

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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If you have any questions or comments, please contact Steve Winkelman, author of *Fennemore Craig I-Law*, at swinkelm@fclaw.com or 602.916.5407.

Fennemore Craig
www.fennemorecraig.com
602.916.5000

ONLINE & E-COMMERCE ISSUES

- Two courts disagree over enforceability of click-wrap agreements.
<http://www.abanet.org/journal/ereport/s20click.html>
- Electronic payment service's click-wrap contract questioned and the mandatory arbitration provision contained within rejected.
[http://ipcenter.bna.com/PIC/ippic.nsf/\(Index\)/566A0357CDC2C68C85256C380057AEFA?OpenDo](http://ipcenter.bna.com/PIC/ippic.nsf/(Index)/566A0357CDC2C68C85256C380057AEFA?OpenDo)

cument

- Arbitration of disputes with Netscape, which is mandated in the arbitration provision of Netscape's end-user license agreement, is not enforceable and is not being required in a lawsuit over alleged privacy violations by Netscape.
<http://news.com.com/2100-1023-960388.html>
[http://ipcenter.bna.com/PIC/ippic.nsf/\(Index\)/2A2EAB74F7E08C2585256C46006E77A2?OpenDocument](http://ipcenter.bna.com/PIC/ippic.nsf/(Index)/2A2EAB74F7E08C2585256C46006E77A2?OpenDocument)
- This article discusses the ongoing battle over UCITA, the Uniform Computer Information Transaction Act.
<http://www.nytimes.com/2002/09/16/technology/16NECO.html> (free registration required)
- California law prohibits unsolicited cell phone text messages and fax spam.
<http://www.siliconvalley.com/mld/siliconvalley/news/editorial/4110927.htm>
- California Attorney General sues bulk spammer.
<http://www.siliconvalley.com/mld/siliconvalley/news/4158970.htm>
- State of Washington wins first anti-spam case without even having to go to trial.
http://seattlepi.nwsourc.com/local/87049_spam14.shtml
- Maryland's new anti-spam law is going into effect.
<http://www.washtimes.com/business/20020930-5773480.htm>
- White House releases draft cybersecurity plan. The link is to the draft plan.
<http://www.whitehouse.gov/pcipb/cyberstrategy-draft.pdf>
- Judge orders WorldCom to block kids' access to five porn sites, in the first decision under new Pennsylvania law.
<http://www.wired.com/news/politics/0,1283,55248,00.html>
<http://news.com.com/2100-1023-959045.html>
- University of California San Diego orders student group to drop hyperlink to alleged terrorist websites.
<http://news.com.com/2100-1023-959544.html>

Never mind...for now. The University is currently reviewing its decision.
<http://www.wired.com/news/politics/0,1283,55450,00.html>
- Pennsylvania court allows school to expel student because of the content (about teachers) on the student's personal website.
<http://caselaw.lp.findlaw.com/data2/pennsylvaniaastatecases/supreme/j-111-2001co1.pdf>
- Courts in Washington are now allowing people ticketed for traffic violations to e-mail their explanations to the judge.
<http://www.nandotimes.com/technology/story/555311p-4377123c.html> (free registration required)
- Mistrials declared because, before deliberations, jurors decided to do their own research about their cases on the Internet.

<http://www.abgnews.com/law/0912jurors.shtml>

- Hollywood has become concerned about the proliferation of companies that "sanitize" movies for the tastes of "sensitive" customers. For example, these companies are removing scenes containing sex, drug use, foul language and the like to satisfy the sensitivity of conservative audiences.
<http://www.nytimes.com/2002/09/19/movies/19CLEA.html>
- Not only are there companies that are editing out sex, drug use, etc. from Hollywood videotapes, but now there is a company that plans to add such scenes to classic Hollywood movies. (Note: This is a joke.)
<http://www.salon.com/people/satire/2002/09/20/filthy/index.html>
- New consumer protection privacy law unlikely to be enacted by Congress this year.
<http://news.com.com/2100-1023-959274.html>
- ISP that misdelivered a customer's e-mail is being sued by the customer who claims to have lost lots of business because of the e-mail snafu.
http://www.dmnews.com/cgi-bin/artprevbot.cgi?article_id=21587
- Five large music companies and three big music retailers have agreed to pay \$67.4 million to consumers to settle a cd price fixing lawsuit. <http://www.washingtonpost.com/wp-dyn/articles/A24910-2002Sep30.html>
- The recording industry has asked a judge to order Verizon to identify alleged illegal file-swappers.
<http://www.washingtonpost.com/wp-dyn/articles/A43105-2002Oct4.html>
- Webcasters and the recording industry are close to a deal on webcast music royalties.
<http://www.washingtonpost.com/wp-dyn/articles/A28764-2002Oct1.html>
- According to this humor site, the recording industry has finally decided to go after broadcast radio stations for giving away free music.
http://www.theonion.com/onion3836/riaa_sues_radio_stations.html
- We're 29th! Phoenix is ranked in the middle of the pack for best metropolitan areas for business start-ups, according to Dun & Bradstreet. Phoenix ranks better than Los Angeles and Denver, but not as good as San Diego. Washington, DC is number 1, and Cleveland is last in 61st place.
<http://www.bizjournals.com/phoenix/stories/2002/09/23/daily61.html?f=et73>
- Do you remember the people who defeated high tech cd encryption technology with a very low tech magic marker? Some record companies are now trying a low tech approach to preventing cyberpiracy. A record company has taken an interesting new approach to prevent its reviewer copies of a new cd from being copied and distributed prior to the release of the cd to the public. The reviewer copies were sent to reviewers in a portable cd player that has been glued shut.
<http://www.newscientist.com/news/news.jsp?id=ns99992804>
- Metatags (as we know them today) are soon to be dead, according to this article.
<http://www.traffick.com/article.asp?aID=102>
- The bookkeeper at a law firm received the now infamous Nigerian fraud e-mail, which promises riches to anyone who can help out the struggling sender move millions of dollars out of the

country and to the U.S. It will just take a few dollars upfront to earn these riches. The bookkeeper not only fell for the scam, but she embezzled over \$2 million (!) from her firm to send to the scammer in the hopes of receiving those riches. The law firm noticed the embezzlement when a settlement check to a firm client bounced.

http://www.freep.com/news/locoak/checks21_20020921.htm

- U.S. Government has given Nigeria 3 months to decrease online fraud. Financial fraud is apparently the third largest industry in that country.
http://www.idg.net/ic_951823_1794_9-10000.html
- Word! CNN is about as unhip as they come, but now it is trying to become popular with young viewers by having anchors and other reporters use hip-hop language. "This is CNN Headline News, the dopest news network."
<http://www.washingtonpost.com/wp-dyn/articles/A35254-2002Oct2.html>
- A new survey shows that only 14% of local elected officials consider e-mail from constituents to be important.
<http://news.com.com/2100-1023-960537.html>

DEFAMATION, RIGHT OF PRIVACY, AND RIGHTS OF PUBLICITY

- Huh? Two Washington men were taking pictures in public places looking up women's skirts (and then apparently posting them on the Internet). The Washington Supreme Court held that women did not have an expectation of privacy up their skirts, so no law was broken.
http://www.latimes.com/technology/la-lv-birds30_sep30,0,3948232.story

TRADEMARKS

- Both the House and Senate have passed Madrid Protocol implementation legislation last week. All that remains is for the Senate to accept the Madrid Protocol Treaty itself.
[http://ipcenter.bna.com/PIC/ippic.nsf/\(Index\)/CC86FB38F55CB46685256C4B005D1889?OpenDocument](http://ipcenter.bna.com/PIC/ippic.nsf/(Index)/CC86FB38F55CB46685256C4B005D1889?OpenDocument)
- According to this article in *The Washington Post*, shortly after a trademark owner made a \$50,000 donation to the Florida Republican Party, Republican Jeb Bush, who is the Governor of Florida and brother of the President, sent a letter to the political appointee running the trademark office urging him to take quick action in the trademark owner's favor in a dispute over the HAVANA CLUB trademark. The governor's spokesperson denies that there was any quid pro quo.
<http://www.washingtonpost.com/wp-dyn/articles/A15186-2002Sep13.html>
- The mere fact it is your own name is not always a defense to a trademark infringement. The famous designer Versace has obtained a contempt citation against another man named Versace who is using the name on clothing and fashion accessories.
<http://www.law.com/servlet/ContentServer?pagename=OpenMarket/Xcelerate/View&c=LawArticle&cid=1032128552155&t=LawArticleIP>
- Product placement is now making its way into videogames.
<http://www.nytimes.com/2002/09/17/technology/17GAME.html>
- The law is clear that one can only establish trademark rights for a series of books, not for a single book. However, a series of books starts (usually) with a single book, so at what point does the

trademark rights arise? When the first book of a series is published? When the second book is published? What happens if someone uses a confusingly similar book title in between the first and second book of the series? A new Federal Circuit decision holds that trademark rights do not arise with the publication of the first book of a series. The court rejected the argument that the proprietary rights for the title of a book series date back to the beginning of the series if the second volume in the series is published within a reasonable time.

[http://ipcenter.bna.com/PIC/ippic.nsf/\(Index\)/22973FF2E835C24C85256C3D00623FAC?OpenDocument](http://ipcenter.bna.com/PIC/ippic.nsf/(Index)/22973FF2E835C24C85256C3D00623FAC?OpenDocument)

- Even Chinese Shaolin Temple monks (made famous in scores of kung fu movies for their martial arts tradition) are trying to protect their trademarks.
<http://www.law.com/servlet/ContentServer?pagename=OpenMarket/Xcelerate/View&c=LawArticle&cid=1032128613059&t=LawArticleIP>
- The dispute between Mr. Nissan and the automobile giant of the same name over nissan.com will apparently never run out of gas. Most recently a court has ruled that Mr. Nissan's nissan.com website diluted the auto company's famous trademark.
http://abcnews.go.com/wire/Business/ap20021002_93.html

TRADE SECRETS

- A California appeals court rejects the trade secret doctrine of inevitable disclosure, requiring that the employee actually misappropriate or disclose trade secrets before the employee can be enjoined from working for a new employer. The court viewed the doctrine as creating an after-the-fact non-competition agreement. This is the first published California opinion on the doctrine.
<http://www.courtinfo.ca.gov/opinions/documents/G028382.PDF>

DOMAIN NAMES

- The U.S. Department of Commerce's contract with ICANN for management of domain name system has been extended for one year, despite concerns about the job done by ICANN.
<http://www.washingtonpost.com/wp-dyn/articles/A43976-2002Sep20.html>
- In rem jurisdiction over a domain name under the Anti-Cybersquatter Protection Act (in other words, allowing a suit over possession of the domain name without having the registrant of the domain name participate in the lawsuit) typically only comes about when the domain name registrant is located somewhere beyond the jurisdiction of the court. However, the registrant cannot get an in rem lawsuit dismissed merely by showing up and giving a court personal jurisdiction at the last minute.
[http://ipcenter.bna.com/PIC/ippic.nsf/\(Index\)/F916CABA3609857D85256C36006365DA?OpenDocument](http://ipcenter.bna.com/PIC/ippic.nsf/(Index)/F916CABA3609857D85256C36006365DA?OpenDocument)
- Girl scouts, racism, government censorship, disloyal former employee, overreaching employer, copyright infringement, domestic violence...all in a domain name dispute.
<http://www.salon.com/tech/feature/2002/09/19/domestic/index.html>
- Court rejects AFLAC's request for a temporary restraining order against Ohio Gubernatorial Candidate's mocking TaftQuack duck, taftquack.com domain name and taftquack advertising.
<http://www.activedayton.com/ddn/local/daily/0918govrace.html>

- FoxNewsSucks.com has apparently been told by the Fox News folks to knock it off. No word whether they will permanently shut down the site.
<http://www.foxnewssucks.com/>
- Ninth Circuit rules, again, in the epix.com lawsuit. This time the court finds no bad faith and no initial interest confusion.
<http://caselaw.lp.findlaw.com/data2/circs/9th/0135144p.pdf>
- Phillip Morris, the cigarette giant, has sued 8 companies to stop cybersquatting (cheapMarlboro.com, for example) as well as the importation of gray market cigarettes into the U.S.
<http://news.com.com/2100-1017-958964.html>
- In a new UDRP decision, Justdoit.net will not be turned over to NIKE. The board reasoned that NIKE failed to provide evidence that the registration of the domain name was in bad faith.
<http://arbiter.wipo.int/domains/decisions/html/2002/d2002-0544.html>
- *The Washington Post* is going after an anti-abortion protester/cybersquatter who registered wpni.org. WPNI is the abbreviation used by *The Washington Post* and *Newsweek* for employee e-mail addresses, which are found at wpni.com. Although the cybersquatter has been sued over his registration of numerous other famous trademarks in domain names (such as WashingtonPostMurders.com and MyCoca-Cola.com), he is claiming that the WPNI domain name is merely a coincidence.
http://news.com.com/2100-1023-959992.html?tag=cd_mh

COPYRIGHTS

- Remember the police beating Rodney King? Remember the television footage of the beating taken from a helicopter flying overhead? That footage was and is owned by the Los Angeles News Service and a court is allowing them to sue CBS for playing it over and over without permission.
<http://www.law.com/servlet/ContentServer?pagename=OpenMarket/Xcelerate/View&c=LawArticle&cid=1032128552282&t=LawArticleIP>
- When willful copyright infringement is found, attorneys' fees will be presumed to be appropriate, especially in the case where there is only a small amount of actual damages, unless a judge finds reason not to award them. According to the Seventh Circuit, the presumption is needed to assist in deterring willful infringement.
[http://ipcenter.bna.com/PIC/ippic.nsf/\(Index\)/D981B70477FD3A7C85256C3600636615?OpenDocument](http://ipcenter.bna.com/PIC/ippic.nsf/(Index)/D981B70477FD3A7C85256C3600636615?OpenDocument)
- A judge has thrown out a copyright suit against the author of the "Harry Potter" series and sanctioned the plaintiff for submitting faked evidence.
<http://www.law.com/servlet/ContentServer?pagename=OpenMarket/Xcelerate/View&c=LawArticle&cid=1032128573950&t=LawArticleIP>
- Here is an overview of the copyright issues facing online music companies.
<http://www.nytimes.com/2002/09/23/technology/23MUSI.html>
- A recent decision ruled that a security interest in an unregistered copyright is perfected under the UCC.

[http://ipcenter.bna.com/PIC/ippic.nsf/\(Index\)/136E6BF1C2AB6FB285256C3D00623E32?OpenDocument](http://ipcenter.bna.com/PIC/ippic.nsf/(Index)/136E6BF1C2AB6FB285256C3D00623E32?OpenDocument)

- Debate continues over a proposed bill to allow copyright holders to hack into the computers of file-swappers.
<http://news.com.com/2100-1023-959774.html>
<http://www.nandotimes.com/technology/story/551913p-4353690c.html> (free registration required)
- The artist once again known as Prince has sued a website for posting pirated recordings of his concert performances.
<http://www.nandotimes.com/technology/story/553884p-4369105c.html> (free registration required)
- This article describes the briefs submitted by the parties to the U.S. Supreme Court on the constitutionality of the recent copyright term extension act.
[http://ipcenter.bna.com/PIC/ippic.nsf/\(Index\)/756F2DF9DBDD2B5985256C41006C24D0?OpenDocument](http://ipcenter.bna.com/PIC/ippic.nsf/(Index)/756F2DF9DBDD2B5985256C41006C24D0?OpenDocument)

PATENTS

- A patent identifying a gene mutation does not inherently include a patent for a mouse genetically engineered to include that mutation.
[http://ipcenter.bna.com/PIC/ippic.nsf/\(Index\)/22EC7D82C0B9E21085256C3600636554?OpenDocument](http://ipcenter.bna.com/PIC/ippic.nsf/(Index)/22EC7D82C0B9E21085256C3600636554?OpenDocument)
- Many think the USPTO issues software patents too easily, even though there are multiple examples of "prior art" that should stop a patent from being issued.
<http://www.internetnews.com/bus-news/article.php/1462741>
- USPTO, heal thyself. The USPTO is trying to reduce the amount of time it takes to get a patent issued.
<http://www.nytimes.com/2002/09/23/technology/23PATE.html>
- Company sues eBay claiming business method patent for online auctioning used by eBay infringed in its intellectual property.
<http://www.techtv.com/news/politicsandlaw/story/0,24195,3400603,00.html>
- Patents aren't just about protecting intellectual property. They are a competitive strategy.
<http://boston.internet.com/news/article.php/1467211>
- USPTO can reject patent application because of applicant's unreasonable delay in prosecuting patent.
[http://ipcenter.bna.com/PIC/ippic.nsf/\(Index\)/0761A3C117B21D6785256C3D00623F6B?OpenDocument](http://ipcenter.bna.com/PIC/ippic.nsf/(Index)/0761A3C117B21D6785256C3D00623F6B?OpenDocument)
- A patented ziplock bag for contagious people??
<http://www.nytimes.com/2002/09/30/technology/30PATE.html>

Contacts

C. OWEN PAEPKE.....	(602) 916-5384
ANNE L. KLEINDIENST	(602) 916-5392
RAY K. HARRIS, <i>Chair</i>	(602) 916-5414
RICHARD E. ONEY	(602) 916-5303
DAVID K. GRAY	(520) 879-6852
STEPHEN R. WINKELMAN	(602) 916-5407
SUSAN STONE ROSENFELD.....	(602) 916-5317
STACIE KEIM SMITH.....	(602) 916-5451

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