp1tp02>
- A new report indicates that most banks and online mortgage companies fail to give consumers appropriate options for protecting their privacy.

<http://www.ecommercetimes.com/perl/story/13186.html>
- If you are doing business in the EU and elsewhere around the world, you must be ready to comply with the privacy requirements of other countries. Yet, a study of 75 companies that do business internationally shows that none meet the EU privacy directive standards.

<http://www.ecommercetimes.com/perl/story/12875.html>
- The Gary Condit story has some unexpected lessons for companies with websites. Rep. Condit failed to regularly review his site to make sure it accurately reflected his political activities. Several weeks after the current controversy engulfed Rep. Condit, his website still had a large link called "Intern Opportunities." The article link below discusses the importance of regularly reviewing your website to make sure it stays current.

<http://www.ecommercetimes.com/perl/story/13136.html>
- A previous issue of *I-LAW* reported that an airline accessed a confidential portion of its union's website. A court's decision that accessing the confidential portion of another's website constitutes trespassing has been withdrawn.

<http://www.siliconvalley.com/docs/news/tech/026405.htm>

- Microsoft is appealing to the U.S. Supreme Court the decision of the Court of Appeals.

<http://www.newsbytes.com/news/01/168781.html>

<http://www.wired.com/news/politics/0,1283,45911,00.html>

<http://www.wired.com/news/antitrust/0,1551,45914,00.html>

<http://news.cnet.com/news/0-1003-200-6805760.html>

<http://www.washingtonpost.com/wp-dyn/articles/A44632-2001Aug7.html>

A federal Court of Appeals has refused to delay the remand while Microsoft seeks reversal in the U.S. Supreme Court. The government can continue its case in the trial court.

<http://www.zdnet.com/zdnn/stories/news/0,4586,5095857,00.html?chkpt=zdnnp1tp01>

- In an online defamation case, an Australian Court has ruled that it has jurisdiction over the *Wall Street Journal*, even though the *WSJ* is written, uploaded, hosted and posted in the U.S. The court balanced the need of the *WSJ* avoiding litigation all over the world against the inconvenience of worldwide consumers having to litigate in the U.S.

<http://australianit.news.com.au/common/storyPage/0,3811,2706219%5E442,00.html>

- Fifty-eight percent of U.S. homes are now online, a 16% increase over last year.

<http://www.ecommercetimes.com/perl/story/12743.html>

- Despite the technology and .com downturn, one new report predicts a 10% growth in 2001 for online advertising while another report predicts a 7% increase.

http://cyberatlas.internet.com/markets/advertising/article/0,,5941_867171,00.html

<http://www.nandotimes.com/technology/story/67810p-964915c.html>

- U.S. online consumer spending peaked to \$4 billion for the month of July, according to a new survey.

<http://www.newsbytes.com/news/01/169337.html>

- Houston has announced that it will be the first city to give every Houston resident an e-mail account and PC access. All Houston residents need to do is have a library card and access to a public location where the PCs will be located, such as the library, police station, etc.

<http://www.nandotimes.com/technology/story/64509p-924157c.html>

- A Silicon Valley law firm heavily involved in the tech sector has laid off 86 lawyers (which is 17% of its associates and of counsel lawyers) due to the slowdown in the tech market.
<http://www.newsbytes.com/news/01/169368.html>
- The Taliban is banning use of the Internet by international relief agencies doing work in Afghanistan. As previously reported in *I-LAW*, the Taliban had already banned government agencies and individual citizens from using the Internet.
<http://www.nandotimes.com/technology/story/67756p-962641c.html>
- Happy Birthday PC! Twenty years ago the PC was born. Although not necessarily the first or easiest to use, the PC became widely adopted and the world was changed.
<http://www.siliconvalley.com/news/special/birthofpc/>

TRADEMARKS

- The trademark office is splitting International Class 42 into four separate classes. These new classes will be effective in January 2002. The new classes include:
Class 42: Scientific and technological services, and research and design relating thereto industrial analysis and research services; design and development of computer hardware and software; and legal services
Class 43: Services for providing food and drink; and temporary accommodation
Class 44: Medical services; veterinary services; hygienic and beauty care for humans or animals; and agriculture, horticulture and forestry services
Class 45: Personal and social services rendered by others to meet the needs of individuals (e.g., social event services, funeral services, matrimonial agencies, etc.); and security services for the protection of property and individuals
- A new report indicates that a majority of UDRP proceedings are decided in trademark owners' favor. However, this apparent tilt may be explained in part by the fact that so many UDRP proceedings are uncontested. For instance, the National Arbitration Forum indicates that half the cases it has heard have been undisputed by the alleged cybersquatter.
<http://www.siliconvalley.com/docs/news/tech/073106.htm>
- The *Wall Street Journal* is reporting that the Pentagon, a long-time overseas publisher of STARS AND STRIPES magazine is attempting to purchase the name STARS AND STRIPES from the U.S. owner of the mark who published a magazine under that name in the U.S. The U.S. magazine is in bankruptcy and the military claims it is simply trying to end confusion between the two magazines. Critics contend that the military is trying to silence the U.S.

magazine which had been much more critical of the military than the military's own house publication.

- Dancer Martha Graham's heir did not own the trademark rights to "Martha Graham" or the "Martha Graham Technique." Therefore, she cannot stop the Martha Graham Center of Contemporary Dance from using the terms. The heir was the former director of the center, and she had registered the trademarks in her own name rather than in the Center's name. She claimed that she had given the center an oral license to use the marks, but the judge did not believe her.
<http://biz.yahoo.com/law/010807/39771-3.html>
- The WWF has been body slammed by...the WWF. The World Wrestling Federation has lost a trademark dispute with the World Wildlife Fund and must give up the domain name wwf.com. The court found that the wrestlers violated their 1994 agreement with the World Wildlife Fund, which had limited the wrestlers' use of WWF in the U.S.
<http://www.law.com/cgi-bin/gx.cgi/AppLogic+FTContentServer?pagename=law/View&c=Article&cid=ZZ4X6XE8QC&live=true&cst=1&pc=3&pa=0&s=News&Explgnore=true&showsummary=0>
- The X-Men defeat trademark infringement man, but are bested by copyright infringement man! While not as bad as losing to Magneto and other super villains, the X-Men were unable to use their superpowers to obtain an injunction stopping the production of a television show involving superhero mutants. The court did not believe that the characters were similar enough to grant an injunction. However, the television company is prohibited from using the name MUTANT X and neither the television or the movie company can use a logo similar in appearance to the X-Men logo.
<http://www.law.com/cgi-bin/gx.cgi/AppLogic+FTContentServer?pagename=law/View&c=Article&cid=ZZ41JGXCQC&live=true&cst=1&pc=3&pa=0&s=News&Explgnore=true&showsummary=0>
- A federal law that bans recognition of Cuban trademarks in the U.S. and Cuba's similar retaliatory ban has caused uncertainty for trademark owners in both the U.S. and Cuba.
<http://www.law.com/cgi-bin/gx.cgi/AppLogic+FTContentServer?pagename=law/View&c=Article&cid=ZZZX1DKIQC&live=true&cst=1&pc=3&pa=0&s=News&Explgnore=true&showsummary=0>
- I can't believe it's a trademark lawsuit. The owner's of the trademark "I CAN'T BELIEVE IT'S NOT BUTTER" is suing a company that has been using the slogans, "I CAN'T BELIEVE IT'S NOT BEEF" and "I CAN'T BELIEVE IT'S

NOT CHICKEN."

http://dailynews.yahoo.com/h/ap/20010816/bs/can_t_believe_suit_1.html

- The publisher of the pornographic "O Magazine" has sued Oprah Winfrey claiming that her "O, Oprah Magazine" constitutes trademark infringement. Ironically, the porn magazine is claiming that its reputation is being tarnished by the written endeavor of the television show hostess.
<http://www.law.com/cgi-bin/gx.cgi/AppLogic+FTContentServer?pagename=law/View&c=Article&cid=ZZH1VXBOQC&live=true&cst=1&pc=3&pa=0&s=News&Explgnore=true&showsummary=0>
- A Phoenix company has been sued for using the NCAA's name to sell NCAA championship tickets online.
<http://www.nandotimes.com/technology/story/65938p-941086c.html>
- The People for The Ethical Treatment of Animals (PETA) had its recovery of the peta.org domain name from People Eating Tasty Animals affirmed by the Fourth Circuit Court of Appeals.
<http://laws.lp.findlaw.com/4th/001918p.html>

Nationwide, an insurance company, has sued the Nationwide Insurance Group and The Nationwide Companies, another insurance provider, for trademark infringement.

<http://biz.yahoo.com/prnews/010820/clm013.html>

DOMAIN NAMES

- A domain name is a contract right, not a property right, according to a court in New York. Therefore, Register.com's linking of an under-construction domain name to Register.com's "Coming Soon" page is permissible because the parties' contract permitted it.
<http://www.courts.state.ny.us/www/nyscomdiv/aug01/600703-01-002.pdf>
- In a ruling refusing to require that a domain name be turned over to a trademark owner, a Pennsylvania judge has sharply rejected an argument based on initial interest confusion that arises when a user tries to access a website only to find it is someone else.
<http://www.strick.com/aug27.pdf>
- An entrepreneur who has registered domain names and then rents them rather than selling them is not a cybersquatter because he is only using generic terms, such as smut.com.
http://news.cnet.com/news/0-1005-200-6838544.html?tag=cd_pr

- The .info registry plans to revoke registration of .info domain names that were obtained by domain name speculators who wrongly claimed they were registered trademark owners. For instance, some people have claimed to be the owner of unregistrable generic terms such as music.info, sex.info, shoes.info, and bible.info.

<http://www.newsbytes.com/news/01/169025.html>
<http://www.wired.com/news/business/0,1367,46071,00.html>
- It looks like the .info registry will be busy. A new study has found that up to a quarter of the 50,000 .info domain names registered during the trademark owner sunrise period may have been registered fraudulently.

<http://www.newsbytes.com/news/01/169497.html>
- Meanwhile, in response to claims of improper conduct, the .biz registry has filed suit seeking a declaratory judgment that its method of registration is not an illegal lottery.

<http://www.newsbytes.com/news/01/169021.html>
- Sun Microsystems has sent a letter to .biz domain name registrars demanding that they refuse to register .biz domain names that incorporate the company's trademarks. However, many of these trademarks are also generic terms such as "Sun" and "Enterprise."

<http://www.nytimes.com/2001/08/29/technology/29DOMA.html>
- Using someone else's trademark as a third level domain name (e.g., nike.fennemorecraig.com) is cybersquatting, but it is acceptable to use a protocol (called "Wildcard DNS") that takes a user to your main website if he/she types in any third level domain name that ends with your second level domain name (e.g., xxxxx.fennemorecraig.com). As a user, however, it is hard to tell what protocol is being used. When Yahoo! discovered that Yahoo.sex.com took users to the sex.com website, Yahoo! sent a cease-and-desist letter. However, sex.com was legitimately using the Wildcard DNS protocol. Thus, sex.com filed a preemptive unfair competition suit against Yahoo!. Upon realizing that sex.com was using the Wildcard DNS protocol, Yahoo! agreed not to sue, but this did not satisfy sex.com, who has decided to proceed with its suit anyway.

<http://www.newsbytes.com/news/01/169407.html>
- Chambord coffee makers and Chambord liqueur (made by different companies) co-exist in the real world, so the liqueur maker cannot stop the coffee maker from using chambord.com.

<http://www.law.com/cgi-bin/gx.cgi/AppLogic+FTContentServer?pagename=law/View&c=Article&cid=ZZQ6FC77QC&live=true&cst=1&pc=0&pa=0&s=News&ExpIgnore=true&shosummary=0>

- That's the spirit. Spirit Airlines of Florida lost a UDRP decision to Spirit Airlines of Australia, even though the Australian airline has never had a plane up in the air and offered to sell the domain name for \$200,000. Most interestingly, the arbitrators decided that the Australian company's renewal of the name after making the offer to sell did not constitute bad faith.
<http://www.newsbytes.com/news/01/168776.html>
- The .name domain names will not go live until November; however, authorized resellers of the domain names have begun buying them wholesale from the .name domain registry. Owners of trademarks can pay up to \$1,000 to block registrations of any variation of their name (e.g., Oleg.Cassini.name), but if three people try to register the name anyway, the block is lifted.
http://news.cnet.com/news/0-1005-200-6893424.html?tag=cd_mh
- The NBA is demanding that the people who registered memphisgrizzlies.org provide the domain name to the NBA. The Memphis Grizzlies are the name of the new NBA team located in Tennessee. The domain name owners claim that they had registered the name as part of their effort to help lure the former Vancouver team to Memphis. To see the viewpoint of the owners of the site, click on the link below.
<http://www.memphisgrizzlies.org/>
- AOL has lost its efforts to obtain the domain name nudescape.com in a UDRP proceeding even though the porn company that registered the domain name did not bother to respond. AOL claimed that the name was a play on AOL's NETSCAPE trademark.
<http://www.newsbytes.com/news/01/169278.html>
- "The pen is mightier than the sword." Two weapons dealers are squaring off over the domain name budkww.com. Bud K World Wide, a company that sells swords, ninja weapons, etc., has brought a UDRP proceeding against a weapons enthusiast who is also selling arms using the budkww.com domain name. The enthusiast is willing to give up without a fight; an offer they couldn't refuse.
<http://www.newsbytes.com/news/01/169406.html>
- Two animal trainers have been in a fight over the domain name teamcanine.com. The first trainer registered the name of his competitor as a domain name to stop the competitor, a former employee, from using that name himself. The UDRP arbitrator held that such a registration was in bad faith and ordered that the domain name be given to the competitor/former employee.
<http://www.newsbytes.com/news/01/169455.html>
- Nice to meet you Mr. University. A man who claims to have changed his name to Mr. Oxford-University must still turn over the domain name

university-of-oxford.com to the famous British university. Apparently, changing your name is not sufficient to overcome bad faith use and registration.

<http://www.newsbytes.com/news/01/169500.html>

- Even free speech advocates do not believe cybersquatting is a protectable free speech activity. People For The American Way, a political free speech and civil rights organization, has brought a UDRP proceeding against an alleged cybersquatter to obtain peoplefortheamericanway.org.
<http://www.newsbytes.com/news/01/169359.html>

TRADE SECRETS

- Is Deep Throat a trade secret? Two online media competitors are arguing over whether a reporter's confidential sources (Watergate's Deep Throat, for example) are trade secrets owned by the media company's employer. One media company claims that the reporters developed the sources when employed by the media company and that the media company went to great lengths to keep the sources confidential, i.e., the source is a trade secret. The other media company asserts that relationships are controlled by the people in them and not by the media company, resulting in the source not being treated as a secret. Therefore, a preliminary injunction protecting the alleged trade secret would be an improper prior restraint. A court will soon decide.
http://ipcenter.bna.com/ipcenter/1,1103,1_946,00.html

COPYRIGHTS

- Did you know that before you can sue for copyright infringement the work allegedly infringed must be registered with the U.S. Copyright Office? A freelance writer sued for copyright infringement of a magazine article that she had never registered. The publisher of the magazine had registered the entire magazine as a collective work, but the Second Circuit Court of Appeals has held that the collective work registration by the publisher was not adequate registration of the article by the author for purposes of bringing a suit, even though the publisher was an exclusive licensee of the article.
http://ipcenter.bna.com/ipcenter/1,1103,1_933,00.html
- Despite the arrest of an academic for violating the Digital Millennium Copyright Act because he presented a paper on how to crack DVD encryption technology, another professor plans to present a paper on the same topic.
http://news.cnet.com/news/0-1005-200-6875496.html?tag=cd_mh
- The Ninth Circuit Court of Appeals will be deciding whether a visual search engine's use of pictures is an allowable "fair use" or is copyright infringement. The search engine allows users to obtain visual images rather than text in response to a search query.

<http://www.newsbytes.com/news/01/169255.html>

- The U.S. Copyright Office has issued a report stating that there is no need to overhaul the Digital Millennium Copyright Act because it is too early to evaluate the Act's implications. The Copyright Office reached this conclusion despite growing criticism that the Act eviscerates the historic first sale doctrine and hinders traditional fair use principals and innovation.
<http://www.newsbytes.com/news/01/169559.html>

PATENTS

- A foundation in Wisconsin owns a patent covering the method of isolating stem cells as well the stem cells themselves. Through this patent (assuming it is valid), the foundation can control who works on and profits from stem cell research in the U.S.
<http://www.nytimes.com/2001/08/17/health/genetics/17CELL.html>

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