

# **Enforcement, Part II: Trademark & Copyright Enforcement**

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## I. Scope

This paper briefly surveys the ways that one can enforce trademarks and copyrights, including, 1) in the courts, civil and criminal actions (which include TRO's, search and seizures, and in rem actions), 2) before the trademark office, petitions to cancel trademarks, and oppositions to trademark registrations, and 3) before the customs office, recordation of trademark and copyright registrations.

## II. Trademark Enforcement

### A. Federal Court

#### 1. Trademark Infringement/Dilution Complaint

Your client can sue for unfair competition and for dilution, even though he does not have a federal registration for his mark. *See* Appendix 1.

**Relevant statutes:** 15 U.S.C. §1117, §1119, and §1125. For pendent state claims: 15 U.S.C. §1121, 28 U.S.C. §1338.

#### a. Infringement

#### *Pebble Beach v. Tour 18* (5<sup>th</sup> Cir. 1998) (Houston)

Using an owner's mark to refer to the owner's products is not trademark infringement. Defendant Tour 18 operates two golf courses in Texas. The courses have gained recognition by replicating famous holes from exclusive courses around the nation, such as those of the plaintiffs: Pebble Beach, Pinehurst, and Sea Pines. Tour 18 uses the marks of the courses it has copied in Tour 18's advertising, and at the Tour 18 golf course. In addition, the restaurant at the clubhouse serves dishes from the copied clubs, identified in the menu by the trademarks of the source clubs. Plaintiffs sued on federal and state causes of action to stop Tour 18 from using their golf hole designs and their trademarks.

The Fifth Circuit agreed with the district court that disclaimers posted on Tour 18's course were not effective in reducing confusion of those who might assume that Pebble Beach and others were affiliated with Tour 18. Instead, part of the court's injunction mandated conspicuous disclaimers on all Tour 18 advertising paraphernalia. The district court did, however, allow Tour 18 to continue using the plaintiffs' trademarks to identify the holes it copied. The 5th Circuit affirmed, reasoning that

a clear nominative use does not create any likelihood of confusion. Further, it does not create any possibility of dilution by blurring because the use is one that links the mark to the markholder's goods or services. Such a use strengthens rather than blurs the identification of a mark with the markholder's goods.<sup>1</sup>

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<sup>1</sup> *Pebble Beach Co. v. Tour 18 I Ltd.*, 48 U.S.P.Q.2d 1065, 1084 (5th Cir. 1998).

The Fifth Circuit agreed with the district court that most the holes were not inherently distinctive, and therefore Tour 18 did not have to alter the holes. Sea Pines, on the other hand, obtained an injunction to force Tour 18 to remove a lighthouse replica. The Fifth Circuit agreed with the district court that, despite Sea Pines not owning the original lighthouse near the course, the Sea Pines hole had taken on secondary meaning for the public because of the structure, and there was a likelihood of confusion. Therefore, the Fifth Circuit affirmed the injunction against Tour 18 replicating the lighthouse. Regarding using the actual names of the golf courses, the Fifth Circuit stated:

Tour 18 may use plaintiffs' marks on its scorecard, yardage guide, and tee box signs. Additionally, Tour 18 may place these service marks in other printed materials only within a simple legend of the course's replicated golf holes. This legend shall include only the Tour 18 hole number, name of replicated hole, par, and yardage, similar to the legend contained within Tour 18's current promotional brochure, specifically plaintiff's exhibit 103. Tour 18 must remove all other superfluous uses of the marks listed in this section from its written materials, including but not limited to, the Tour 18 promotional brochures, mailers, advertisements in independent publications, and restaurant menu.

*Id.* at 1085-86.

***Enrique Bernat F.S.A. v. Guadalajara, Inc.* (5<sup>th</sup> Cir. 2000)**

Dictionary definitions are not the final authority in trademark disputes. Headquartered in Barcelona, Spain, Chupa Chups manufactures and distributes lollipops in the U.S. under the mark “Chupa Chups.” Based in Mexico, Dulces Vero began producing lollipops for the U.S. market. Dulces Vero was selling a frozen yogurt-flavored lollipop shaped like a soft-serve frozen yogurt cone, under the name “Chupa Gurts.” Chupa Chups sued, and the district court granted a preliminary injunction barring Dulces Vero from selling or marketing any candy or confectionary product under the name “Chupa Gurts.”

The Fifth Circuit noted that the plaintiff’s own representative testified that “In certain regions ‘chupa’ is used to refer to a lollipop or a sucker when used as a noun. When somebody goes into a local candy shop and asks for a chupa, then it’ll be understood more times than not that it’s a lollipop.” The Fifth Circuit also made an important observation regarding the use of dictionaries: “Dictionary entries also reflect lexicographical judgment and editing which may distort a word’s meaning or importance. *Berner Int’l Corp. v. Mars Sales Co.*, 987 F.2d 975, 983 (3d Cir. 1993).”<sup>2</sup>

***Small Business Assistance Corp. v. Clear Channel* (5<sup>th</sup> Cir. 2000)**

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<sup>2</sup> *Enrique Bernat F.S.A. v. Guadalajara, Inc.*, 54 U.S.P.Q.2d 1497, 1500 (5th Cir. 2000) (vacating a preliminary injunction, and remanding, holding that the district court abused its discretion in finding a likelihood of confusion between the marks “Chupa Chups” and “Chupa Gurts”, because “chupa” is a generic Spanish word that designates “lollipop”, and the court did not analyze the likelihood of confusion between “Chups” and “Gurts”).

A generic term can not infringe a trademark. In this case, the Fifth Circuit reversed a finding of infringement, stating:

The testimony and record evidence lead to the inescapable conclusion that "Summer Jam" is a generic term for a musical concert occurring during the summer months. Therefore, "Summer Jam" cannot infringe SBAC's mark, "Uncle Sam Jam". A trademark cannot be infringed by the generic term for the product it designates. *See American Cyanamid Corp. v. Connaught Lab., Inc.*, 800 F.2d 306, 307 (2d Cir. 1986) ("A trademark holder cannot appropriate generic . . . terms for its exclusive use, and a trademark infringement finding thus cannot be based on the use of a generic . . . term[.]"); *Dranoff-Perlstein Assocs. v. Sklar*, 967 F.2d 852, 861 (3d Cir. 1992) (same). This is true even if consumers are confused by a competitor's use of a generic term. *See Society of Fin. Exam'rs v. National Ass'n of Certified Fraud Exam'rs, Inc.*, 41 F.3d 223, 225 (5th Cir. 1995) ("Even total confusion, however, is irrelevant if 'CFE' constitutes a 'generic' mark.").<sup>3</sup>

### ***Chavez v. Arte Publico Press* (5<sup>th</sup> Cir. 2000)**

Without the State's permission, you may not sue a state agency for either trademark or copyright infringement. Chavez asserted that the University of Houston infringed her copyright by continuing to publish her book without her consent, and violated the Lanham Act by naming her, also without her permission, as the selector of plays in another book it published. The Fifth Circuit held that the Copyright Remedy Clarification Act was an improper exercise of Congressional legislative power to abrogate state sovereign immunity, and violated the Eleventh Amendment. Therefore, the University of Houston enjoys immunity from unconsented-to suit in federal court under the Eleventh Amendment. Therefore, the Fifth Circuit ruled, the case had to be dismissed.<sup>4</sup>

### ***Igloo v. Brantex* (5<sup>th</sup> Cir. 2000)**

Registration of a composite mark does not mean that descriptive elements of the mark have acquired secondary meaning. Since 1983, Brantex made soft-sided portable containers that it called "kool paks." In 1985, it registered a composite mark consisting of the words "kool pak" alongside a penguin carrying one of the products. In granting this registration, the PTO required Brantex to disclaim any exclusive right to the use of the words "kool pak" alone. (In June 1994, the PTO granted a second registration for a penguin mark, without requiring Brantex to disclaim an exclusive interest in the words "kool pak" standing alone.) In 1993, Brantex applied for registration of the words "kool pak" as a word mark (standing alone, without the penguin or a peculiar design).

Igloo, which since 1992 had been marketing products substantially similar to Brantex's "kool pak" in advertising that referred to the products as "Cool Pack 6" and "Cool Pack 12," filed an opposition proceeding in the PTO against the registration of "kool pak". Igloo also sued in federal court, seeking (1) a declaratory judgment that Igloo's use of the term "cool pack" for

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<sup>3</sup> *Small Business Assistance Corp. v. Clear Channel Broadcasting, Inc.*, 210 F.3d 278, 54 U.S.P.Q.2d 1350 (5<sup>th</sup> Cir. 2000) (reversing a finding of infringement, because the allegedly infringing mark was generic).

<sup>4</sup> *Chavez v. Arte Publico Press*, 204 F.3d 601, 53 U.S.P.Q.2d 2009 (5th Cir. 2000).

soft-sided insulated portable beverage coolers did not infringe Brantex's federally registered trademark for the words "kool pak" with a penguin design; (2) cancellation of Brantex's federal and state trademark registrations; (3) an injunction preventing Brantex from registering the words "kool pak" alone; and (4) damages for misrepresentation and unfair competition.

Brantex counterclaimed for trademark infringement, trademark counterfeiting, trademark dilution, and unfair competition, and asserted state law causes of action. The jury returned a verdict favorable to Igloo, finding that: (1) use of the words "kool pak" was "descriptive"; (2) the words had not acquired secondary meaning; (3) there was no likelihood of confusion between Igloo's use of the words "cool pack" and Brantex's use of the words "kool pak"; and (4) Igloo had not infringed or diluted Brantex's marks. On appeal, Brantex argued that the registration of its composite marks meant that "kool pak" had acquired secondary meaning. In response to that argument, the Fifth Circuit stated:

Brantex is right to note that registration of a mark "serves as prima facie evidence that a secondary meaning existed" during the period of registration. *See Waples-Platter Co. v. General Foods Corp.*, 439 F. Supp. 551, 578 (N.D. Tex. 1977). That prima facie presumption, however, pertains to the whole mark--in this case the words-plus-penguin composite--rather than to any individual portion of the mark. *In re National Data Corp.*, 753 F.2d 1056, 1059 (Fed. Cir. 1985); *see also In Re Bose Corp.*, 772 F.2d 866, 873 (Fed. Cir. 1985).<sup>5</sup>

***Kellogg v. Exxon* (6<sup>th</sup> Cir. 2000).**

"Progressive encroachment" can be a valid response to the affirmative defense of laches. The Kellogg tiger recently beat the Exxon tiger on this point in the Sixth Circuit. The Sixth Circuit stated:

Progressive encroachment is an offensive countermeasure to the affirmative defenses of laches and acquiescence; upon a finding of progressive encroachment, the delay upon which those defenses are premised is excused. In other words, progressive encroachment allows the plaintiff to demonstrate that although it might have been justified in bringing suit earlier but did not, certain factors now exist that have prompted it to do so.<sup>6</sup>

***Eli Lilly & Co. v. Natural Answers Inc.***<sup>7</sup>

"The second fact probative of Natural Answers' wrongful intent is its references to PROZAC<sup>®</sup> in the source codes of its website. The clear intent of this effort, whether or not it was successful, was to divert Internet users searching for information on PROZAC<sup>®</sup> to Natural Answers' website [citing *Brookfield Communications* and [New York State Soc. of Certified Public Accountants](#)]. Because Natural Answers' wrongful intent is so obvious, we weigh it

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<sup>5</sup> *Igloo Prods. Corp. v. Brantex, Inc.*, 202 F.3d 814, 817, 53 U.S.P.Q.2d 1753 (5th Cir. 2000).

<sup>6</sup> *Kellogg Company v. Exxon Corporation*, 209 F.3d 562, 571 (6th Cir. 2000).

<sup>7</sup> *Eli Lilly & Co. v. Natural Answers Inc.*, 233 F.3d 456, 464, 56 U.S.P.Q.2d 1942 (7th Cir. 2000) (affirming the district court's preliminary injunction).

heavily.”

### **Promatek Industries Ltd. v. Equitrac Corp.**

In October 2002 the Court modified its August slip opinion by replacing a sentence with the following: “The problem here is not that Equitrac, which repairs Promatek products, used Promatek’s trademark in its metatag, but that it used that trademark in a way calculated to deceive consumers into thinking that Equitrac was Promatek.”<sup>8</sup> In an added footnote the Court stated: “It is not the case that trademarks can never appear in metatags, but that they may only do so where a legitimate use of the trademark is being made.”

### **GoTo.com Inc. v. Walt Disney Co.**<sup>9</sup>

In this case involving two Internet search engines using similar logos, the Ninth Circuit found that “the logos are glaringly similar,” and “it is precisely the identical colors that create the confusion: white script in a green circle on a yellow square.” The Ninth Circuit also stated that the “Securities and Exchange Commission required a disclaimer on the cover of GoTo’s prospectus for its initial public offering, disavowing any connection between Disney and GoTo . . . which suggests to us that the Commission’s concern was with the similarity of these two logos.”

The Ninth Circuit then commented on the effect of the Internet on the “likelihood of confusion”:

“We now reiterate that the Web as a marketing channel, is particularly susceptible to a likelihood of confusion.” . . . “It allows for competing marks to be encountered at the same time, on the same screen.” “Navigating amongst web sites involves practically no effort whatsoever, and arguments that Web users exercise a great deal of care before clicking on hyperlinks are unconvincing.”

### **Entrepreneur Media Inc. v. Smith**<sup>10</sup>

The Ninth Circuit held that the domain name entrepreneurpr.com does not infringe the descriptive mark ENTREPRENEUR finding, *inter alia*, that the addition of the letters “PR” serves effectively to signal an important distinction between it and the mark in question. The Court also found it unlikely that Internet users would unintentionally access the entrepreneurpr.com web site when trying to find the trademark owner’s website, via the trademark owner’s domain names entrepreneur.com and entrepreneurmag.com.

### **Interstellar Starship Servs., Ltd. v. Epix, Inc.**<sup>11</sup>

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<sup>8</sup> *Promatek Indus., LTD v. Equitrac Corp.*, 300 F.3d 808, 814 (7th Cir. Ill. 2002).

<sup>9</sup> *GoTo.com Inc. v. Walt Disney Co.*, 202 F.3d 1199, 53 U.S.P.Q.2d 1652, 1659 (9th Cir. 2000) (confirming its January 27 order lifting the stay of a preliminary injunction, and reinstating the original order enjoining the Walt Disney Co. from using its “Go Network” logo).

<sup>10</sup> *Entrepreneur Media Inc. v. Smith*, 279 F.3d 1135 (9th Cir. 2002).

<sup>11</sup> *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 64 U.S.P.Q.2d 1514 (9th Cir. 2002).

Epix manufactures and sells a wide variety of electronic imaging hardware and software products, and has a registration for EPIX for use with “printed circuit boards and computer programs for image acquisition, processing, display, and transmission.” In 1995, Tchou, the sole founder, officer, director, shareholder, and employee of Interstellar Starship Services (“ISS”), registered the domain name [www.epix.com](http://www.epix.com) with Network Solutions. Epix demanded that Network Solutions cancel ISS’s epix.com registration. When informed by Network Solutions of Epix’s demand, ISS filed for a declaratory judgment of non-infringement.

The Ninth Circuit repeated its prior statement that “the three most important *Sleekcraft* factors in evaluating a likelihood of confusion are (1) the similarity of the marks, (2) the relatedness of the goods or services, and (3) the parties’ simultaneous use of the Web as a marketing channel.” The Court affirmed the district court determinations that EPIX is a weak mark, and that ISS’s primary purpose — the promotion of the Clinton Street Cabaret — did not compete with Epix’s electronic imaging products, although ISS’s incidental purpose — digital image processing and computer-related services — appeared, “at least superficially,” to be the same as services offered by Epix. Accordingly, the Ninth Circuit refused to hold that all uses of [www.epix.com](http://www.epix.com) would generate initial interest confusion with the EPIX mark.

***Horphag Research Ltd. v. Pellegrini d/b/a Healthdiscovery.com***<sup>12</sup>

Horphag Research Ltd. is the holder of the trademark Pycnogenol for use in connection with a pine bark extract product. The defendant, Larry Garcia, operated a website having the domain name [healthierlife.com](http://healthierlife.com), through which he sold pharmaceutical products, including a product that competed with Pycnogenol. The website, in comparing its product to the plaintiff’s product, repeatedly used the term “Pycnogenol” in its content and in its metatags. It also labeled its competing product as “Masquelier’s: the original French Pycnogenol.”

The Ninth Circuit affirmed a finding of infringement, stating, “By using the mark so pervasively, not just in the text of his websites but also in the meta-tags used to link others to his websites, Garcia exceeds any measure of reasonable necessity in using the Pycnogenol mark.” “Moreover, the constant use of Horphag’s Pycnogenol trademark and variants thereof, such as ‘the Original French Pycnogenol,’ likely suggests that Horphag sponsors or is associated with Garcia’s websites and products.”

***Creative Gifts, Inc. v. UFO*** (affirming the transfer of “levitron.com” to plaintiff, and enjoining defendant’s future use of the LEVITRON mark).<sup>13</sup>

In 1995, plaintiff obtained a federal registration for the mark LEVITRON & design for antigravity tops. Shortly thereafter, plaintiff and defendants entered into a business relationship under which defendant purchased and sold LEVITRON antigravity tops. In October 1996, the parties reached an oral agreement for defendants to register the domain name “levitron.com” to operate a website to sell LEVITRON tops. After negotiations broke down over formalizing a trademark license for defendants to use the LEVITRON mark and the “levitron.com” domain name, plaintiff withdrew permission for defendants to use the mark in the domain name, and

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<sup>12</sup> *Horphag Research Ltd. v. Pellegrini d/b/a Healthdiscovery.com*, No. 01-56733 (9th Cir. 5/9/2003); *Horphag Research Ltd. v. Garcia d/b/a Healthierlife.com*, No. 02-55142 (9th Cir. 5/9/03).

<sup>13</sup> *Creative Gifts, Inc. v. UFO*, 235 F.3d 540 (10th Cir. 2000).

then sued defendants.

The district court held that the term LEVITRON was not generic, and that defendants' use of the "levitron.com" domain name infringed the LEVITRON mark. The court also dismissed all 23 of defendants' counterclaims with prejudice as a Rule 37 sanction for numerous discovery violations.

The Tenth Circuit affirmed, noting that the defendants did not offer any of the typical evidence on the issue of genericness: "They elicited no consumer testimony or consumer surveys. Nor did they, on the basis of the record before us, proffer any listings in dictionaries, trade journals or newspapers."

## **b. Dilution**

In footnote 15 of the *Pebble Beach* case, the Fifth Circuit stated the following about dilution:

Dilution can be shown by way of two different theories: blurring and tarnishment. See 3 McCarthy on Trademarks, *supra*, Section 24:67-:69; see also Restatement, *supra*, Section 25 (referring to the theories respectively as "dilution" and "tarnishment"). The district court found that Tour 18 had diluted the Plaintiffs' marks under a theory of blurring, but that it had not diluted their marks under a theory of tarnishment. See *Pebble Beach*, 942 F. Supp. at 1566-67. Tour 18's challenge to the district court's finding of dilution by blurring was based only upon the protectibility of the marks, which we affirmed above. Moreover, Tour 18 did not challenge whether the Plaintiffs' marks and trade dress were sufficiently famous to support a dilution claim. See Restatement, *supra*, Section 25(1)(a) & cmt. e.<sup>14</sup>

## **2. Anti-Cybersquatting Consumer Protection Act**

Porsche failed in its attempt in 1999 to sue 128 actual domain names, instead of the owners of those names. The "Anticybersquatting Consumer Protection Act" ("ACPA"), effective November 29, 1999, gives remedies against one who with bad faith uses another's trademark as her own domain name. After this law passed, and Porsche appealed its dismissal by the district court, the appeals court vacated the dismissal. See *below*, under the year 2000 cases.

The ACPA is found at 15 U.S.C. 1125(d). The elements include: a bad faith intent to profit, by one who registers, traffics in, or uses a name which is identical or confusingly similar to, or dilutes, a famous mark. The ACPA added to the laws of infringement and dilution by

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<sup>14</sup> *Pebble Beach Co. v. Tour 18 I Ltd.*, 48 U.S.P.Q.2d 1065, 1084 (5<sup>th</sup> Cir. 1998).

making it possible to find liability without regard to the goods or services of the parties.

(d) Cyberpiracy prevention

(1)

(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person—

(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

(ii) registers, traffics in, or uses a domain name that—

(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;

(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or

(III) is a trademark, word, or name protected by reason of section 706 of title 18 or section 220506 of title 36.

The non-exhaustive list of factors to be considered in deciding whether the defendant had a bad faith intent include:

1. the trademark or other intellectual property rights of the person, if any, in the domain name;
2. the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;
3. the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;
4. the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;
5. the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;
6. the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;
7. the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;
8. the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at

- the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and
9. the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of this section.

Most of these factors are easily measurable, except for numbers 4, 5, and 9. Thus, factors 4, 5, and 9 are the ones that occupy the attention of many courts.

The ACPA allows in rem actions against the domain name, in the judicial district of the registrar or registry, if 1) the domain name infringes or dilutes, and 2) in personam jurisdiction is impossible, or, with due diligence the plaintiff can't find the defendant after sending snail mail and e-mail, and publishing a notice if the court requires it. . In 2004, there were over 300 accredited registrars. You can see the list at: <http://www.icann.org/registrars/accredited-list.html>. The most popular ones are NSI, located in Virginia, and register.com, located in New York.

## **First Circuit**

### **2001**

*Northern Light Tech., Inc. v. Northern Lights Club*<sup>15</sup> Plaintiff registered its “northernlight.com” domain name in September, 1996, and began operating its NORTHERN LIGHT search engine at that domain name in August, 1997. Defendant is a one-person unincorporated association owned by Jeff Burgar, the contact person for several thousand domain names. Burgar has been associated with many vanity e-mail services, including FlairMail.com, which register and license domain names as part of e-mail addresses. Defendant registered the domain name “northernlights.com” in October, 1996, and began using it as a vanity e-mail address shortly thereafter.

In April, 1999, defendant began using the “northernlights.com” domain name as an Internet search site. In addition, that site provided a list of businesses using the name “Northern Light,” including plaintiff’s search engine, and provided links to various sites, including the FlairMail site. Plaintiff’s search site began receiving several thousand referrals per day from defendant’s search site.

Plaintiff obtained a preliminary injunction, requiring defendant to post a specified disclaimer on defendant’s search site. The First Circuit affirmed, noting the defendant’s “well-established pattern of registering multiple domain names containing famous trademarks, such as *rollingstones.com*, *evinrude.com*, and *givenchy.com*.” The First Circuit speculated in a footnote that the defendant “likely hoped to cash in on the confusion surrounding the sponsorship of the websites by finding famous trademark holders willing to pay defendants to end the diversion of Internet traffic from their website to defendants’ sites.”

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<sup>15</sup> *Northern Light Tech., Inc. v. Northern Lights Club*, 236 F.3d 57, 57 U.S.P.Q.2d 1277 (1st Cir. 2001) (affirming a preliminary injunction that required defendant to post a disclaimer on defendant’s search site).

*Sallen v. Corinthians Licenciamentos*<sup>16</sup> After losing control of the domain name “corinthians.com” in a UDRP proceeding, the registrant of the domain name sued to recover control from the Brazilian licensee of the soccer team Corinthians. The First Circuit held that a domain name registrant who lost an arbitration proceeding under the UDRP can sue under the ACPA to reclaim the domain name.

**2002**

**D. Mass.**

*Toronto Dominion Bank v. Karpachev*.<sup>17</sup> The intentional use of confusingly similar domain names, incorporating misspellings and alternative spellings of the plaintiff’s mark, to draw customers away from the plaintiff’s own web site to a critical web site, was bad faith under the ACPA. The use of those domain names was evidence of an intent to “tarnish or damage” the plaintiff’s mark.

## **Second Circuit**

**2000**

*Sporty’s Farm L.L.C. v. Sportsman’s Market Inc.*<sup>18</sup> The first appellate ruling on the ACPA had an interesting procedural posture: the ACPA came into existence while the appeal was pending. Arthur Hollander’s company Omega started an aviation catalog in late 1994 or early 1995 and soon thereafter registered the domain name sportys.com with Network Solutions, Inc. (NSI). Nine months later, Omega formed a subsidiary called Sporty’s Farm, and sold it the rights to sportys.com. Sporty’s Farm marketed Christmas trees on the website. Hollander was an aviator who had been receiving aviation equipment catalogs entitled “Sporty’s” from a company called Sportsman’s.

Sportsman’s had registered the trademark sporty’s with the U.S. Patent and Trademark Office (PTO) in 1985. “Sporty’s” is on the cover of all of its catalogs, its toll free phone number is 1-800-Sporty’s, and it spends \$10 million annually to advertise the “Sporty’s” logo. In March 1996, Sportsman’s realized that Hollander had registered its trademark as a domain name, and contacted him. Sporty’s Farm quickly instituted a declaratory action to secure its rights to the name. Sportsman’s counterclaimed, and won at the trial court level on a trademark dilution claim. The court issued an injunction requiring Sporty’s Farm to give up the domain name, but ruled that no damages were available because Omega did not exhibit a willful intent to dilute the Sportsman’s trademark.

The Second Circuit asked the parties to brief the applicability of the ACPA. Deciding that the ACPA was applicable, the Second Circuit also found that the elements were present to show that the ACPA had been violated: (1) Sporty’s is a “distinctive” mark; (2) the marks Sporty’s and sportys.com are “confusingly similar”; and (3) Hollander had a bad faith intent to

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<sup>16</sup> *Sallen v. Corinthians Licenciamentos*, 273 F.3d 14 (1<sup>st</sup> Cir. 2001).

<sup>17</sup> *Toronto Dominion Bank v. Karpachev*, 188 F. Supp. 2d 110 (D. Mass. 2002).

<sup>18</sup> *Sporty’s Farm L.L.C. v. Sportsman’s Market Inc.*, 53 U.S.P.Q.2d 1570 (2d Cir. 2000), *cert. denied*, 120 S. Ct. 2719 (2000).

profit. *Id.* at 1573. The court pointed out that Sporty's Farm did not acquire the domain name from its parent company Omega, or use the website, until after litigation had commenced, the domain name did not contain the name of the company that registered it (Omega), and most importantly, Omega planned to directly compete with Sportsman's. Further, the court accused Hollander and Omega of creating Sporty's Farm only so that it might "keep the name away from Sportsman's." The court was particularly not amused by Hollander's story that he picked the name "Sporty's Farm" from the name of the land that Omega operated on, "Spotty's Farm", which name allegedly came from the name of the childhood dog of Omega's CEO Ralph Michael, "Spotty". The court noted that there was no evidence that Hollander even knew Michael's dog Spotty when Hollander registered the domain name.

***Cello Holdings, L.L.C. v. Lawrence-Dahl Companies***<sup>19</sup> Plaintiff Cello had used the "Cello" mark to market high-end stereo systems since 1985, and registered the "Cello" in 1995. In 1997 the defendant registered numerous domain names, including gotmilk.com, stereo.com, and cello.com. The defendant offered to sell cello.com to the plaintiff for \$5,000. Cello sued in 1997. Both parties moved for summary judgment. In 1999, the court asked for briefing in view of the *ACPA*, and the *Sporty's* case.

The court found that "Cello" was "famous" only in the limited market of purchasers that spend \$20,000-\$500,000 for audio equipment. The court also found that "Cello" was widely used as part of registered marks owned by third parties. Because the defendant tried to register "guitar.com," "drums.com," and "violin.com", the court held that it was not clear that he acted with bad faith, although he did intend to profit. Regarding dilution, the court held that Cello's customers "are not likely to be confused." The court denied cross-motions for summary judgment.

## 2002

***Mattel Inc. v. barbie-club.com.*** A court may obtain in rem jurisdiction over a domain name only in a district in which the domain name registrar or other domain-name authority is located. The 57 domain names that Mattel sued had mostly been registered with domain name registrars located in Maryland, Virginia, and California. Mattel brought its suit in the U.S. District Court for the Southern District of New York, and then sought for "registrar's certificates" for the domain names to be deposited with the district court, hoping by that trick to get in rem jurisdiction in New York over all the 57 names. No such luck.

## 2003

***Storey v. Cello Holdings LLC*** (vacating a judgment that had ordered a re-transfer of the domain name "cello.com" back to Storey, after a UDRP decision had ordered that the domain name "cello.com" be transferred to Cello). "Because a domain-name registrant's claim under §1114(2)(D)(v) does not involve review of a UDRP decision, the district court's inquiry should have been on Cello's right in the Instant Action to contest the lawfulness of Storey's use of

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<sup>19</sup> *Cello Holdings, L.L.C. v. Lawrence-Dahl Companies*, 89 F. Supp. 2d 464, 54 U.S.P.Q.2d 1645 (S.D.N.Y. March 30, 2000).

“cello.com” directly under the ACPA.”<sup>20</sup>

## Third Circuit

### 2001

*Shields v. Zuccarini*<sup>21</sup> Newly-discovered political or moral purposes in creating a website will not suffice to counter a charge of cybersquatting. Plaintiff Joseph Shields creates and sells cartoons that are printed on shirts, and sells other “Joe Cartoon” items that are sold at gift stores. He exhibits and sells his works (such as his “frog blender” and “lemmings competing for diving medals,” which Judge Dalzell refers to as “rather cute”) on his website [www.joecartoon.com](http://www.joecartoon.com).

Zuccarini registered the domain sites [joescartoon.com](http://joescartoon.com), [joecarton.com](http://joecarton.com), [joescartons.com](http://joescartons.com), [joescartoons.com](http://joescartoons.com), and [cartoonjoe.com](http://cartoonjoe.com), filling them with paid advertisements for credit card companies and other websites. Once litigation ensued, Zuccarini changed the content radically: now web-surfers saw a message extolling the evils of Joe Cartoon. Zuccarini claimed that the sites were registered not in bad faith, but to wage a political protest against Shields’ work because it “desensitizes children to killing animals, [and] makes it seem like great fun and games.” *Id.* at 1168.

Despite Zuccarini’s purported newfound moral indignation, the district court found that he acted with a bad faith intent to profit. The court noted that if Zuccarini was so mortified by Joe Cartoon’s treatment of animals, he probably wouldn’t maintain some of the other domain names that he owns, including [www.sexwithananimal.com](http://www.sexwithananimal.com) and [www.girlwithananimal.com](http://www.girlwithananimal.com).

On appeal, the Third Circuit rejected Zuccarini’s contention that registering domain names that are intentional misspellings of distinctive or famous names are not actionable under the ACPA, stating, that a “reasonable interpretation of conduct covered by the phrase ‘confusingly similar’ is the intentional registration of domain names that are misspellings of distinctive or famous names, causing an Internet user who makes a slight spelling or typing error to reach an unintended site.”<sup>22</sup>

### 2003

*Schmidheiny v. Weber, No. 02-1668* Under the ACPA, a plaintiff may sue to transfer a domain name registration even when it was originally registered prior to the effective date of the statute, if it was re-registered with a new registrar after the law took effect. “[W]e conclude that the language of the statute does not limit the word ‘registration’ to the narrow concept of ‘creation registration’.”

## Fourth Circuit

### 2000

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<sup>20</sup> *Storey v. Cello Holdings LLC*, 68 U.S.P.Q.2d 1641 (2nd Cir. 2003).

<sup>21</sup> *Shields v. Zuccarini*, 54 U.S.P.Q.2d 1166, 1168 (E.D. Pa. 2000), *affirmed*, 59 U.S.P.Q.2d 1207 (3rd Cir. 2001).

<sup>22</sup> *Shields*, 59 U.S.P.Q.2d at 1212.

***Porsche Cars North America Inc. v. allporsche.com***<sup>23</sup> On June 9, 2000, the Fourth Circuit vacated the dismissal of the lower court, in light of the newly-enacted ACPA, and remanded the case to the district court for further proceedings. Some of the defendants might actually have legitimate purposes. What do you think? Here's a partial list:

offering repair - Porscheservice.com  
advertising used cars - Usedporsche.com  
running enthusiasts' club -Porschephiles.org  
selling accessories - Porscheaccessories.com  
selling books - Porsche-books.com

On August 23, 2002, the Fourth Circuit vacated part of the new order, and affirmed another part of the new order.<sup>24</sup>

***Caesars World v. Caesars-Palace.com***<sup>25</sup> Plaintiff Caesars World brought an action against domain names containing numerous derivatives of its trademark. Defendants filed a motion to dismiss, contending, *inter alia*, that the in rem provisions of the ACPA are unconstitutional. The court denied the motion, ruling that minimum contacts are necessary for a court to have valid jurisdiction over a defendant only when the underlying cause of action is unrelated to the property which is located in the forum state. Here the property, that is, the domain name, is not only related to the cause of action but is its entire subject matter. Accordingly, it is unnecessary for minimum contacts to meet personal jurisdiction standards.

***Lucent Technologies, Inc. v. LucentSucks.Com***<sup>26</sup> Lucent (a telephone equipment company) notified defendant lucentSucks.com (a porn site) of its intent to sue. Eight days later, Lucent filed an in rem action under the ACPA. The court dismissed the suit, stating that Lucent had not shown due diligence in searching for the defendant. In dicta, the court stated that if the defendant website were parody or critical commentary, the plaintiff's case would be seriously undermined.

## 2001

***Virtual Works, Inc. v. Volkswagen of America, Inc.***<sup>27</sup> Virtual Works was an Internet service provider unaffiliated with defendant Volkswagen. Virtual Works registered the domain name vw.net with Network Solutions Inc. ("NSI").

For the next two years, Virtual Works used the vw.net domain name in connection with the operation of its ISP business. After aggressive actions by Virtual Works, Volkswagen responded by invoking NSI's dispute resolution procedure, and challenging Virtual Works' right to the domain name.

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23 *Porsche Cars North America Inc. v. allporsche.com*, 215 F.3d 1320 (4th Cir. 2000).

24 *Porsche Cars North America, Inc. v. Porsche.net*, 302 F.2d 248 (4<sup>th</sup> Cir. 2002).

25 *Caesars World v. Caesars-Palace.com*, 112 F.Supp.2d 502, 54 U.S.P.Q.2d 1121 (E.D. Va. 2000).

26 *Lucent Technologies, Inc. v. LucentSucks.Com*, 95 F. Supp. 2d 528, 54 U.S.P.Q.2d 1653 (E.D. Va. 2000).

27 *Virtual Works, Inc. v. Volkswagen of America, Inc.*, 238 F.3d 264, 268 (4th Cir.2001) (affirming a judgment requiring plaintiff to give the domain name "vw.net" to Volkswagen).

Virtual Works then sued for a declaratory judgment confirming its rights to the vw.net domain name. Volkswagen counterclaimed for violation of the ACPA, infringement, and dilution. The district court granted Volkswagen's motion for summary judgment.

The Fourth Circuit affirmed, relying on “(1) the famousness of the VW mark; (2) the similarity of vw.net to the VW mark; [and] (3) the admission that Virtual Works never once did business as VW nor identified itself as such”. In addition, the Fourth Circuit ruled that two pieces of evidence showed that Virtual Works had bad faith: 1) “Virtual Works chose vw.net over other domain names not just because ‘vw’ reflected the company’s own initials, but also because it foresaw the ability to profit from the natural association of vw.net and the VW mark”, and 2) Virtual Works had threatened to auction the site to the highest bidder if Volkswagen did not elect to purchase it.

***People For Ethical Treatment of Animals (PETA) v. Doughney***<sup>28</sup> The Fourth Circuit found that he had “made statements on his website and in the press recommending that PETA attempt to 'settle' with him and 'make him an offer'”, and that he had “registered other domain names that [were] identical or similar to the marks or names of other famous people and organizations.” *Id.* at 369.

***V&S Vin & Sprit Aktiebolag v. Hanson***<sup>29</sup> The court denied Australian defendants' motion to dismiss Swedish corporation's action for infringement of trademark ABSOLUT, cybersquatting, and dilution, on grounds of forum non conveniens grounds, holding that “A trademark holder seeking to enforce its U.S. – registered marks against infringing domain name registrants should not be penalized in the exercise of those rights merely because the parties involved are not United States citizens.”

## 2002

***Harrods Ltd. v. 60 Internet domain names***<sup>30</sup> In rem suits against Internet domain names do not violate due process by permitting suits in which the defendant does not have minimum contacts with the forum. In proving bad faith registration under the anticybersquatting law, the plaintiff's evidence must meet merely the preponderance of the evidence standard, not the higher standard of clear and convincing evidence. The in rem provision applies both to ACPA suits and also to claims of trademark infringement and dilution. *See also Porsche Cars North America, Inc. v. Porsche.net*, 302 F.2d 248 (4<sup>th</sup> Cir. 2002).

## 2003

***Barcelona.com Inc. v. Excelentísimo Ayuntamiento de Barcelona***<sup>31</sup> The Fourth Circuit reversed the judgment of the district court denying Bcom, Inc. relief under the ACPA, vacating

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28 *People For Ethical Treatment of Animals (PETA) v. Doughney*, 263 F.3d 359 (4th Cir. 2001) (finding bad faith intent to profit, even though defendant had done no commercial activity on his website).

29 *V&S Vin & Sprit Aktiebolag v. Hanson*, 60 U.S.P.Q.2d 1310 (E.D. Va. 2001).

30 *Harrods Ltd. v. 60 Internet domain names*, 302 F.3d 214 (4th Cir. 2002).

31 *Barcelona.com Inc. v. Excelentísimo Ayuntamiento de Barcelona*, 67 U.S.P.Q.2d 1025 (4th Cir. 2003).

its memorandum opinion and its order to transfer the domain name "barcelona.com" to the Barcelona City Council, and remanding for further proceedings to grant the appropriate relief under §1114(2)(D)(v).

The defendant, the city council of Barcelona, Spain (the Ayuntamiento de Barcelona), had brought an action under the UDRP to get the domain name registration for barcelona.com from Joan Nogueras Cobo and his wife, Concepcio Riera Llena, residents of Spain. An administrative arbitration panel of WIPO ordered the transfer of the domain name registration to the city. However, the clever husband and wife team had already formed a corporation under the laws of Delaware, Barcelona.com Inc., and had transferred ownership of the registration to it. Therefore, Barcelona.com Inc. sued in the Eastern District of Virginia, asking for a declaratory judgment that its registration of the domain name was not unlawful.

The district court ordered the transfer of the domain name to the city of Barcelona. The Fourth Circuit reversed and vacated the judgment, stating that the plain text of the ACPA demands application of the U.S. Trademark law, not Spanish law, and that proper application of Spanish law would also have resulted in the husband/wife team keeping their domain name, because the city council could not claim trademark rights to the purely geographical descriptive term "Barcelona".

"When we apply the Lanham Act, not Spanish law, in determining whether Bcom, Inc.'s registration and use of 'barcelona.com' is unlawful, the ineluctable conclusion follows that Bcom, Inc.'s registration and use of the name 'Barcelona' is not unlawful."

*Hawes v. Network Solutions, Inc. and L'Oreal, S.A.*<sup>32</sup> In April 1999, Hawes registered the domain name "lorealcomplaints.com" with Network Solutions, Inc. ("NSI") in Herndon, Virginia, and, as required by NSI, signed a Domain Name Registration Agreement. Sometime after Hawes registered his domain name, L'Oreal sued Hawes in a French court, alleging infringement of L'Oreal's French trademarks, because of his domain name. Upon learning of this French litigation, NSI transmitted a "Registrar Certificate" for the domain name to counsel for L'Oreal in Paris, tendering control and authority over the registration of the domain name to the French court, in accordance with Network Solutions' "standard service agreement with its registrants and the dispute policy incorporated therein."

Hawes failed to appear before the French court, so the court entered judgment in favor of L'Oreal, and ordered the domain name to be transferred to L'Oreal. NSI transferred the name to L'Oreal, so Hawes sued NSI and L'Oreal under the ACPA, asking for a declaration that his use of the domain name was lawful, and asking that it be transferred back to him. The district court dismissed the case on several grounds, including that it possessed discretion under the Declaratory Judgment Act to decline to grant declaratory relief. The Fourth Circuit vacated the dismissal as to L'Oreal, and held that although a district court possesses discretion in deciding whether to grant a declaratory judgment under 28 U.S.C. § 2201, the Declaratory Judgment Act, "a district court possesses no similar discretion in adjudicating an action brought under 15 U.S.C.

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<sup>32</sup> *Hawes v. Network Solutions, Inc. and L'Oreal, S.A.*, 337 F.3d 377 (4th Cir. 2003).

§ 1114(2)(D)(v), in which Congress created a new and independent cause of action and, unlike in § 2201, used no language indicating that a district court may exercise discretion regarding whether to grant declaratory relief.”

**E.D. Va.**

*Globalsantafe Corp. v. globalsantafe.com*<sup>33</sup> Global Marine Inc. and Santa Fe International Corp. decided in 2001 to merge into a new company Globalsantafe Corp. Less than one day after the announced merger, the Korean domain name registrar, Hangan, registered the domain name globalsantafe.com for Jongsun Park. That domain name was transferred to Fanmore Corp., a Korean entity, with Jong Ha Park listed as the contact.

In October 2001, Global Marine and Santa Fe filed an in rem action against the globalsantafe.com domain name under the ACPA. In November 2001, the companies’ merger became effective, and the new Globalsantafe filed a trademark application for GLOBALSANTAFE. The Korean registrar deposited the domain name certificate with the district court, but the registrant failed to appear in court to defend its right to use the domain name.

The court ordered the domain name registry VeriSign to transfer the domain name to Globalsantafe, and later extended that order to the Korean registrar. In September 2002, Park obtained from a court in Korea an injunction barring the Korean registrar from transferring the domain name as ordered by the U.S. district court. Globalsantafe moved for an amended judgment to direct Verisign to cancel the infringing domain name until it is transferred to Globalsantafe.

The court noted that cancellation of a domain name can be achieved by 1) the registrar’s cancellation order to the registry, 2) by the registry’s disabling of the domain name by placing it on “hold” status, or 3) by the registry’s unilateral act of deleting the registration information without the cooperation of the registrar. Verisign’s contractual agreements with ICANN and Hangan may not limit Globalsantafe’s trademark rights and remedies under the Lanham Act and the ACPA:

To be sure, it is normally appropriate to direct a cancellation order primarily at the current domain name registrar and to direct that cancellation proceed through the usual channels. However, in situations, where, as here, such an order has proven ineffective at achieving cancellation, it becomes necessary to direct the registry to act unilaterally to carry out the cancellation remedy authorized under the ACPA. In this regard, a court is not limited merely to the disabling procedure envisioned by Verisign’s contractual agreements, but may also order the registry to delete completely a domain name registration pursuant to the court’s order, just as the registry would in response to a registrar’s request. Indeed, in order to vindicate the purposes of the ACPA, disabling alone in many cases may not be sufficient, for it does not oust the cybersquatter from his

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<sup>33</sup> *GlobalSantaFe Corp. v. Globalsantafe.com*, 250 F. Supp. 2d 610 (E.D. Va. 2003).

perch, but rather allows the cybersquatter to remain in possession of the name in violation of the trademark holder's rights.<sup>34</sup>

Because Globalsantafe requested only an amendment of the order to direct Verisign to cancel the domain name by disabling it, the court decided that it did not have to decide whether complete cancellation of the domain name by Verisign was appropriate. The court ordered Verisign not to cancel, but to disable, the domain name by eliminating the domain name IP address from its database.

The court further ruled that there was no basis for abstention on comity grounds because: (1) the U.S. and Korean proceedings were not concurrent; (2) the foreign court proceeding was intended to frustrate the judgment of the U.S. court; and (3) the U.S. judgment supported significant trademark policies under U.S. law.

The court noted “there is a significant gap in the ACPA’s trademark enforcement regime for domain names registered under top-level domain names, such as the foreign country code domain names, whose registry is located outside the United States.”

#### **E.D. Va.**

*America Online Inc. v. aol.org*<sup>35</sup> AOL held the U.S. registrations for the marks AOL and AOL.COM. AOL sued under the in rem provisions of the ACPA. The court issued an order directing the registrar, OnlineNIC, a company based in China, to execute the transfer. However, the registrar instead transferred the registration to another registrar, Netpia.com Inc., based in South Korea. Meanwhile, the registrant had also been changed twice and was now under a presumably fictitious name and controlled by a Korean entity.

AOL then requested an order directing Public Interest Registry to execute the transfer. Public Interest Registry, a Pennsylvania corporation headquartered in Reston, Va., is the operator of the .org registry, a function it took over from Verisign Global Registry Services Inc. at the beginning of the year, under a contract with the ICANN.

Following his prior ruling in the *Globalsantafe* case, Judge Ellis stated, “These jurisdictional provisions weigh strongly against any notion that the transfer and cancellation remedies authorized by the ACPA ... are somehow limited to orders directed at registrar, but not registries. ... Congress deliberately and sensibly provided for jurisdiction where the registry is located so there would be no doubt that courts had the power to direct the registry to carry out the authorized ACPA remedies of transfer and cancellation. ... By choosing to register a domain name in the popular ‘.org’ top-level domain, these foreign registrants deliberately chose to use a top-level domain controlled by a United States registry. ... They chose, in effect, to play Internet ball in American cyberspace.”<sup>36</sup> The court issued the transfer order.

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<sup>34</sup> *Id.* at 623.

<sup>35</sup> *Am. Online, Inc. v. AOL.org*, 259 F. Supp. 2d 449 (E.D. Va. 2003).

<sup>36</sup> *Id.* at 457.

**2004**

*Retail Servs., Inc. v. Freebies Pub*<sup>37</sup> Customer relationship management services company sued a trademark owner seeking a declaration that service company's "freebie.com" domain name did not constitute infringement or cybersquatting of trademark owner's stylized "Freebies" trademark. The Fourth Circuit looked to the ACPA in analyzing whether a stated cause of action under the ACPA exists if the trademark in question is found to be generic, and thus not capable of trademark protection. In doing so, the Court stated that "a prerequisite for bringing a claim under the ACPA is establishing the existence of a valid trademark and ownership of that mark".<sup>38</sup>

**2005**

*Lamparello v. Jerry Falwell Ministries*<sup>39</sup> The Fourth Circuit reversed a holding of trademark infringement based on the use of a domain name spelled "Fallwell", rejecting the "initial interest confusion" analysis, and following the Fifth Circuit to find no cybersquatting because the defendant had no intent to make a profit.

## **Fifth Circuit**

**2002**

*Ernest and Julio Gallo Winery v. Spider Webs Ltd.*<sup>40</sup> The plaintiff, Ernest and Julio Gallo Winery, had registered the federal trademark ERNEST & JULIO GALLO in 1964. The defendants—Spider Webs Ltd. and its principals—ran an operation whose business was to "develop" domain names. They registered more than 2,000 names, including about 300 that included trademarks of existing companies, including the domain name ernestandjulioallo.com. The defendants argued that they were merely holding on to ernestandjulioallo.com with a plan to sell it should the federal anticybersquatting statute be declared unconstitutional. The Fifth Circuit held that such was evidence of bad faith.

**2004**

*TMI Inc. v. Maxwell*<sup>41</sup> Maxwell, an unhappy home-buyer, registered "trendmakerhome.com", and used the website as a gripe site. He also included on the website a place called a "Treasure Chest" for readers to share and obtain information about contractors and tradespeople who had done good work, and admitted that he had added that section to attract

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37 *Retail Servs. v. Freebies Publ'g*, 364 F.3d 535 (4th Cir. Va. 2004) (affirming a declaratory judgment of no infringement, and of no cybersquatting).

38 *Id.* at 549.

39 *Lamparello v. Falwell*, 420 F.3d 309 (4th Cir. 2005), *cert denied*, *Falwell v. Lamparello*, 2006 U.S. LEXIS 2862 (U.S., Apr. 17, 2006).

40 *Ernest and Julio Gallo Winery v. Spider Webs Ltd.*, 286 F.3d 270 (5<sup>th</sup> Cir. 2002).

41 *TMI Inc. v. Maxwell*, 70 U.S.P.Q.2d 1630 (5th Cir. 2004) (reversing and rendering a judgment of \$40,000 in statutory damages, and \$40,000 in attorneys fees).

people to read his gripes about TMI. During the year of the site's existence, the Treasure Chest only contained one name, that of a man who had performed some work for Maxwell. The site did not contain any paid advertisements. The Fifth Circuit ruled that although some e-mail intended for TMI was sent to Maxwell's site, because it did not charge money for viewing the Treasure Chest portion of his site, and had no advertising or links to other sites, his site was not "commercial", and thus there was no liability under the ACPA nor under the dilution statutes. In a footnote, the Fifth Circuit incorrectly distinguished a contrary holding on the issue of "commercial use" of trademarks in *United We Stand America, Inc. v. United We Stand, America New York, Inc.*, 128 F.3d 86, 89-90 [44 U.S.P.Q.2d 1351] (2d Cir. 1997), stating that such case did not "involve either the anti-dilution provision or ACPA and is, thus, irrelevant to the determination of whether these two sections require commercial use".

2005

**March Madness v. Netfire**<sup>42</sup> Dirk and Phil Brinkerhoff are brothers who together formed a company called Sports Marketing International, Inc. ("SMI"). Matthew Jones is Phil's son-in-law and the founder of Netfire. The Fifth Circuit said of Jones, "Jones is an experienced cybersquatter. He registered for many other domain names including stairmaster.com, gucci.com and windows98.com."<sup>43</sup> An individual named Adam Stein ("Stein") had registered marchmadness.com in late 1995 before Jones could do so. As an alternative, Jones registered the domain name marchmadness .com. Jones, acting on behalf of Netfire, and without the knowledge of the Brinkerhoffs, contacted Stein in early 1996. Jones told Stein that Netfire was affiliated with the NCAA and that Netfire was the rightful owner of marchmadness.com, neither of which was true. On February 7, 1996, Jones and Stein executed an agreement transferring marchmadness.com to Netfire in exchange for a \$ 25,000 advertising credit on Netfire websites, the rights to the domain name march-madness.com and a link from marchmadness.com to march-madness.com. The SMI Parties immediately began to develop content for marchmadness.com. All of the content related to the NCAA Tournament. Dirk Brinkerhoff testified that marchmadness.com was not intended to be a commercial site and that SMI had a long-term plan for it to cover a wide range of sports, as opposed to only covering the NCAA Tournament. However, the district court found his testimony "unpersuasive" and "entirely without credibility." The Fifth Circuit affirmed a finding of a likelihood of confusion, and that the defendants violated the ACPA, but also affirmed the finding that MMAA was not entitled to damages under the ACPA because the domain name registration occurred before the ACPA's enactment on November 29, 1999, and affirmed the finding that MMAA was not entitled to damages as a result of the SMI Parties' violations of 15 U.S.C. §§ 1125(a) and (d) for false representations and trademark infringement, because "the SMI Parties never profited from the operation of marchmadness.com, nor did MMAA present sufficient evidence that it sustained damages as a result of the SMI Parties operating marchmadness.com."<sup>44</sup>

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42 *March Madness Ath. Ass'n LLC v. Netfire Inc.*, 120 Fed. Appx. 540 (5th Cir. 2005).

43 *Id.* at 543.

44 *Id.* at 546.

## Sixth Circuit

### 2003

*Ford Motor Company v. Catalanotte*<sup>45</sup> Catalanotte, a Ford employee since 1978, registered “fordworld.com” in 1997, and three years later offered to sell it to Ford. Catalanotte’s lawyer argued that because Catalanotte registered the domain name before the date of enactment of the ACPA (November 29, 1999), the district court incorrectly awarded damages to Ford. However, the Sixth Circuit found that because Catalanotte offered to sell the domain name to Ford after November 29, 1999, such offer was “trafficking in” the domain name after the enactment date, and thus the district court correctly awarded damages.

### 2004

In *Lucas Nursery and Landscaping v. Michelle Grosse*<sup>46</sup> The Sixth Circuit affirmed a grant of summary judgment to Grosse, who had started a website [www.lucasnursery.com](http://www.lucasnursery.com) to complain about the plaintiff. The Sixth Circuit expressly refused to consider “whether the ACPA covers non-commercial activity”, focusing instead on whether there was “bad faith intent to profit”, even though the statutory “bad faith” factors 4 and 5 clearly refer to commercial activity:

4. the person's bona fide **noncommercial** or fair use of the mark in a site accessible under the domain name;
5. the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either **for commercial gain** or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion

(emphasis added) However, the Sixth Circuit did say, “The fourth factor cuts in Grosse's favor because the site was used for noncommercial purposes.” Also, the court pointed out that the nursery did not have a website.

In conclusion, the Sixth Circuit stated:

Although Grosse's actions would arguably satisfy three of the four aforementioned factors, she does not fall within the factor that we consider central to a finding of bad faith. **She did not register multiple web sites; she only registered one.** Further, it is not clear to this Court that the presence of simply one factor that indicates a bad faith intent to profit, without more, can satisfy an imposition of liability within the meaning of the **ACPA**. The role of the reviewing court is not simply to add factors and place them in particular categories, without making some sense of what motivates the conduct at issue. The factors are given to courts as a guide, not as a substitute for careful thinking about

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<sup>45</sup> *Ford Motor Company v. Catalanotte*, 342 F.3d 543, 68 U.S.P.Q.2d 1050 (6<sup>th</sup> Cir. 2003) (affirming an award of \$5,000 and injunctive relief under the ACPA).

<sup>46</sup> *Lucas Nursery & Landscaping, Inc. v. Grosse*, 359 F.3d 806 (6<sup>th</sup> Cir. 2004).

whether the conduct at issue is motivated by a bad faith intent to profit. Perhaps most important to our conclusion are, Grosse's actions, which seem to have been undertaken in the spirit of informing fellow consumers about the practices of a landscaping company that she believed had performed inferior work on her yard. One of the ACPA's main objectives is the protection of consumers from slick internet peddlers who trade on the names and reputations of established brands. The practice of informing fellow consumers of one's experience with a particular service provider is surely not inconsistent with this ideal. (emphasis added)<sup>47</sup>

## **Seventh Circuit**

**2002**

*Ty Inc. v. Perryman* Ms. Ruth Perryman operated a website [www.bargainbeanies.com](http://www.bargainbeanies.com) where she sold “second-hand beanbag stuffed animals, primarily but not exclusively Ty's Beanie Babies.” The Seventh Circuit held that there was no dilution, and no violation of the ACPA, but that there could be confusion by Perryman’s calling other plush toys “other beanies”, stating that such was a “misdescription, in fact false advertising, and supports the last prohibition in the injunction, the prohibition against using ‘Beanie’ or ‘Beanies’ ‘in connection with any non-Ty products.’”

## **Eighth Circuit**

**2004**

*Coca-Cola Co. v. Purdy*<sup>48</sup> Purdy, a pro-life advocate, registered domain names such as [drinkcoke.org](http://drinkcoke.org), [mycoke-cola.com](http://mycoke-cola.com), [mymcdonalds.com](http://mymcdonalds.com), [mypepsi.org](http://mypepsi.org), and [my-washingtonpost.com](http://my-washingtonpost.com). Purdy linked the domain names to [abortionismurder.com](http://abortionismurder.com). He also linked [my-washingtonpost.com](http://my-washingtonpost.com) to a Web site that mimicked the appearance of the actual [washingtonpost.com](http://washingtonpost.com) Web site. The site displayed statements such as "The Washington Post proclaims 'Abortion is Murder' " and "Things Don't Always Go Better With Coke. Abortion is Murder -- 'The Real Thing' ", as well as images of aborted fetuses and links to Purdy's anti-abortion Web site.

After receiving requests to stop from the trademark owners, Purdy offered to give up the [my-washingtonpost.com](http://my-washingtonpost.com) domain name if the Washington Post would publish one of Purdy's writings on its editorial page. He then registered more domain names, and began using the E-mail address [dontkillyourbaby@washingtonpost.cc](mailto:dontkillyourbaby@washingtonpost.cc). Despite a court order forbidding him to use those domain names, and ordering him to transfer those names to the trademark owners, Purdy registered a further 60 domain names. The judge found Purdy in contempt. The court issued a

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<sup>47</sup> *Id.* at 811.

<sup>48</sup> *Coca-Cola Co. v. Purdy*, 382 F.3d 774 (8th Cir. 2004) (affirming preliminary injunctions and dismissing appeals of a contempt order and sanctions, for lack of jurisdiction).

second order prohibiting Purdy from using the names in question, and ordering him to transfer the domain name registrations. Purdy then registered more domain names, and the court issued a supplemental contempt order imposing fines.

As is usual in these cases, Purdy argued that there was no evidence that he had the requisite bad faith intent to profit. The 8<sup>th</sup> Circuit considered the nine statutory factors regarding a defendant's alleged bad faith intent to profit. In so doing, the Court stated:

“The fact that confusion about a website's source or sponsorship could be resolved by visiting the website is not relevant to whether the domain name itself is identical or confusingly similar to a plaintiff's mark. . . . Moreover, the record indicates that Purdy intended to capitalize on the similarity between his domain names and plaintiffs' marks to attract unwitting Internet users to antiabortion websites. . . .

Furthermore, the record shows that just days after Purdy began registering and using the domain names at issue in this case, he apparently offered to stop using the Washington Post domain names in exchange for space on the editorial page in that newspaper. A proposal to exchange domain names for valuable consideration is not insignificant in respect to the issue of bad faith intent to profit.<sup>49</sup>

The Eighth Circuit distinguished *Lucas Nursery* and *TMI*, stating that “[n]either customer in those cases had registered multiple infringing domain names or offered to transfer the names in exchange for valuable consideration. Neither had linked the names to websites about issues other than the company's business or to websites that solicited donations or sold merchandise.”

Purdy argued that the First Amendment entitled him to use the domain names at issue to attract Internet users to websites containing political expression and criticism of the plaintiffs. The Court held, “While Purdy has the right to express his message over the Internet, he has not shown that the First Amendment protects his appropriation of plaintiffs' marks in order to spread his protest message by confusing Internet users into thinking that they are entering one of the plaintiffs' websites.”<sup>50</sup>

## **Ninth Circuit**

**2002**

*Nissan Motor Co. v. Nissan Computer Corp.*<sup>51</sup> The purchase of search engine keywords (“Nissan” and “Nissan.com” from search engine operators) that are identical to Internet domain names registered by another party does not violate any trademark-related rights belonging to the domain name registrant.

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49 *Id.* at 785.

50 *Id.* at 786.

51 *Nissan Motor Co. v. Nissan Computer Corp.*, 204 F.R.D. 460 (C.D. Cal. 2001); (original case: 89 F. Supp. 2d 1154 (C.D. Cal. 2000), *aff'd*, 246 F.3d 675 (9th Cir. 2002)).

## C.D. Cal.

*Nissan Motor Co. v. Nissan Computer Corp.* Nissan Computer obtained the Internet domain names nissan.com and nissan.net. Nissan Motor sued Nissan Computer in 1999 for trademark infringement, dilution, and cybersquatting. Nissan Computer Corp. is a North Carolina company, incorporated in 1991 by its president, Uzi Nissan, to sell and service computers.

In March, 2000, the court rejected Nissan Computer's motion to dismiss for lack of personal jurisdiction, and granted Nissan Motor's motion for a preliminary injunction. In March, 2002, the court issued a partial summary judgment for Nissan Motor on its claims of infringement and cybersquatting.<sup>52</sup>

The court quoted the Ninth Circuit in *Mattel*<sup>53</sup>, stating that the FTDA is not intended to prohibit or threaten "noncommercial expression, such as parody, satire, editorial and other forms of expression that are not a part of a commercial transaction." However, the court held that the noncommercial exemption does not apply to critical commentary when the goodwill represented by the trademark is exploited to injure the trademark owner. Thus, the court granted Nissan Motor's motion for a permanent injunction, but limited the injunction to merely barring Mr. Uzi Nissan from using his websites nissan.com and nissan.net for commercial purposes, including any disparaging remarks or negative commentary about Nissan Motors.

## 2003

*Kremen v. Cohen, Network Solutions Inc., et al.*<sup>54</sup> Kremen registered the domain name sex.com in 1994 without a written contract, and without having to pay anything for it. "Con man Stephen Cohen, meanwhile, was doing time for impersonating a bankruptcy lawyer. He, too, saw the potential of the domain name. Kremen had gotten it first, but that was only a minor impediment for a man of Cohen's boundless resource and bounded integrity."

Stephen Cohen sent a forged letter to NSI that he claimed he received from Online Classifieds, Kremen's company, informing Cohen that Online Classifieds had fired Kremen, was no longer interested in the domain name, and consented to its transfer to Cohen. NSI accepted the letter as valid and transferred the domain name to Cohen. When Kremen complained, NSI told him it was too late to undue the transaction. Cohen went on to turn sex.com into a lucrative online porn empire. Kremen sued Cohen, and received a judgment of \$65 million. Cohen ignored the judgment, wired his money overseas, and went to Mexico to escape an arrest warrant.

"Then things started getting really bizarre. Kremen put up a 'wanted' poster on the sex.com site with a mug shot of Cohen, offering a \$50,000 reward to anyone who

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52 *Nissan Motor Co. v. Nissan Computer Corp.*, 180 F.Supp. 2d 1089, 61 U.S.P.Q.2d 1839 (C.D. Cal. 2002).

53 *Mattel Inc. v. MCA Records Inc.*, 296 F.3d 894, 63 U.S.P.Q.2d 1715 (9th Cir. 2002).

54 *Kremen v. Cohen*, 337 F.3d 1024 (9th Cir. Cal. 2003).

brought him to justice. Cohen’s lawyers responded with a motion to vacate the arrest warrant. They reported that Cohen was under house arrest in Mexico and that gunfights between Mexican authorities and would-be bounty hunters seeking Kremen’s reward money posed a threat to human life. The district court rejected this story as ‘implausible’ and denied the motion. Cohen, so far as the record shows, remains at large.”<sup>55</sup>

Unable to reach Cohen, Kremen sued NSI for breach of contract, breach of third party contract, and conversion. The district court granted summary judgment in favor of Network Solutions on all claims. *Kremen v. Cohen*, 99 F. Supp. 2d 1168 (N.D. Cal. 2000). The Ninth Circuit affirmed no breach of contract, and no breach of a third party contract with the National Science Foundation. However, the Ninth Circuit disagreed with the district court’s holding that intangible property was not subject to conversion, and instead held that “Kremen’s domain name is protected by California conversion law”, and remanded the case.<sup>56</sup>

## 2005

*Bosley Medical Institute Inc. v. Kremer*<sup>57</sup>. The Ninth Circuit at first appeared to rule again in favor of “First Amendment” cybersquatters when it stated: (it’s a long quote, but the puns are worth it)

Defendant Michael Kremer was dissatisfied with the hair restoration services provided to him by the Bosley Medical Institute, Inc. In a bald-faced effort to get even, Kremer started a website at [www.BosleyMedical.com](http://www.BosleyMedical.com), which, to put it mildly, was uncomplimentary of the Bosley Medical Institute. The problem is that “Bosley Medical” is the registered trademark of the Bosley Medical Institute, Inc., which brought suit against Kremer for trademark infringement and like claims. Kremer argues that noncommercial use of the mark is not actionable as infringement under the Lanham Act. Bosley responds that Kremer is splitting hairs.

Like the district court, we agree with Kremer. We hold today that the noncommercial use of a trademark as the domain name of a website — the subject of which is consumer commentary about the products and services represented by the mark — does not constitute infringement under the Lanham Act.

Fortunately for trademark owners, the Ninth Circuit then held that such use **could** violate the ACPA, and followed the Eighth Circuit to correct the prior faulty thinking by the Fifth and Sixth Circuits:

The ACPA makes it clear that “use” is only one possible way to violate the Act (“registers, traffics in, or uses”). Allowing a cybersquatter to register the domain name with a bad faith intent to profit but get around the law by making noncommercial use of the mark would run counter to the purpose of the Act. “[T]he use of a domain name in

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<sup>55</sup> *Kremen v. Cohen*, 337 F.3d 1024, 1027 (9th Cir. Cal. 2003).

<sup>56</sup> *Kremen v. Cohen*, 337 F.3d 1024, 1036 (9th Cir. Cal. 2003).

<sup>57</sup> *Bosley Medical Institute Inc. v. Kremer*, 74 U.S.P.Q.2d 1280, 1282 (9th Cir. 2005).

**connection with a site that makes a noncommercial or fair use of the mark does not necessarily mean that the domain name registrant lacked bad faith.”** (emphasis added)<sup>58</sup>

**2006**

***Pebble Beach Company v. Caddy***<sup>59</sup>.

The Ninth Circuit, in a trademark infringement suit brought by the operator of the Pebble Beach golf resort, refused to take personal jurisdiction over a British bed and breakfast that used the term "Pebble Beach" in its passive website advertising and in its domain name. The Court held that these were not acts aimed at the state of California. In so ruling, the Court clarified the Calder "effects test" for personal jurisdiction, holding that expressly aiming at the forum state was required. For similar reasons, the Court also held that the defendant's acts were insufficient to subject him to personal jurisdiction under the federal long-arm rule. The Court noted that although the bed and breakfast operator had formerly lived in California and was familiar with the golf resort, he was not a cybersquatter trying to obtain money from the resort's operator, and did not write a letter to force the resort operator to act.

## **Tenth Circuit**

**2008**

***Utah Lighthouse Ministry v. FAIR***.<sup>60</sup> The Tenth Circuit found the facts to be as follows:

Jerald and Sandra Tanner founded UTLM in 1982 to critique the Church of Jesus Christ of Latter-day Saints (LDS Church). In support of its mission, UTLM sells books at both a brick-and-mortar bookstore in Utah and through an online bookstore at the official UTLM website, [www.utlm.org](http://www.utlm.org).

The Foundation for Apologetic Information and Research (FAIR) is a volunteer organization that responds to criticisms of the LDS Church. FAIR's website also has an online bookstore, and both FAIR and UTLM provide online publications on the subject of the LDS Church. The publications in the two bookstores overlap by thirty titles. Defendant-Appellee Allen Wyatt is the vice president and webmaster for FAIR. In November 2003, Wyatt created a website parodying the UTLM website--the Wyatt website is similar in appearance but has different, though suggestively parallel, content.

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58 *Id.* at 1287, quoting from *Coca-Cola Co. v. Purdy*, 382 F.3d 774, 778, 72 U.S.P.Q.2d 1305 (8th Cir. 2004).

59 *Pebble Beach Company v. Caddy*, 453 F.3d 1151 (9th Circuit, July 12, 2006).

60 *Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research, (FAIR)*, 527 F.3d 1045 (10th Cir. 2008).

... The design elements are similar, including the image of a lighthouse with black and white barbershop stripes. However, the words “Destroy, Mislead, and Deceive” are written across the stripes on the Wyatt website. Prominent text on the Wyatt website consists of a slight modification of the language located in the same position on the UTLM website. For example, the UTLM website states: “Welcome to the Official Website of the Utah Lighthouse Ministry, founded by Jerald and Sandra Tanner.” In comparison, the Wyatt website states: “Welcome to an official website about the Utah Lighthouse Ministry, which was founded by Jerald and Sandra Tanner.” (emphasis added.) The Wyatt website does not have any kind of disclaimer that it is not associated with UTLM.

The Wyatt website contains no advertising and offers no goods or services for sale. The Wyatt website includes sixteen external hyperlinks. Eleven of these hyperlinks point to the website of an organization at Brigham Young University. Three hyperlinks point to articles on the FAIR website that are critical of the Tanners, and another takes viewers directly to the FAIR homepage. The other external hyperlink is to the website of the LDS Church.

Wyatt, through his company Discovery Computing, Inc., registered ten domain names, each of which directed visitors to the Wyatt website. The domain names are combinations of “Utah Lighthouse Ministry,” “Sandra Tanner,” “Gerald Tanner,” “Jerald Tanner,” and “.com” and “.org.” Wyatt first publicized the Wyatt website to FAIR members in April 2004.

Wyatt ceased operation of the website and began to transfer the domain names to UTLM in April 2005.

Although the Court found no likelihood of confusion, it did find, in a *de novo* review of the district court’s ACPA ruling, that

the second element of the cybersquatting claim is easily satisfied, as the domain names *utahlighthouse.com* and *utahlighthouse.org* are virtually identical to the trademark with the minor exceptions of spacing between “Utah” and “Lighthouse,” and the addition of *.com* and *.org*.

However, because (1) there was no evidence “of the distinctiveness of the mark at the time that Wyatt registered the domain names”, (2) there was no offer to sell a domain name at an “extortionate price”, (3) no diversion of customers, and (4) a reasonable belief that parody made the use of the domain names legal, the Court ruled that the grant of summary judgment on the ACPA claim was proper.

### **3. Temporary Restraining Orders**

Rule 65(b), Fed. R. Civ. P., provides for a TRO when an affidavit or verified complaint shows that “immediate and irreparable injury, loss, or damage will result to the applicant before the adverse party or that party’s attorney can be heard in opposition”. In the Fifth Circuit, the standard for a temporary restraining order appears to be the same as for a preliminary injunction. [A] movant must satisfy each of four traditional criteria in order to be entitled to a preliminary injunction: (1) irreparable injury, (2) substantial likelihood of success on the merits, (3) a favorable balance of hardships, and (4) no adverse effect on the public interest.<sup>61</sup>

**Relevant statutes:** 15 U.S.C. §1114, §1116, and §1125(c)(1).

#### 4. Search and Seizure

A plaintiff may ask a court for an *ex parte* search and seizure order. The plaintiff must file an affidavit with a detailed description of the materials to be seized, the time period during which the seizure is to be made, and a date after the seizure for a hearing. Also, the plaintiff must post an adequate bond.

**Relevant statutes:** 15 U.S.C. §1114, 15 U.S.C. §1116(d)

##### ***Martin’s v. Diamond & Gem (5th Cir. 1999)*** (Houston)

If a defendant asserts “wrongful seizure”, the defendant bears the burden of proving that the plaintiff acted in bad faith in having the goods seized. *Martin’s* holds the exclusive right to import expensive porcelain made by the Hungarian company Herendi. *Martin’s* obtained a TRO and seizure order against *Diamond & Gem*, who later asserted a wrongful seizure counterclaim. The district court granted *Martin’s* motion for summary judgment on *Diamond & Gem’s* wrongful seizure counterclaim.

The Fifth Circuit affirmed the summary judgment, citing 15 U.S.C. §1116(d), which allows recovery of punitive damages when a seizure is obtained in bad faith. There was no evidence that *Martin’s* obtained the seizure with knowledge that it was baseless, so *Martin’s* could not be found to have acted in bad faith. The defendant asserted that 15 U.S.C. §1116(d)(4)(B) requires the plaintiff to bear the burden of disproving a wrongful seizure counterclaim. The court saw no connection between §1116(d)(4) and §1116(d)(11), which provides for wrongful seizure claims. Further, the court stated, “Section 1116(d)(4) says nothing about the burden of proof in a wrongful seizure counterclaim, and thus would not support *Diamond & Gem’s* argument even if it were intended to apply to Section 1116(d)(11).”<sup>62</sup>

##### ***Waco v. KHK (5th Cir. 2002)*** (Houston)

The seizure can be wrongful “(1) where an applicant acted in ‘bad faith’ in seeking the order; or (2) if the goods seized are predominately legitimate merchandise, even if the plaintiff

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<sup>61</sup> *Black Fire Fighters Association of Dallas v. City of Dallas*, 905 F.2d 63, 65 (5<sup>th</sup> Cir. 1990) (and cases there cited).

<sup>62</sup> *Martin’s Herend Imports Inc. v. Diamond & Gem Trading United States of America Co.*, 195 F.3d 765, 52 U.S.P.Q.2d 1668, 1675 (5<sup>th</sup> Cir. 1999).

acted in good faith.”<sup>63</sup> In this case “Waco admits that the seized goods did not bear the Waco trademark. ... Waco also admits that the KHK scaffolding bore both an imprint of its country of origin (U.A.E.) and a safety label with KHK's name and telephone number.”<sup>64</sup>

## **B. U.S. Attorney’s Office - Parallel Criminal Prosecution**

When someone is intentionally distributing goods or services that he knows have a counterfeit trademark, criminal fines and imprisonment are available.

**Relevant statute:** 18 U.S.C. §2320

**Website:** <http://www.usdoj.gov/criminal/cybercrime/ip.html>

### ***Kent Aoki Lee (Honolulu, 1999)***

Lee was charged by a federal grand jury on December 9, 1999, with infringing the trademark of the Honolulu Marathon Association (HMA). The HMA maintains a domain name called [www.honolulumarathon.org](http://www.honolulumarathon.org), where residents of the U.S. can register for the marathon. Japanese residents, on the other hand, are told they must register in person at an office in Japan.

Lee took most of the content of the authorized website and placed it at a domain name he registered: [www.honolulumarathon.com](http://www.honolulumarathon.com). He purported to offer Japanese runners the opportunity to register via the website, for a fee \$100 more than the actual registration amount. ( Lee was also charged with selling Viagra over the Internet without a prescription.) The FBI shut down Lee’s website after its investigation. See the Department of Justice’s press release at: <http://www.usdoj.gov/criminal/cybercrime/kaokilee.htm>.

## **C. U.S. Customs Office**

The Customs Service has the authority to make determinations of trademark and copyright infringement when goods enter the U.S., and has the powers of search, seizure, and arrest. A registered trademark may be recorded with Customs by sending a written application to the Commissioner of Customs, along with a certified copy of the Certificate of Registration, and five photocopies. Also helpful are a description and/or picture of the trademark, names of potential infringers, sites of possible counterfeit importation, and whatever other information the trademark owner can give to aid Customs in uncovering trademark violations. Recordation costs \$190, and enables any Customs field office to access a database of information about the trademark. Even without recordation, Customs has the authority to enforce any federally registered mark on its own accord.

**Relevant statutes:** 15 U.S.C. §1124, 19 U.S.C. §1526, 19 C.F.R. §§133.2,133.3

**Website:** <http://www.customs.ustreas.gov/impoexpo/impoexpo.htm>

## **D. U.S. Patent and Trademark Office**

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<sup>63</sup> *Waco Int'l, Inc. v. KHK Scaffolding Houston, Inc.*, 278 F.3d 523, 530 (5th Cir. Tex. 2002) (affirming the final judgment, the award of attorney's fees, the order denying prejudgment interest, and the order denying a permanent injunction).

<sup>64</sup> *Id.* at 532.

The Trademark Trial and Appeal Board (TTAB), an administrative tribunal of the United States Patent and Trademark Office (USPTO), has the final authority at the PTO to determine the right to register a trademark. The TTAB process operates much like a civil federal court action, but the proceedings all occur in writing in most situations. Effective August 31, 2007, the TTAB revised some of its rules. The prior version of the rules had a lot of traps for the unwary, and these new rules are no different. See Appendix 10 for a chart of the changes.

As just one example of many possible pitfalls, consider the following. Opposing counsel, in a pending petition to cancel my client's trademark, supplied printouts from the USPTO database of his client's registration, to show ownership and status of the registration. In denying his motion for summary judgment, the TTAB stated:

“The recent amendment to Trademark Rule 2.122(d)(1) which provides parties with the option of proving proof of status of and title to pleaded registrations with copies of records retrieved from the USPTO electronic databases applies only to cases commenced on or after August 31, 2007. The Board notes that petitioner filed its petition to cancel more than a year earlier on May 25, 2006.”

**Website:** <http://www.uspto.gov/web/menu/tm.html>

## 1. Opposition to Pending Registration

Any person who thinks he would be damaged by the registration of a mark may file an opposition to prevent its issuance to the owner. The opposer must file his opposition with the PTO within 30 days after the publication of the mark in the Official Gazette of the PTO.

**Relevant statute:** 15 U.S.C. §1063

### ***Young v. AGB Corp. (Fed. Cir. 1998)***

An allegation of possible future loss of business is not a legal basis to oppose someone's trademark registration. Young manufactures and sells large fiberglass animal statues. In 1970, Young sold a statue of a steer to Angelo's Steak Pit, a steak restaurant owned by AGB in Panama City, Florida. Since that time, Angelo's has displayed the statue, named "Big Gus" in front of its restaurant. Big Gus is difficult to miss, spanning approximately fifteen feet in height and twenty feet in length. Angelo's has also made promotional use of Big Gus in association with its provision of restaurant services.

In 1995, Big Horn Steak house, a restaurant competing with Angelo's in the Panama City area, purchased from Young a steer statue that was identical to Big Gus. Shortly afterwards, AGB filed an application to register the steer statue as a federal service mark. Young opposed AGB's registration, and alleged in his Notice of Opposition that he sells such steers, and that the registration would impede his ability to sell further steer statues. The Federal Circuit affirmed the TTAB's dismissal, agreeing with the TTAB that "Young failed to plead any facts relevant to a statutory ground negating AGB's entitlement to registration".<sup>65</sup> The usual statutory grounds are

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<sup>65</sup> *Young v. AGB Corp.*, 152 F.3d 1377, 1381, 47 U.S.P.Q.2d 1752 (Fed. Cir. 1998) (affirming the dismissal of an

listed in 15 U.S.C. § 1052, but courts have also granted dismissal of registration applications on other statutory grounds, such as 1) the applicant failed to use his mark “in commerce”, 2) the application contained fraudulent information, and 3) the subject matter of applicant's registration was functional.<sup>66</sup>

## 2. Petition to Cancel

Any person who thinks he would be damaged by the registration of a mark may file a petition to cancel the owner's registration. However, after the mark has been registered for five years, it becomes “incontestable”. Then, the petition must be based on one of the following reasons: 1) the mark has become the generic name for the goods or services for which it was registered, 2) the mark is functional, 3) the mark has been abandoned, 4) the registration was obtained fraudulently, or 4) the owner or his agent is using the mark to misrepresent the source of the goods or services.

**Relevant statutes:** 15 U.S.C. §§1064, 1092

*Van Dyne-Crotty v. Wear-Guard* (Fed. Cir. 1991).

Buying another business, with its trademark, and then “tacking” on the use of that older trademark to your use of your younger trademark, in order to show that your use predated another's use, only works if the older and younger trademarks are virtually identical, that is “legally equivalent”. On June 10, 1986, registration issued to Van Dyne-Crotty for its block letter trademark "CLOTHES THAT WORK" with claimed first use dates of July 8, 1985 (in printed catalogs) and September 3, 1985 (affixed to wearing apparel). On April 24, 1987, Wear-Guard petitioned the Board for cancellation of the VDC registration. In its cancellation petition, Wear-Guard alleged that it had employed a series of facially similar marks -- CLOTHING THAT WORKS, CLOTHES THAT WORK HARD, and CLOTHES THAT WORK OVERTIME -- “as early as 1983 . . . for diverse articles of wearing apparel and related accessories.”

Following Wear-Guard's cancellation petition, in September 1988, VDC acquired the mark "CLOTHES THAT WORK. FOR THE WORK YOU DO" from Horace Small Manufacturing Company ("Horace Small"), a maker of uniforms and other work clothing, for \$ 25,000. Horace Small began using its trademark in the mid-1970s. Although its products were similar to those of VDC and Wear-Guard, Horace Small targeted a substantially different market. Almost all Horace Small sales were in the wholesale rather than retail market, i.e., Small's customers were distributors who resold the clothing to the final, or end-user, customer. Horace Small did not compete with either Wear-Guard or VDC; in fact, each was considered a potential customer, who, in turn, could sell its manufactures on the retail market.

Van Dyne-Crotty amended its pleadings before the Board to reflect its acquisition of the Horace Small mark and further alleged, on the assumption that the registered and the Horace Small marks were legal equivalents, that by "tacking" on Horace Small's use since the mid-1970s of its "CLOTHES THAT WORK. FOR THE WORK YOU DO" mark to the "CLOTHES THAT WORK" mark, the VDC mark was in use prior to any of the Wear-Guard marks.

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opposition to register a steer statue as a service mark to designate restaurant services).

<sup>66</sup> *Id.* at 1380.

The Federal Circuit agreed with the TTAB that the two marks were not legal equivalents, citing *Ilco Corp. v. Ideal Security Hardware Corp.*, 527 F.2d 1221, 1224, 188 U.S.P.Q. (BNA) 485, 487 (CCPA 1976), and thus affirmed the granting of the petition to cancel.<sup>67</sup>

## **E. State Court**

State courts have concurrent jurisdiction with federal courts over federal trademark disputes, but substantive federal law governs in the proceedings, regardless of the jurisdiction in which the action takes place. In addition, there are specific state-created causes of action. Of course, you can sue in federal court under 15 U.S.C. §1117, §1119, and §1125, with pendent state claims under 15 U.S.C. §1121, 28 U.S.C. §1338.

### **1. Petition to Cancel Registration**

Someone who thinks they will be damaged by a trademark registration may sue in state court to cancel the registration.

**Relevant statute:** Tex. Bus. & Com.Code Ann. § 16.25 (West 1987)

### **2. Petition Alleging Infringement**

When a person infringes a trademark, the wronged party can sue for damages and injunctive relief.

**Relevant Statute:** Tex. Bus. & Com.Code Ann. § 16.26 (West 1987)

#### ***Thompson v. Thompson Air Conditioning* (Tex. App.-Texarkana 1994)**

Richard Thompson sold his air conditioning business to his brother Steve in 1987, along with the rights to the name “Thompson Air Conditioning and Heating.” Richard continued to work in the business under the name “Richard Thompson Heating and Air Conditioning.” Understandable confusion in local ads and phone books led to the lawsuit between the brothers.

The Court of Appeals affirmed the lower court’s permanent injunction, precluding Richard from using a business name including the words “Thompson” and “Air Conditioning” in the area where Steve’s company does business. The ruling contradicts the general principle that one cannot prevent another from using his own family surname in a business. “However, the general rule does not apply when one contracts away right to the use of a name.”<sup>68</sup>

### **3. Petition Alleging Dilution**

When a business reputation is likely to be injured, or the distinctiveness of a mark diluted, you can sue for an injunction, regardless of whether the parties are in competition or if there is a likelihood of confusion.

**Relevant statute:** Tex. Bus. & Com.Code Ann. § 16.29 (West 1999)

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<sup>67</sup> *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1991 U.S. App. LEXIS 2794, 17 U.S.P.Q.2d (BNA) 1866 (Fed. Cir. 1991).

<sup>68</sup> *Thompson v. Thompson Air Conditioning and Heating, Inc.*, 884 S.W.2d 555, 559 (Tex. App.-Texarkana 1994).

“§ 16.29 offers broader protection for Plaintiff's service marks than federal law because it authorizes relief ‘regardless of whether there is competition between two parties or confusion as to the source of goods or services’.” *Service Merchandise v. Service Jewelry Stores*, 737 F. Supp. 983, 999 (S.D. Tex. 1990).

## F. International Arbitration Panels For Domain Name Disputes

First, a few definitions, which you can find at various places, including [http://en.wikipedia.org/wiki/Main\\_Page](http://en.wikipedia.org/wiki/Main_Page), and at <http://gnso.icann.org/drafts/pdp-dec05-draft-fr.htm#glosdef>.

Domain Name System	On the <a href="#">Internet</a> , the <b>domain name system (DNS)</b> stores and associates many types of information with <a href="#">domain names</a> ; most importantly, it translates domain names (computer <a href="#">hostnames</a> ) to <a href="#">IP addresses</a> . It also lists <a href="#">mail exchange servers</a> accepting <a href="#">e-mail</a> for each domain. In providing a worldwide <a href="#">keyword</a> -based redirection service, DNS is an essential component of contemporary <a href="#">Internet</a> use.
Root server	A <b>root nameserver</b> is a <a href="#">DNS</a> server that answers requests for the root namespace domain, and redirects requests for a particular <a href="#">top-level domain</a> to that TLD's nameservers. Although any local implementation of DNS can implement its own private root nameservers, the term "root nameserver" is generally used to describe the thirteen well-known root nameservers that implement the root namespace domain for the <a href="#">Internet</a> 's official global implementation of the Domain Name System. (Most of these are in the United States.)  All <a href="#">domain names</a> on the <a href="#">Internet</a> can be regarded as ending in a <a href="#">full stop</a> character e.g. "en.wikipedia.org.". This final dot is generally implied rather than explicit, as modern DNS software does not actually require that the final dot be included when attempting to translate a domain name to an <a href="#">IP</a> address. The empty <a href="#">string</a> after the final dot is called the <a href="#">root domain</a> , and all other domains (i.e. .com, .org, .net, etc.) are contained within the root domain. <a href="http://en.wikipedia.org/wiki/Root_server">http://en.wikipedia.org/wiki/Root_server</a>
ICANN	The Internet Corporation for Assigned Names and Numbers (ICANN) is an internationally organized, non-profit corporation that has responsibility for Internet Protocol (IP) address space allocation, protocol identifier assignment, generic (gTLD) and country code (ccTLD) Top-Level Domain name system management, and root server system management functions. These services were originally performed under U.S. Government contract by the Internet Assigned Numbers Authority (IANA) and other entities. ICANN now performs the IANA function.  As a private-public partnership, ICANN is dedicated to preserving the operational stability of the Internet; to promoting competition; to achieving broad representation of global Internet communities; and to developing policy appropriate to its mission through bottom-up, consensus-based processes.

	<p>ICANN is responsible for coordinating the management of the technical elements of the DNS to ensure universal resolvability so that all users of the Internet can find all valid addresses. It does this by overseeing the distribution of unique technical identifiers used in the Internet's operations, and delegation of Top-Level Domain names (such as .com, .info, etc.).</p> <p>Other issues of concern to Internet users, such as the rules for financial transactions, Internet content control, unsolicited commercial email (spam), and data protection are outside the range of ICANN's mission of technical coordination.</p> <p>Ensuring predictable results from any place on the Internet is called "universal resolvability." It is a critical design feature of the Domain Name System, one that makes the Internet the helpful, global resource that it is today. Without it, the same domain name might map to different Internet locations under different circumstances, which would only cause confusion.</p>
<p>The Generic Names Supporting Organization (GNSO) of ICANN</p>	<p>The successor to the responsibilities of the Domain Name Supporting Organization that relate to the generic top-level domains. ICANN's by-laws outline three supporting organizations, of which the GNSO belongs. The SOs help to promote the development of Internet policy and encourage diverse and international participation in the technical management of the Internet. Each SO names three Directors to the ICANN Board.</p>

From ICANN's website comes the following:

### ICANN Welcomes Participation

Participation in ICANN is open to all who have an interest in global Internet policy as it relates to ICANN's mission of technical coordination. ICANN provides many online forums which are accessible through ICANN's website, and the Supporting Organizations and Advisory Committees have active mailing lists for participants. Additionally, ICANN holds public meetings throughout the year. Recent meetings have been held in Bucharest, Montreal, Shanghai, Rio de Janeiro, and Accra. For more information on the Supporting Organizations and Advisory Committees, please refer to their websites:

Address Supporting Organization (ASO) - [www.aso.icann.org](http://www.aso.icann.org)

Country Code Domain Name Supporting Organization (CCNSO) - [www.ccnso.icann.org](http://www.ccnso.icann.org)

Generic Names Supporting Organization (GNSO) - [www.gnsso.icann.org](http://www.gnsso.icann.org)

At-Large Advisory Committee - [www.alac.icann.org](http://www.alac.icann.org)

Governmental Advisory Committee - [www.gac.icann.org](http://www.gac.icann.org)

More information on ICANN can be found on ICANN's website: <http://www.icann.org>

As of March, 2007, here are the existing top level domain names:

<b>TLD</b>	<b>Introduced</b>	<b>Sponsored/ Un-sponsored</b>	<b>Purpose</b>	<b>Sponsor/ Operator</b>
.aero	2001	Sponsored	Air-transport industry	Societe Internationale de Telecommunications Aeronautiques SC, (SITA)
.biz	2001	Un-sponsored	Businesses	NeuLevel
.cat	2005	Sponsored	Catalan linguistic & cultural community	Fundació puntCAT
.com	1995	Un-sponsored	Unrestricted (but intended for commercial registrants)	VeriSign, Inc.
.coop	2001	Sponsored	Cooperatives	DotCooperation, LLC
.edu	1995	Sponsored	United States educational institutions	EDUCAUSE
.gov	1995	Sponsored	United States government	US General Services Administration
.info	2001	Un-sponsored	Unrestricted use	Afilias Limited
.int	1998	Un-sponsored	Organizations established by international treaties between governments	Internet Assigned Numbers Authority
.jobs	2005	Sponsored	International	Employ Media LLC

			community of human resource managers	
.mil	1995	Sponsored	United States military	US DoD Network Information Center
.mobi	2005	Sponsored	Mobile content providers and users community	mTLD Top Level Domain, LTD.
.museum	2001	Sponsored	Museums	Museum Domain Management Association, (MuseDoma)
.name	2001	Unsponsored	For registration by individuals	Global Name Registry, LTD
.net	1995	Unsponsored	Unrestricted (but intended for network providers, etc.)	VeriSign, Inc.
.org	1995	Unsponsored	Unrestricted (but intended for organizations that do not fit elsewhere)	Public Interest Registry. Until 31 December 2002, .org was operated by VeriSign Global Registry Services.
.pro	2002	Unsponsored	Accountants, lawyers, physicians, and other professionals	RegistryPro, LTD
.tel	2006	Sponsored		Telnic Ltd.
.travel	2005	Sponsored	Travel and tourism community	Tralliance Corporation

In 2005-2006, four new TLDs (.cat, .jobs, .mobi, and .travel) were launched. ICANN's GNSO is currently developing policy recommendations for introduction of additional gTLDs. We will continue to see new top level domain names, because the GNSO website states the following:

Principle 1	New generic top-level domains (gTLDs) must be introduced in an orderly, timely and predictable way.
Principle 2	Some new generic top-level domains may be internationalised domain names (IDNs) subject to the approval of IDNs being available in the root.
Principle 3	The reasons for introducing new top-level domains include that there is demand from potential applicants for new top-level domains in both ASCII and IDN formats and that the new TLD process promotes competition, consumer choice and geographical and service-provider diversity.

In addition to the continuing increase in generic TLD's, there are also several hundred country codes that serve as TLD's:

.ac – Ascension Island	.bi – Burundi	.cr – Costa Rica
.ad – Andorra	.bj – Benin	.cu – Cuba
.ae – United Arab Emirates	.bm – Bermuda	.cv – Cape Verde
.af – Afghanistan	.bn – Brunei Darussalam	.cx – Christmas Island
.ag – Antigua and Barbuda	.bo – Bolivia	.cy – Cyprus
.ai – Anguilla	.br – Brazil	.cz – Czech Republic
.al – Albania	.bs – Bahamas	.de – Germany
.am – Armenia	.bt – Bhutan	.dj – Djibouti
.an – Netherlands Antilles	.bv – Bouvet Island	.dk – Denmark
.ao – Angola	.bw – Botswana	.dm – Dominica
.aq – Antarctica	.by – Belarus	.do – Dominican Republic
.ar – Argentina	.bz – Belize	.dz – Algeria
.as – American Samoa	.ca – Canada	.ec – Ecuador
.at – Austria	.cc – Cocos (Keeling) Islands	.ee – Estonia
.au – Australia	.cd – Congo, The Democratic Republic of the	.eg – Egypt
.aw – Aruba	.cf – Central African Republic	.eh – Western Sahara
.ax – Aland Islands	.cg – Congo, Republic of	.er – Eritrea
.az – Azerbaijan	.ch – Switzerland	.es – Spain
.ba – Bosnia and Herzegovina	.ci – Cote d'Ivoire	.et – Ethiopia
.bb – Barbados	.ck – Cook Islands	.eu – European Union
.bd – Bangladesh	.cl – Chile	.fi – Finland
.be – Belgium	.cm – Cameroon	.fj – Fiji
.bf – Burkina Faso	.cn – China	.fk – Falkland Islands (Malvinas)
.bg – Bulgaria	.co – Colombia	.fm – Micronesia, Federated States of
.bh – Bahrain		.fo – Faroe Islands

.fr – France	.ke – Kenya	.mt – Malta
.ga – Gabon	.kg – Kyrgyzstan	.mu – Mauritius
.gb – United Kingdom	.kh – Cambodia	.mv – Maldives
.gd – Grenada	.ki – Kiribati	.mw – Malawi
.ge – Georgia	.km – Comoros	.mx – Mexico
.gf – French Guiana	.kn – Saint Kitts and Nevis	.my – Malaysia
.gg – Guernsey	.kp – Korea, Democratic People's Republic	.mz – Mozambique
.gh – Ghana	.kr – Korea, Republic of	.na – Namibia
.gi – Gibraltar	.kw – Kuwait	.nc – New Caledonia
.gl – Greenland	.ky – Cayman Islands	.ne – Niger
.gm – Gambia	.kz – Kazakhstan	.nf – Norfolk Island
.gn – Guinea	.la – Lao People's Democratic Republic	.ng – Nigeria
.gp – Guadeloupe	.lb – Lebanon	.ni – Nicaragua
.gq – Equatorial Guinea	.lc – Saint Lucia	.nl – Netherlands
.gr – Greece	.li – Liechtenstein	.no – Norway
.gs – South Georgia and the South Sandwich Islands	.lk – Sri Lanka	.np – Nepal
.gt – Guatemala	.lr – Liberia	.nr – Nauru
.gu – Guam	.ls – Lesotho	.nu – Niue
.gw – Guinea-Bissau	.lt – Lithuania	.nz – New Zealand
.gy – Guyana	.lu – Luxembourg	.om – Oman
.hk – Hong Kong	.lv – Latvia	.pa – Panama
.hm – Heard and McDonald Islands	.ly – Libyan Arab Jamahiriya	.pe – Peru
.hn – Honduras	.ma – Morocco	.pf – French Polynesia
.hr – Croatia/Hrvatska	.mc – Monaco	.pg – Papua New Guinea
.ht – Haiti	.md – Moldova, Republic of	.ph – Philippines
.hu – Hungary	.me – Montenegro	.pk – Pakistan
.id – Indonesia	.mg – Madagascar	.pl – Poland
.ie – Ireland	.mh – Marshall Islands	.pm – Saint Pierre and Miquelon
.il – Israel	.mk – Macedonia, The Former Yugoslav Republic of	.pn – Pitcairn Island
.im – Isle of Man	.ml – Mali	.pr – Puerto Rico
.in – India	.mm – Myanmar	.ps – Palestinian Territory, Occupied
.io – British Indian Ocean Territory	.mn – Mongolia	.pt – Portugal
.iq – Iraq	.mo – Macao	.pw – Palau
.ir – Iran, Islamic Republic of	.mp – Northern Mariana Islands	.py – Paraguay
.is – Iceland	.mq – Martinique	.qa – Qatar
.it – Italy	.mr – Mauritania	.re – Reunion Island
.je – Jersey	.ms – Montserrat	.ro – Romania
.jm – Jamaica		.rs – Serbia
.jo – Jordan		.ru – Russian Federation
.jp – Japan		.rw – Rwanda
		.sa – Saudi Arabia
		.sb – Solomon Islands
		.sc – Seychelles

.sd – Sudan	.td – Chad	.uy – Uruguay
.se – Sweden	.tf – French Southern Territories	.uz – Uzbekistan
.sg – Singapore	.tg – Togo	.va – Holy See (Vatican City State)
.sh – Saint Helena	.th – Thailand	.vc – Saint Vincent and the Grenadines
.si – Slovenia	.tj – Tajikistan	.ve – Venezuela
.sj – Svalbard and Jan Mayen Islands	.tk – Tokelau	.vg – Virgin Islands, British
.sk – Slovak Republic	.tl – Timor-Leste	.vi – Virgin Islands, U.S.
.sl – Sierra Leone	.tm – Turkmenistan	.vn – Vietnam
.sm – San Marino	.tn – Tunisia	.vu – Vanuatu
.sn – Senegal	.to – Tonga	.wf – Wallis and Futuna Islands
.so – Somalia	.tp – East Timor	.ws – Samoa
.sr – Suriname	.tr – Turkey	.ye – Yemen
.st – Sao Tome and Principe	.tt – Trinidad and Tobago	.yt – Mayotte
.su – Soviet Union (being phased out)	.tv – Tuvalu	.yu – Yugoslavia
.sv – El Salvador	.tw – Taiwan	.za – South Africa
.sy – Syrian Arab Republic	.tz – Tanzania	.zm – Zambia
.sz – Swaziland	.ua – Ukraine	.zw – Zimbabwe
.tc – Turks and Caicos Islands	.ug – Uganda	
	.uk – United Kingdom	
	.um – United States Minor Outlying Islands	
	.us – United States	

## 1. ICANN’S Domain Name Dispute Resolution Policy

According to ICANN’s website in March 2007, “ICANN implemented a Uniform Domain Name Dispute Resolution Policy (UDRP), which has been used to resolve more than 5000 disputes over the rights to domain names. The UDRP is designed to be efficient and cost effective.” Also, “The Uniform Domain-Name Dispute Resolution Policy (UDRP) has been adopted by ICANN-accredited registrars in all gTLDs (.aero, .biz, .cat, .com, .coop, .info, .jobs, .mobi, .museum, .name, .net, .org, .pro, .tel and .travel). Dispute proceedings arising from alleged abusive registrations of domain names (for example, cybersquatting) may be initiated by a holder of trademark rights. The UDRP is a policy between a registrar and its customer and is included in registration agreements for all ICANN-accredited registrars.”

You can find the UDRP at <http://www.icann.org/udrp/>. The UDRP requires the aggrieved party to show: 1) the domain name is identical or confusingly similar to the aggrieved party’s mark; 2) the domain name holder has no legitimate rights or interests; **and** 3) bad faith on the part of the domain name holder. The European Commission later adopted the UDRP for its policy on .eu domain name disputes, with one important distinction: the third element listed above is not additional, but rather alternative.

ICANN has three approved arbitration organizations. From the ICANN website comes

the following:

Complaints under the [Uniform Dispute Resolution Policy](#) may be submitted to any approved dispute-resolution service provider listed below. Each provider follows the [Rules for Uniform Domain Name Dispute Resolution Policy](#) as well as its own supplemental rules. To go to the web site of a provider, click on its name below:

- [Asian Domain Name Dispute Resolution Centre](#) [ADNDRC] (approved effective 28 February 2002). It has three offices:
  - [Beijing](#) click [here](#) to see its supplemental rules.
  - [Hong Kong](#) click [here](#) to see its supplemental rules.
  - [Seoul](#) click [here](#) to see its supplemental rules.
- [The National Arbitration Forum](#) [NAF] (approved effective 23 December 1999). Click [here](#) to see its supplemental rules.
- [World Intellectual Property Organization](#) [WIPO] (approved effective 1 December 1999). Click [here](#) to see its supplemental rules.

Also from the WIPO website comes this explanation of what resolution the litigants can expect to receive:

A domain name is either **cancelled**, **transferred**, or **sustained** (i.e., the complaint is denied and the respondent keeps the domain name). Some examples of cases that received significant media attention include juliaroberts.com and jimihendrix.com, which were transferred to the individuals or their families. A complaint involving sting.com, filed by the singer known as Sting, was denied for a variety of reasons, principally that the domain name registrant was also known by the same nickname, as well as the fact that the name is a common word in the English language and is not necessarily an exclusive trademark.

There are no monetary damages applied in UDRP domain name disputes, and no injunctive relief is available. The accredited domain name registrars - which have agreed to abide by the UDRP - implement a decision after a period of ten days, unless the decision is appealed in that time.

The resolutions offered by WIPO are mandatory in the sense that accredited registrars are bound to take the necessary steps to enforce a decision, such as transferring the name concerned. **However, under the UDRP, either party retains the option to take the dispute to a court of competent jurisdiction for independent resolution.** (emphasis added)

The list of country code top-level domains that have agreements with ICANN can be found at: <http://www.icann.org/cctlds/agreements.html>. Unfortunately, in 2007 the number was less than thirty.

The following cases involve a few instances where either the UDRP litigants have ended up in U.S. courts, or the litigants names seemed interesting enough to this author to include in this brief history.

## **Third Circuit**

**2003**

*Dluhos v. Strasberg*<sup>69</sup> UDRP Arbitrations are not arbitrations within the meaning of the Federal Arbitration Act. Therefore, UDRP determinations are not entitled to deferential judicial review. The ACPA, 15 U.S.C. §1114(2)(D)(v), provides registrants with an affirmative cause of action to recover domain names lost in UDRP proceedings. The statute provides that a registrant whose domain name has been “suspended, disabled, or transferred” may sue for a declaration that the registration does not violate the ACPA, as well as for an order to return the domain name.

## **Fourth Circuit**

**2001**

**E.D. Va.**

*Parisi v. Netlearning Inc.*<sup>70</sup> Following a UDRP panel ruling against the plaintiff Parisi, the Virginia District Court held that the Federal Arbitration Act’s (9 U.S.C. §1 et seq.) restrictions on judicial review of arbitration awards do not apply to civil actions challenging UDRP panel decisions.

## **WIPO Arbitration Panel**

**2000**

*Roberts v. Boyd.*<sup>71</sup> An early case involving the UDRP involves an alleged “fan” of Julia Roberts, a man named Russell Boyd, who registered the URL juliaroberts.com in 1998. Boyd listed the domain name for sale with Web auctioneer Ebay.com, and received and rejected a \$2,500 bid. On March 25, 2000, the lawyers for Julia Roberts filed a complaint with WIPO. A WIPO arbitration panel heard the case, mostly via email. About two months later, on May 29, 2000, the panel issued its decision. Boyd had argued that he was “merely operating a fan site”. The panel found that the site became a “fan site” only after Julia filed her complaint. Therefore, the panel found the requisite “bad faith”. The panel also found that the “Julia Roberts” name has secondary meaning. The panel ordered Boyd to transfer the domain name to Julia.

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69 *Dluhos v. Strasberg*, 321 F.3d 365 (3<sup>d</sup> Cir. 2003).

70 *Parisi v. Netlearning Inc.*, 59 U.S.P.Q.2d 1051 (E.D. Va. 2001) (denying defendant Netlearning’s motion to dismiss a declaratory judgment action of non-infringement).

71 *Roberts v. Boyd*, WIPO Administrative Panel Decision, Case No. D2000-0210, May 29, 2000.

However, Boyd sued her within ten days of the panel's decision. Thus, under the ACPA and the UDRP, this precluded ICANN from canceling his web site that used her name. His website continued to exist for a brief period of time after he sued Julia. At that website, he was pleading with Julia to call off her lawyers, claiming that he was merely her fan. ... His web site no longer exists.

## 2003

*Pierce Brosnan v. Network Operations Center*.<sup>72</sup> The Respondent registered the domain name piercebrosnan.com, and redirected it to the website "www.celebrity1000.com". Network Operations Center is a pseudonym for the infamous cybersquatter Jeff Bugar. Bugar, doing business as "Alberta Hot Rods" and the "Stefanie Seymour Club", has engaged in a practice of registering domain names (about 75 of them) comprised of celebrities' names. In a prior UDRP proceeding against Mr. Bugar, the panel noted, "it has been clearly demonstrated, partly through Respondent's admissions, that he obtained a succession of celebrity.com domain names and this gives rise to an evident pattern of conduct in which he stockpiled similar registrations." *Celine Dion v. Jeff Bugar*, WIPO Case No. D2000-1838 (February 13, 2001) at 3.

Multiple proceedings under the UDRP have been successfully prosecuted against Bugar by celebrities who have obtained transfer or cancellation of domain names registered and used in bad faith by Bugar, including proceedings involving Kevin Spacey, Michael Andretti, Stephanie Seymour, and Dr. Michael Crichton.

The WIPO Arbitration and Mediation Center (the "Center") appointed Dawn Osborne as the sole panelist for this matter on August 13, 2003. Bugar did not respond to Pierce Brosnan's complaint. Ms. Osborne ordered the domain name transferred to Mr. Brosnan. On September 8, 2003, the website www.piercebrosnan.com was still directed to Bugar's website www.celebrity1000.com.

## 2. The European Union's Domain Name Dispute Resolution Policy

The European Commission selected EURid to operate the .eu top level domain. EURid is a not-for-profit organization, established in Belgium. EURid was established in a partnership between the operators of the country-code top level domain registries for Belgium (.be), Italy (.it) and Sweden (.se). Later the registries for .si (Slovenia) and .cz (Czech Republic) joined as members. EURid has its headquarters in Diegem, Belgium and a regional office in Stockholm, and is in the process of setting up regional offices in Prague and Italy to support four geographical regions to provide support in local languages for .eu registrars and registrants in the European Union. The EURid website is <http://www.eurid.eu/>. In March, 2007, there were several hundred accredited registrars for the .eu domain, including about 200 in the U.S., but only one was in Houston. About 150 of those listed as being in the United States were located in either Oregon or Washington. What's with that??

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<sup>72</sup> *Pierce Brosnan v. Network Operations Center*, WIPO Administrative Panel Decision, Case No. D2003-0519, August 27, 2003.

EURid offers an Alternative Dispute Resolution (ADR) for resolving disputes about .eu domain names. The ADR is facilitated by the Prague-based Arbitration Court in the Czech Republic. It administers ADR Proceedings in line with the Public Policy Rules for .eu of the European Commission (EC Regulation 874/2004). On the website of the Czech arbitration Court ([www.adr.eu](http://www.adr.eu)) you will find the ADR rules, fees and all other relevant information. ADR proceedings are carried out in the language selected by the holder of the disputed domain name.

One of my clients recently received an email from a cybersquatter, who had a domain name ending in .eu, using one of my client's famous marks. Because the TLD was .eu, we could not use the UDRP of ICANN; we had to arbitrate under the ADR rules, and the first big issue was "In what language will the arbitration be?" The ADR rules require that if you are not happy with the language that the cybersquatter selected when he registered your trademark as a domain name, then before you file your complaint, you must first file a request to change the language to be the language that you desire. That request initiates a "Language Trial".

The EU ADR presents an easier burden of proof for the aggrieved party, as compared to the UDRP. You must show: 1) the domain name is identical or confusingly similar to the aggrieved party's mark; **and either** 2) the domain name holder has no legitimate rights or interests; **or** 2) bad faith on the part of the domain name holder.

### **3. Fighting Overly-Aggressive Attempts to Cancel Domain Names**

In January, 2001, the WIPO labeled at least two overly aggressive attempts to cancel domain names as "reverse domain name hijacking". Unfortunately, the UDRP has no provisions to compensate rightful owners for their costs in defending against reverse domain name hijacking.

## **WIPO Arbitration Panel**

### **2001**

*Deutsche Welle v. Diamondware Ltd.*<sup>73</sup> In July, 2000, Deutsche Welle ( a radio & TV broadcaster) sued Diamondware Ltd. (software developer) under the UDRP to cancel the registration of dw.com, which the Arizonians had registered in 1994. On January 2, 2001, WIPO refused to cancel the domain name registration, calling the Germans' actions "reverse domain name hijacking".

*Goldline Int'l v. Gold Line.*<sup>74</sup> Goldline Int'l (a coin dealer) sued Gold Line (provider of Internet community services) under the UDRP to cancel goldline.com, which Gold Line had

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<sup>73</sup> *Deutsche Welle v. Diamondware Ltd.* WIPO Administrative Panel Decision, Panelists Willoughby, Bettinger, and Cabell, Case No. D 2000-1202, January 2, 2001.

<sup>74</sup> *Goldline Int'l v. Gold Line*, WIPO Administrative Panel Decision, Panelists Bernstein, Kelly, and Limbury, Case No. D2000-1151, January 4, 2001.

registered in 1997. Gold Line had even added a disclaimer to its website after the coin dealer griped. On January 4, 2001, WIPO refused to cancel the domain name registration, calling the coin dealer's actions "reverse domain name hijacking".

Loren Stocker, Managing Director for Del Mar Internet noted, "Egregious behavior like that of Goldline International goes unpunished thanks to a flawed ICANN policy. Am I now to defend myself against the 40 other trademark holders?"

***G.A. Modafine S.A. v. Mani.Com.***<sup>75</sup> Modefine owns the mark "MANI". Sareesh Mani of Quincy, MA in 1998 developed the concept of creating a website to locate and foster communications with and among the dispersed members and descendants of the "mani" family from northern India (now Pakistan) by offering them free e-mail services. He then purchased the domain name "mani.com" (which had been registered by another party) for the sum of \$1,000 in December, 1998. In January, 1999, he directed a web programmer to create a website located at the "mani.com" URL through which he would offer free e-mail services to all members and descendants of the "Mani" family. The panel dismissed the complaint.

***G.A. Modefine S.A. v. Anand Ramnath Mani.***<sup>76</sup> Modefine owns the mark "ARMANI". Canadian graphic designer Mani had used "armani.com" since 1994 as an email address. Modefine offered him \$750 and an Armani suit, but Mani refused, offering instead to change his email address to merely "amani.com". The WIPO judge Nick Gardner said Modefine had "been guilty of abusing the process", and ruled that Mani could keep his domain name.

## **Citizen Groups**

At least two different organizations have existed to help small businesses defend themselves against overly aggressive attempts to cancel domain names.

### **Domain Defense Advocate (no longer existing)**

AltaVista's assistant general counsel warned a California computer technician named Lawrence Tolliver, that his use of www.www-shopping.com infringed the trademark rights of Compaq, owner of Alta Vista, owner of shopping.com, and demanded that Tolliver give up his domain name by June 10, 1999.

To combat Compaq, Tolliver got help from the Domain Defense Advocate, which organized e-mail campaigns from Internet users on behalf of domain holders, against trademark owners. The DDA stated on its web page:

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<sup>75</sup> *G.A. Modafine S.A. v. Mani.Com*, WIPO Administrative Panel Decision, Panelists Hon. Sir Ian Barker, Reinhard Schanda, and David Perkins, Case No. D2001-0388, May 30, 2001.

<sup>76</sup> *G.A. Modefine S.A. v. Anand Ramnath Mani*, WIPO Administrative Panel Decision, Nick Gardner, Sole Panelist, Case No. D2001-0537, July 20, 2001.

“When, in September of 1998, Colgate-Palmolive attempted to wrestle the proud name of ajax.org from its rightful owners, we were overcome with the feeling that not only had Network Solutions, Inc. created a system that left the little guys shit outta luck, but that there were very few organizations or bureaus outside of NSI to assist domains in attempting to fend off attacks from large and well-monied corporations that, in reality, had no legal right to the domain-names in question. When the netizens of slashdot.org came to our rescue with a conscientious outpouring of letters and feedback, we were saved. We at ajax.org reaped the benefits of the battle we waged, but to no greater benefit than the salvation of one domain.”

Tolliver kept his domain name, and temporarily included the following warning on the first page of his site: “Please note: This web site is not Shopping.com (<http://www.shopping.com>), and has no business connections whatsoever with it, but you are welcome to shop here at [www-Shopping.com](http://www.shopping.com) (<http://www.shopping.com>) anytime!”

### **Domain Name Rights Coalition (<http://www.domain-name.org/>)**

The Domain Name Rights Coalition (<http://www.domain-name.org/>) represents small businesses and Internet users in domain name disputes with trademark holders. The President, Mikki Barry, advises clients threatened by trademark owners to file a petition to cancel with the Trademark Office. His web page originally stated: “Have you received a threat from a trademark owner who wants you to give them your domain name? See our summary page on the NSI dispute policy and a quick overview of your possible rights to stop reverse domain name hijacking.” As of June 12, 2002, it stated, “Have you received a threat from a trademark owner who wants you to give them your domain name? See our quick overview of your possible rights to stop reverse domain name hijacking.”

A more effective way to fight may be through public opinion.

Verizon thought it could avoid the “sucks.com” problem by registering “verizonsucks.com” itself, which it did. Unfortunately, the online hacker magazine 2600.com then registered “verizonreallysucks.com”. When Verizon then sent a “desist” letter to 2600.com, 2600.com then registered: “VerizonShouldSpendMoreTimeFixingItsNetworkAndLessMoneyOnLawyers.com”.

### **III. Copyright Enforcement**

Copyright enforcement can be accomplished through many of the same mechanisms as those listed above for trademark enforcement. However, federal copyright law preempts state causes of action. Federal courts have exclusive jurisdiction over copyright actions. 28 U.S.C. §1338.

**Website:** <http://www.loc.gov/copyright/>

#### **A. Civil Lawsuits**

## 1. Elements of Proof and Defenses

To establish a claim of copyright infringement, the plaintiff must prove "(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original."<sup>77</sup>

A "certificate of registration made before or within five years after first publication of the work shall constitute prima facie evidence of the validity of the copyright and of the facts stated in the certificate."<sup>78</sup> To "satisfy *Feist's* first prong, a plaintiff must prove that the work . . . is original and that the plaintiff complied with applicable statutory formalities."<sup>79</sup> Once the plaintiff produces a certificate of copyright, the burden shifts to the defendant to demonstrate why the claim of copyright is invalid.<sup>80</sup>

### Copying

To prove actionable copying, the plaintiff must first prove that the alleged infringer "actually used the copyrighted material to create his own work."<sup>81</sup> Copying may be shown either by direct evidence of the copying or, in the absence of such evidence, copying "may be inferred from proof of access to the copyrighted work and 'probative similarity.'"<sup>82</sup> The plaintiff must prove that "the copying of copyrighted material was so extensive that it rendered the offending and copyrighted works substantially similar."<sup>83</sup>

### Copying: Non-Literal

The Second Circuit's *Altai* test was intended to help "determine the scope of copyright protection that extends to a computer program's non-literal structure."<sup>84</sup>

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<sup>77</sup> *Feist Publications v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 111 S. Ct. 1282, 1296 (1991). *See also Bell South Advertising & Publishing Corp. v. Donnelley Info. Publishing, Inc.*, 999 F.2d 1436, 1440 (11th Cir. 1993) (en banc), *cert. denied*, 114 S. Ct. 943 (1994).

<sup>78</sup> 17 U.S.C. Section 410 (c) (1977).

<sup>79</sup> *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 49 F.3d 807, 813 (1st Cir. 1995), *aff'd* by an equally divided Court, 116 S. Ct. 804 (1996) (citation omitted).

<sup>80</sup> *Bibbero Sys., Inc. v. Colwell Sys., Inc.*, 893 F.2d 1104, 1106 (9th Cir. 1990).

<sup>81</sup> *Engineering Dynamics, Inc. v. Structural Software, Inc.*, 26 F.3d 1335, 1340, 31 U.S.P.Q.2d 1641, 1644 (5th Cir. 1994).

<sup>82</sup> *Engineering Dynamics*, 26 F.3d at 1340 (citing *Plains Cotton Coop. Ass'n v. Goodpasture Computer Serv., Inc.*, 807 F.2d 1256, 1260 (5th Cir.), *cert. denied*, 484 U.S. 821, 108 S. Ct. 80 (1987)).

<sup>83</sup> *Lotus*, 49 F.3d at 813; *see also Engineering Dynamics*, 26 F.3d at 1341.

<sup>84</sup> *Computer Assoc. Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693, 703 (2d Cir. 1992).

The test involves three steps: abstraction, filtration, and comparison. The Second Circuit summarized its abstraction-filtration-comparison test as follows:

In ascertaining substantial similarity under this approach, a court would first break down the allegedly infringed program into its constituent structural parts. Then, by examining each of these parts for such things as incorporated ideas, expression that is necessarily incidental to those ideas, and elements that are taken from the public domain, a court would then be able to sift out all non-protectable material. Left with a kernel, or possible kernels, of creative expression after following this process of elimination, the court's last step would be to compare this material with the structure of an allegedly infringing program. The result of this comparison will determine whether the protectable elements of the programs at issue are substantially similar so as to warrant a finding of infringement.<sup>85</sup>

In early 1995 the Fifth Circuit in *Engineering Dynamics* adhered to its prior adoption<sup>86</sup> of the Second Circuit's abstraction-filtration-comparison test.<sup>87</sup>

### **Copying: Literal**

The Eleventh Circuit in *Bateman v. Mnemonics Inc.* refused to deny copyright protection to interface specifications, and held that either the *Altai* test or a parallel analysis should be used to examine not only alleged non-literal copying, but also alleged literal copying.<sup>88</sup> In *Bateman* the second amended complaint alleged copyright infringement in Bateman's single board computer operating system ("SBCOS") software, copyright infringement in hardware logic diagrams for the computer circuit board, and copyright infringement in programmable array logic ("PAL") software.

Bateman created and developed SBCOS software, and created and developed hardware logic diagrams for a single board computer ("SBC") used in automated

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<sup>85</sup> *Altai*, 982 F.2d at 706.

<sup>86</sup> *Engineering Dynamics Inc. v. Structural Software Inc.*, 26 F.3d 1335, 31 U.S.P.Q.2d 1641 (5th Cir. 1994).

<sup>87</sup> *Engineering Dynamics Inc. v. Structural Software Inc.*, 46 F.3d 408, 34 U.S.P.Q.2d 1157 (5th Cir. 1995) (denying a petition for rehearing en banc, in a suit involving copyrightability of computer input and output formats, and issuing a supplemental opinion, clarifying the scope of the prior opinion).

<sup>88</sup> *Bateman v. Mnemonics Inc.*, 79 F.3d 1532, 38 U.S.P.Q.2d 1225, 1236-37 (11th Cir. 1996) (on petition for rehearing, the previous panel opinion was withdrawn, the judgment was vacated in part, reversed in part, and remanded by substituted opinion).

parking systems. His company sold a number of these boards to Generex. After this purchase, Generex's programmers designed an application program to interface with the SBCOS. To ensure compatibility, Generex's programmers relied on specifications delivered to them by Bateman's company that dictated the "system calls" necessary to communicate with the operating system, the SBCOS.

Later, PAC, which had bought Generex, designed its own operating system to operate with the application program that Generex had written to be compatible with Bateman's SBCOS. PAC claimed that it identified those elements of the program that were necessary for compatibility with the preexisting application program, and incorporated them into PAC's new operating system. PAC also designed a new single board computer to replace the SBC. PAC admitted that it copied portions of the SBCOS code and the SBC logic circuit diagrams during the design and development of its operating system and its single board computer.

The issues considered by the Eleventh Circuit were whether “a jury instruction that limited the ‘successive filtration’ test for copyright infringement to nonliteral similarity was confusing or misleading” and whether the use of certain original elements “qualifies as a fair use under 17 U.S.C. Section 107.”<sup>89</sup>

The jury instruction at issue was:

Under the Nimmer test, substantial similarity of the non-literal elements is determined by comparing with the defendants' program, that protectable expression of the copyrighted work which remains after filtering out any portion of the copyrighted work, which represents only ideas, elements [] dictated solely by logic and efficiency, elements dictated by hardware or software standards, computer industry programming and practices or elements which are taken from the public domain.

Even a qualitatively [sic] small amount of copied material which remains unfiltered may be sufficiently important to the operation of Mr. Bateman's operating system program to justify a finding of substantial similarity. For instance, a small portion of a structure or code of a

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<sup>89</sup> *Bateman*, 38 U.S.P.Q.2d at 1230, 1232. The Eleventh Circuit in *Bateman* approved of the Tenth Circuit's analysis in *Gates Rubber Co. v. Bando Chem. Indus., Ltd.*, 9 F.3d 823 (10th Cir. 1993) (elaborating upon the *Altai* test, and endorsing it as a way of determining whether “menus and sorting criteria” are protectable by copyright).

program may nonetheless give it its distinctive features. In such a case, a finding of substantial similarity would be appropriate.

The Eleventh Circuit stated, “ Even if the *Altai* test is limited to nonliteral copying, however, a parallel type of analysis must be undertaken in examining alleged instances of literal copying of computer code or screen displays. ... Since the district court instructed the jury that *Altai* filtration was limited to nonliteral copying, the jury must have concluded that any instances of literal copying of Bateman's code by PAC were by definition acts of copyright infringement. This conclusion is a manifest distortion and misstatement of the law.”<sup>90</sup>

## Defenses

### Copyright Misuse

The defense of copyright misuse has been recognized by the Fourth Circuit to bar “a culpable plaintiff from prevailing on an action for the infringement of the misused copyright.”<sup>91</sup> The defense is a recognition that while “copyright law [seeks] to increase the store of human knowledge and arts by awarding . . . authors with the exclusive rights to their works for a limited time . . . the granted monopoly power does not extend to property not covered by the . . . copyright.”<sup>92</sup>

[T]he public policy which includes original works within the granted monopoly excludes from it all that is not embraced in the original expression. It equally forbids the use of the copyright to secure an exclusive right or limited monopoly not granted by the Copyright Office and which is contrary to public policy to grant.<sup>93</sup>

The Fifth Circuit in *DSC Communications*<sup>94</sup> followed the Fourth Circuit in allowing a “copyright misuse” defense. The Fifth Circuit affirmed the partial grant of the plaintiff's motion for a preliminary injunction, from which the plaintiff had appealed, wanting a broader injunction.

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<sup>90</sup> *Bateman*, 38 U.S.P.Q.2d at 1234-1235.

<sup>91</sup> *Lasercomb Am., Inc. v. Reynolds*, 911 F.2d 970, 972, 15 U.S.P.Q.2d 1846 (4th Cir. 1990). *See Mitchell Bros. Film Group v. Cinema Adult Theater*, 604 F.2d 852, 865 n. 27, 203 U.S.P.Q.2d 1041 (5th Cir. 1979), *cert. denied*, 445 U.S. 917, 100 S. Ct. 1277 (1980) (recognizing the copyright misuse defense).

<sup>92</sup> *Lasercomb*, 911 F.2d at 976.

<sup>93</sup> *Lasercomb*, 911 F.2d at 977.

<sup>94</sup> *DSC Communications Inc. v. DGI Technologies Inc.*, 38 U.S.P.Q.2d 1699 (5th Cir. 1996).

The district court granted a preliminary injunction, prohibiting DGI from making any copies of DSC's operating system software that could be removed from NTS's premises. However, the injunction did not prohibit DGI from “downloading into dynamic RAM on a microprocessor or test microprocessor card which is incidental to the testing or operating of a compatible [microprocessor] card so long as the copy is not capable of being removed from the customer location and transported to any other location.” In other words, DGI could not continue to make copies of the operating system to take back to its lab and study, but it could test its microprocessor card on NTS's phone switch, even though DSC's operating system software would be downloaded into the microprocessor card's RAM.<sup>95</sup>

After reviewing the Fourth Circuit's analysis of the copyright misuse defense, the Fifth Circuit concurred with the Fourth Circuit's characterization of the copyright misuse defense, and stated:

Any competing microprocessor card developed for use on DSC phone switches must be compatible with DSC's copyrighted operating system software. In order to ensure that its card is compatible, a competitor such as DGI must test the card on a DSC phone switch. Such a test necessarily involves making a copy of DSC's copyrighted operating system, which copy is downloaded into the card's memory when the card is booted up. If DSC is allowed to prevent such copying, then it can prevent anyone from developing a competing microprocessor card, even though it has not patented the card.<sup>96</sup>

Holding that the defendant might prevail on its copyright misuse claim, the Fifth Circuit affirmed the preliminary injunction.<sup>97</sup>

#### **Fair Use: 17 U.S.C. § 107**

Section 107 states:

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news

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<sup>95</sup> *DSC Communications*, 38 U.S.P.Q.2d at 1701.

<sup>96</sup> *Id.* at 1703.

<sup>97</sup> *Id.*

reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include--

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;<sup>98</sup>

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.<sup>99</sup>

In *American Geophysical* the Second Circuit rejected the idea that the issue of “fair use” could be as “broad” as whether photocopying scientific articles is fair use when undertaken by a research scientist at a for-profit corporation.<sup>100</sup> The Second Circuit analyzed the copying in view of the four fair use factors listed in 17 U.S.C. § 107.

**Factor #1:** “[T]he dominant purpose of the use is 'archival' -- to assemble a set of papers for future reference”.

**Factor #2:** “[T]he manifestly factual character of the eight articles precludes us from considering the articles as 'within the core of the copyright's protective purposes'.”

**Factor #3:** “Texaco has copied entire works.”

**Factor #4:** “Primarily because of lost licensing revenue [for example, from the Copyright Clearance Center], and to a minor extent because of lost subscription revenue, we agree with the District Court that the publishers have demonstrated a substantial harm to the value of their copyrights through

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<sup>98</sup> The “crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain, but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.” *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 562, 225 U.S.P.Q. 1073 (1985).

<sup>99</sup> 17 U.S.C. § 107.

<sup>100</sup> *American Geophysical Union v. Texaco, Inc.*, 802 F. Supp. 1 (S.D.N.Y. 1992), *aff'd*, 37 F.3d 881 (2d Cir. 1994) (copying scientific articles to archive in your personal files is not fair use).

[Texaco's] copying.'" Note: CCC licensees include AT & T, 3M, IBM, and Texas Instruments. In 1991, over 500 entities were using CCC.

It is not fair use for a professor to have a copy shop (like Kinko's) copy a set of materials (i.e., a chapter of one book, two chapters of another, a copy of an article, etc.) that he wants to teach from, making enough copies for all of the professor's students, who then buy a set of them. The copy shop's activities constitute commercial exploitation, not fair use.<sup>101</sup>

It might be difficult for you to determine in advance whether a use of a work qualifies as a fair use.<sup>102</sup> So, I have listed below some of the more common permissible uses of others' works:

copying portions of a work for the purpose of parodying that work;<sup>103</sup>

recording, on your home VCR, a TV program for viewing at a later time;<sup>104</sup>

copying, by a library patron, of a single magazine article for private study;<sup>105</sup>

copying, by a library patron, of an entire book for private study, if the library "has first determined, on the basis of a reasonable investigation, that a copy or phonorecord of the copyrighted work cannot be obtained at a fair price";<sup>106</sup>

selling, or otherwise disposing of, a lawfully-made copy of a copyrighted work (but **not** renting or leasing the copy);<sup>107</sup> and

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<sup>101</sup> *Princeton University Press v. Michigan Document Service*, 99 F.3d 1381, (6th Cir. 1996) (absent a finding of willfulness, the 6th Circuit refused to affirm damages, and remanded "for reconsideration of the statutory damages to be awarded"), *cert denied*, 520 U.S. 1156 (1997).

<sup>102</sup> For a thorough analysis of the four factors as applied to literary works, see *American Geophysical Union v. Texaco, Inc.*, 802 F. Supp. 1 (S.D.N.Y. 1992), *aff'd*, 37 F.3d 881 (2d Cir. 1994) (copying scientific articles to archive in your personal files is not fair use). Of course, the safest course of action is to obtain permission before using another's work.

<sup>103</sup> *Campbell v. Acuff-Rose Music, Inc.*, 114 S. Ct. 1164, 29 U.S.P.Q.2d 1961 (1994) (reversing the Sixth Circuit's finding that a parody of the copyrighted song "Pretty Woman" was not a "fair use" under section 107).

<sup>104</sup> *See Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 449, 220 U.S.P.Q. 665 (1984). The question was whether Sony's selling of the copying equipment violated plaintiffs' rights under the Copyright Statutes. The Supreme Court said "no", because "time-shifting" for those watching a television program enlarges the viewing audience, and does not impair plaintiffs' commercial right in the value of the copyright.

<sup>105</sup> 17 U.S.C. § 108(d).

<sup>106</sup> 17 U.S.C. § 108(e).

<sup>107</sup> 17 U.S.C. § 109(a). This is referred to as the "doctrine of first sale." The doctrine cannot be used to justify the renting or leasing of computer programs or phonorecords. *See* 17 U.S.C. § 109(b)(1)(A).

displaying publicly a lawfully-made copy of a work, “to viewers present at the place where the copy is located.”<sup>108</sup>

### **Compaq Computer Corp. v. Ergonome**

The plaintiff sued Compaq for copyright infringement of its “teaching text describing ergonomically correct hand positions for computer users and ways to avoid repetitive stress injuries.” A jury found in favor of Compaq. The Fifth Circuit found that the following factors favored Compaq:

1. The handbook was a “factual work”, rather than a fictional work. (“The Supreme Court has noted that ‘fair use is more likely to be found in factual works than in fictional works.’ *Stewart v. Abend*, 495 U.S. 207, 237, 110 S. Ct. 1750, 1769, 109 L. Ed. 2d 184 (1990).”)
2. Compaq used minimal portions of the handbook. (“The copied portions of THB at issue in this case amount to four illustrations and seven phrases. The evidence at trial revealed that THB is approximately 100 pages long and contains over 88 photographs.”)
3. The plaintiff could not show that Compaq’s distribution of its “Safety and Comfort Guide” with each computer deprived the plaintiff of any sales.<sup>109</sup>

### **What about copying for classroom use?**

In the 1970's, copyright owners and educators reached a compromise on what constitutes "fair use" by educators. The “Classroom Guidelines” are the “Agreement of Guidelines for Classroom Copying in Not for Profit Educational Institutions”, developed by the Ad Hoc Committee of Educational Institutions and Organizations on Copyright Law Revision, the Authors League of America, Inc., and the Association of American Publishers. This agreement became part of the Congressional Record. See H.R. Rep. No. 1476 at 68-71, 94th Cong., 2d Sess. (1976). The House and Senate conferees explicitly accepted the Classroom Guidelines “as part of their understanding of fair use,” H.R. Conf. Rep. No. 1733, 94th Cong. 2d Sess. at 70 (1976).

### **What about parody?**

"Like less ostensibly humorous forms of criticism, [parody] can provide social benefit by shedding light on an earlier work, and, in the process, creating a new one." To qualify as a parody, a work must do more than merely borrow part of a prior composition to provoke laughs. Instead, the parody must comment on the substance

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<sup>108</sup> 17 U.S.C. § 109(c). He may not, however, broadcast an image of the copy to be viewed at other locations other than the location of the copy.

<sup>109</sup> *Compaq Computer Corp. v. Ergonome Inc.*, 387 F.3d 403, 411 (5th Cir. Tex. 2004).

or style of the original. A parodist's profit motive weighs against a finding of fair use, but isn't a conclusive factor.<sup>110</sup>

### **What about servicing a computer?**

In *Triad Systems* the Ninth Circuit affirmed the grant of a preliminary injunction, rejecting the argument that it was “fair use” for a computer servicing company to repair or service the plaintiff’s software.<sup>111</sup> In 1993, while the *Triad* case was pending in the district court, the Ninth Circuit had decided a very similar case, *MAI Sys. Corp. v. Peak Computer, Inc.*,<sup>112</sup> holding that the loading of MAI's operating system software into RAM makes a “copy” under the Copyright Act, and that therefore Peak had infringed MAI's copyright by operating its customers’ MAI computers in order to service them. In the face of the *Peak* decision, the *Triad* defendant grasped at one last straw: “fair use,” relying on the Ninth Circuit’s earlier *Sega*<sup>113</sup> decision. The Ninth Circuit rejected that argument:

Southeastern relies on the rationale of *Sega v. Accolade, supra*, to find that its service activities are a fair use of Triad's copyrighted software. *Sega*, however, was a very different case. There, the defendant, Accolade, had made copies of Sega's video game programs in the process of reverse-engineering them solely in order to figure out the requirements for compatibility with Sega's "Genesis" game console. The functional requirements of compatibility were not protected by copyright, and there was no other method available to Accolade to discover those requirements. 977 F.2d at 1522. This court held that the copying at issue was a fair use. We determined (1) that Accolade had made the copies "for a legitimate, essentially nonexploitative purpose," that is, determining the compatibility requirements; (2) that the copying resulted in the proliferation of independent, creative expression, by making Accolade game programs compatible with the Sega Genesis system, an outcome the Copyright Act was intended to promote; and (3) that the copying neither adversely affected the market for Sega's own

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<sup>110</sup> *Campbell v. Acuff-Rose Music, Inc.*, 114 S. Ct. 1164, 29 U.S.P.Q.2d 1961 (1994) (reversing the Sixth Circuit's finding that a parody of the copyrighted song “Pretty Woman” was not a “fair use” under section 107).

<sup>111</sup> *Triad Systems Corp. v. Southeastern Express Co.*, 64 F.3d 1330, 36 U.S.P.Q.2d 1028 (9th Cir. 1995), *cert. denied*, 116 S. Ct. 1015 (1996).

<sup>112</sup> *MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 518, 26 U.S.P.Q.2d 1458 (9th Cir. 1993), *cert. dismissed*, 114 S. Ct. 671 (1994).

<sup>113</sup> *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1525, 24 U.S.P.Q.2d 1561 (9th Cir. 1992).

video games, nor pirated those games, but only used the unprotected elements needed to make its own games compatible. *Id.* at 1523.

Southeastern's activities are wholly unlike the reverse engineering in *Sega*. Southeastern did not make a minimal use of Triad's programs solely to achieve compatibility with Triad's computers for Southeastern's own creative programs. Rather, Southeastern has invented nothing of its own; its use of Triad's software is, in the district court's words, "neither creative nor transformative and does not provide the marketplace with new creative works." *See id.* at 1523. Southeastern is simply commandeering its customers' software and using it for the very purpose for which, and in precisely the manner in which, it was designed to be used. As a result, the copies made by Southeastern while servicing Triad computers have undoubtedly diminished the value of Triad's copyright. *See id.* As the district court reasoned: "If ISOs like Southeastern freely used Triad's copyrighted software on a widespread basis to compete with Triad, this would likely cause a significant adverse impact on Triad's licensing and service revenues and lower returns on its copyrighted software investment." To allow Southeastern to use Triad's software as it wishes would cause Triad to lose licensing revenues from the ISOs, who "have a substantial motivation to obtain access" to Triad's software. *See Advanced Computer Serv., Inc. v. MAI Sys. Corp.*, 845 F. Supp. 356, 366, 30 U.S.P.Q.2d 1443 (E.D. Va. 1994). In short, we detect no appreciable public benefit arising from Southeastern's practice to justify this continuance under the fair use doctrine. *See Sega*, 977 F.2d at 1523. We therefore agree with the district court's thoughtful analysis and its rejection of Southeastern's fair use claim.<sup>114</sup>

What about collages of portions of copyrighted publications or other works -- is permission necessary from the copyright owner of each work used? It depends on whether a court decides that it was fair use, or whether a derivative work was created.<sup>115</sup> Cutting out portions of a lawful copy of a copyrighted work is not copyright infringement, and the owner of an authorized copy may publicly display that copy without the permission of the copyright owner.<sup>116</sup> However, in a similar case, Albuquerque A.R.T. transferred artworks from a commemorative book to

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<sup>114</sup> *Triad*, 36 U.S.P.Q.2d at 1033.

<sup>115</sup> In *Ferrato v. Castro*, 35 U.S.P.Q.2d 1445 (S.D.N.Y. 1995), the defendant made a collage of several of plaintiff's photographs. The plaintiff voluntarily dismissed her own lawsuit, because she ran out of time and money, so we do not have a court's ruling on whether the defendant's collage was fair use.

<sup>116</sup> 17 U.S.C. § 109(c).

individual ceramic tiles. The ceramic tiles physically incorporated the copyrighted works in a form that could be sold. Perhaps more importantly, sales of the tiles supplanted purchasers' demand for the underlying works. The court held that "[b]y borrowing and mounting the preexisting, copyrighted individual art images without the consent of the copyright proprietors . . . [Albuquerque A.R.T.] has prepared a derivative work and infringed the subject copyrights."<sup>117</sup>

### **Implied License**

3 M. Nimmer & D. Nimmer, *Nimmer on Copyrights* 10.03[A], at 10-37 (1991), states that "[a] nonexclusive license may be granted orally, or may even be implied from conduct." A nonexclusive license may arise by implication where the creator of a work at a defendant's request "hand[s] it over, intending that defendant copy and distribute it."<sup>118</sup> The fact that Mr. MacLean delivered a copy of his software to two Mercer employees "does not of itself convey any rights in the copyrighted work embodied in the object."<sup>119</sup> Delivery of a copy of the creation "is one factor that may be relied upon in determining that an implied license has been granted."<sup>120</sup>

### **Innocent Infringement**

"Copyright proprietors using the prescribed notice will absolutely defeat a defense in an infringement action based on allegedly innocent infringement in mitigation of actual or statutory damages, when urged by a defendant who had access to the noticed copies or phonorecords [see 17 U.S.C. §§ 401(d), 402(d)]. In addition, even during the Berne era, it is useful to affix a U.C.C. copyright notice for protection in the score of nations adhering to the Universal Copyright Convention but not to the Berne Convention."<sup>121</sup>

Nimmer notes that the benefit of notice (in the Berne era) is to establish a bright line rule precluding the "innocent infringer" defense. However, lack of such notice does not give defendants an unconditional right to be considered innocent

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<sup>117</sup> *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.*, 856 F.2d 1341, 1343, 8 U.S.P.Q.2d 1171 (9th Cir. 1988), *cert. denied*, 489 U.S. 1018 (1989).

<sup>118</sup> *Effects Assocs. v. Cohen*, 908 F.2d 555, 558 (9th Cir.1990), *cert. denied*, 111 S.Ct. 1003, 112 L.Ed.2d 1086 (1991).

<sup>119</sup> *MacLean Associates, Inc. v. Mercer-Meidinger-Hansen, Inc.*, 952 F.2d 769, 779 (3rd Cir. 1991) (citing 17 U.S.C.A. § 202 (West 1977)).

<sup>120</sup> *Effects Assocs. v. Cohen*, 908 F.2d 555, 559 n. 6 (9th Cir.1990), *cert. denied*, 111 S.Ct. 1003, 112 L.Ed.2d 1086 (1991).

<sup>121</sup> Nimmer, *NIMMER ON COPYRIGHT*, §7.02[C][3].

infringers and a plaintiff may still establish, as a factual matter, that the defendant acted with a degree of knowledge and hence is not rightfully deemed "innocent".

### **Invalidity**

To prove invalidity of copyright, the alleged infringer must prove that the portion of the copyrighted work actually copied does not satisfy the constitutional requirement of originality as set forth in Article I, Section 8, cl. 3 of the Constitution.<sup>122</sup>

### **Joint Authorship**

"We conclude that the *Whelan* court's analysis is sound. Goodman, in our view, is not a joint author of the payroll programs. She did nothing more than describe the sort of programs Payday wanted S.O.S. to write. A person who merely describes to an author what the commissioned work should do or look like is not a joint author for purposes of the Copyright Act. 17 U.S.C. § 101 defines a "joint work" as a "work prepared by two or more authors." To be an author, one must supply more than mere direction or ideas: one must "translate [ ] an idea into a fixed, tangible expression entitled to copyright protection."<sup>123</sup> The supplier of an idea is no more an "author" of a program than is the supplier of the disk on which the program is stored. Cf. 17 U.S.C. s 102(b) (no copyright protection for ideas); 17 U.S.C. § 202 (copyright distinct from material object in which work is embodied)."<sup>124</sup>

### **Laches**

"The defense of laches requires proof that the party bringing the suit engaged in unreasonable and inexcusable delay that prejudiced the defendant."<sup>125</sup>

### **Publication With Defective Notice**

Section 401 of the Copyright Act specifically provided that "the year date may be omitted where a pictorial, graphic, or sculptural work, with accompanying text matter, if any, is reproduced in or on greeting cards, postcards, stationery, jewelry, dolls, toys, or any useful articles..." Thus, omission of the date

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<sup>122</sup> *Feist*, 499 U.S. at 345-46, 111 S. Ct. at 1287-88 (noting that "[t]he *sine qua non* of copyright is originality", as well as emphasizing that it is a "constitutional requirement").

<sup>123</sup> *Community for Creative Non-Violence v. Reid*, --- U.S. ---, 109 S.Ct. 2166, 2171, 104 L.Ed.2d 811 (1989).

<sup>124</sup> *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1087 (9th Cir. 1989).

<sup>125</sup> *MacLean Associates, Inc. v. Mercer-Meidinger-Hansen, Inc.*, 952 F.2d 769, 780 (3rd Cir. 1991) (citing *Waddell v. Small Tube Prods., Inc.*, 799 F.2d 69, 74 (3d Cir.1986)).

from the copyright notice on the postcards at issue destroyed none of the copyright protection of either the underlying works of art or the postcards.

Publication of posters with missing or defective copyright notices destroyed copyrights in the posters, and perhaps in the original works of art. Art reproductions or posters of artworks are derivative works within the meaning of the Copyright Act. Section 103(b) of the Act provides that "the copyright in [a derivative] work is independent of and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material."

The general rule is that publication of a derivative work constitutes publication of the basic work, and thus failure to affix a proper copyright notice on the reproduction will inject into the public domain the original work as well as the reproduction.<sup>126</sup>

On the other hand, some cases have held that publication of a derivative work with a defective copyright notice does not put the underlying work into the public domain.<sup>127</sup> Nimmer disparages the holding of this case as a general rule. However, Nimmer also cites at least two district courts that also held that photographs of an underlying work did not divest the underlying work itself of copyright protection. The best that can be said is that this area of the law is not settled, and now that notice is no longer required, this issue may not receive much attention by the courts in the future.

Because the United States has acceded to the Berne Convention, copyright "notice is not mandatory for works published on or after March 15, 1989. Copyright protection for these works subsists and persists regardless of the omission (even the continuing omission) of notice."<sup>128</sup> Nimmer makes the same point by observing that "notice is no longer required at publication, and absence of notice will no longer consign a work to the public domain..." 2 *Nimmer* § 7.02[c][3]. Thus, if the artworks contained in the transparencies were published after March 15, 1989, there is no risk that loaning the transparencies to other entities will contribute to the invalidation of the copyrights.

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<sup>126</sup> See Melville B. Nimmer, 1 NIMMER ON COPYRIGHT, § 4.12[A] (1985) and cases cited in his footnote number 8. See also Melville B. Nimmer, 2 NIMMER ON COPYRIGHT, § 7.12[C][2] (1985).

<sup>127</sup> See, e.g., *Rushton v. Vitale*, 218 F.2d 434 (2d Cir. 1955) (holding that published photographs of the copyrighted work that were devoid of notice did not divest the work itself of copyright protection, as long as the work as sold bore a proper copyright notice).

<sup>128</sup> Ginsburg, et. al., COPYRIGHT FOR THE NINETIES, at p. 34.

If the artworks contained in the transparencies were published without proper copyright notice between January 1, 1978 and March 15, 1989, the artworks fell into the public domain if reasonable efforts were not made to affix copyright notice to the works within five years of their publication. This means that any works which were published without proper copyright notice before 1988 have now fallen into the public domain and cannot be retrieved. Works published between 1988 and March 1, 1989 can still be "cured." As *Nimmer* explains,

"Under the current Act as initially passed, to secure copyright protection a work had to bear a valid copyright notice upon publication, but omission of such could be cured by subsequent reasonable efforts to affix notice and registration within five years. If not cured, however, such defectively noticed works were also injected into the public domain, from which there has been no rescue even after passage of the BCIA. Thus, as to all works published anywhere in the world from January 1, 1978 to March 1, 1989, their protectibility hinges on the standards of the 1976 Act before its amendment by the BCIA." 2 *Nimmer* § 7.02[c][2].

If the artworks contained in the transparencies were published before January 1, 1978, publishing them without proper copyright notice would automatically inject them into the public domain:

"Under the 1909 Act, a work had to bear a valid copyright notice upon publication in order to secure copyright protection. Works with defective notice were injected into the public domain immediately upon publication, from which there has been no rescue even after passage of the current Act and the BCIA. Thus, as to all works published anywhere in the world prior to January 1, 1978, protection is gauged under the strictures of the 1909 Act." 2 *Nimmer* § 7.02[c][1].

### **Sovereign Immunity**

The Eleventh Amendment bars copyright lawsuits against state institutions. *Chavez v. Arte Publico Press*, 157 F.3d 282 (5<sup>th</sup> Cir. 1998).

**February 18, 2000:** “We conclude that the CRCA [Copyright Remedy Clarification Act] is, like the PRCA [Patent and Plant Variety Protection Remedy Clarification Act], an improper exercise of Congressional legislative power.” \_\_\_ F.3d \_\_\_ (5<sup>th</sup> Cir. February 18, 2000) (holding that plaintiffs may not sue states (specifically the University of Houston, for trademark and copyright infringement) in federal court without their permission, following the Supreme Court's decisions in *Florida Prepaid Postsecondary Educ. Expense Bd. v. College Savings Bank*, \_\_\_ U.S. \_\_\_, 119 S.Ct. 2199 (1999) and *College Savings Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, \_\_\_ U.S. \_\_\_, 119 S.Ct. 2219 (1999)). See the opinion at <http://www.ca5.uscourts.gov/opinions/pub/93/93-02881-CV1.HTM>

### **Subject Matter Not Copyrightable: 17 U.S.C. § 102**

Telephone directory white pages are not copyrightable.<sup>129</sup> Facts in telephone directory yellow pages are not copyrightable.<sup>130</sup> Maps will probably generally be found to be copyrightable, because they "have an inherent pictorial or photographic nature that merits copyright protection".<sup>131</sup>

### **Work Made For Hire: 17 U.S.C. § 201(b)**

If the work was a "work made for hire", then under 17 U.S.C. § 201(b) the employer, or the person who hired the independent contractor, owns all the copyrights in the work. Under the 1976 Copyright Act (works created on or after January 1, 1978), to qualify as a "work made for hire", the work must fit into one of the two divisions of the statutory definition, found at 17 U.S.C. § 101: work by an employee; or work of the proper type, done under a "work for hire" agreement signed before the work was started. In contrast, under the 1909 Copyright Act (works created before January 1, 1978), an independent contractor could be easily be found to qualify as an “employee”.<sup>132</sup> Thus the Second Circuit in *Playboy Enterprises*<sup>133</sup> held

<sup>129</sup> *Feist Publications, Inc. v. Rural Telephone Service Co.*, 111 S. Ct. 1282 (1991).

<sup>130</sup> *BellSouth Advertising & Pub. Corp. v. Donnelley Information Pub. Inc.*, \_\_\_ F.2d \_\_\_ (11th Cir. 1993).

<sup>131</sup> *Mason v. Montgomery Data, Inc.*, 967 F.2d 135, 143 (5th Cir. 1992) (distinguishing *Feist*). Cf. *Key Publications, Inc. v. Chinatown Today Publishing Enterprises, Inc.*, 945 F.2d 509 (2d Cir. 1991) (compilation copyrightable, but not infringed); *Computer Associates v. Altai, Inc.*, 23 U.S.P.Q.2d 1241 (2d Cir. 1992) (applying *Feist* to reject the *Whelan* "look and feel" test for substantial similarity).

<sup>132</sup> *Brattleboro Publishing Co. v. Winnill Publishing Corp.*, 369 F.2d 565, 567-68, 151 U.S.P.Q. 666 (2d Cir. 1966) (interpreting the 1909 Copyright Act, and stating that an independent contractor is an "employee" and a hiring party an "employer" for purposes of the statute if the work is made at the hiring party's "instance and expense").

<sup>133</sup> *Playboy Enterprises Inc. v. Dumas*, 34 U.S.P.Q.2d 1737, 1744 (2d Cir. 1995) (“[T]he writing requirement of Section 101(2) can be met by a writing executed after the work is created, if the writing confirms a prior

that paintings prepared by an independent contractor for Playboy magazine before January 1, 1978, were “works made for hire”.

**Work by an Employee: 17 U.S.C. § 101(1)**

It is not a foregone conclusion whether someone qualifies as an employee, or whether that person is an independent contractor. Restatement (Second) of Agency § 220(3) (1958) states:

"An independent contractor is a person who contracts with another to do something for him but who is not controlled by the other nor subject to the other's right to control with respect to his physical conduct in the performance of the undertaking. He may or may not be an agent."

In determining whether one acting for another is a servant or an independent contractor, the following matters of fact, among others, are considered:

- (a) the extent of control which, by the agreement, the master may exercise over the details of the work;
- (b) whether or not the one employed is engaged in a distinct occupation or business;
- (c) the kind of occupation, with reference to whether, in the locality, the work is usually done under the direction of the employer or by a specialist without supervision;
- (d) the skill required in the particular occupation;
- (e) whether the employer or the workman supplies the instrumentalities, tools, and the place of work for the person doing the work;
- (f) the length of time for which the person is employed;
- (g) the method of payment, whether by the time or by the job;
- (h) whether or not the work is a part of the regular business of the employer;
- (i) whether or not the parties believe they are creating the relation of master and servant; and
- (j) whether the principal is or is not in business.<sup>134</sup>

"In determining whether a hired party is an employee under the general common law of agency, we consider the hiring party's right to control the manner and means by which the product is accomplished.

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<sup>134</sup> agreement, either explicit or implicit, made before the creation of the work.”). Restatement (Second) of Agency § 220(2) (1958).

Among the other factors relevant to this inquiry are the skill required; the source of the instrumentalities and tools; the location of the work; the duration of the relationship between the parties; whether the hiring party has the right to assign additional projects to the hired party; the extent of the hired party's discretion over when and how long to work; the method of payment; the hired party's role in hiring and paying assistants; whether the work is part of the regular business of the hiring party; whether the hiring party is in business; the provision of employee benefits; and the tax treatment of the hired party."<sup>135</sup>

"The factors should not merely be tallied but should be weighed according to their significance in the case. ...

Some factors, therefore, will often have little or no significance in determining whether a party is an independent contractor or an employee. In contrast, there are some factors that will be significant in virtually every situation. These include: (1) the hiring party's right to control the manner and means of creation; (2) the skill required; (3) the provision of employee benefits; (4) the tax treatment of the hired party; and (5) whether the hiring party has the right to assign additional projects to the hired party. These factors will almost always be relevant and should be given more weight in the analysis, because they will usually be highly probative of the true nature of the employment relationship."<sup>136</sup>

"The record, however, did not establish that Andrien was A & H's employer or that a written agreement existed, and therefore the map was not a work-for-hire."<sup>137</sup>

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<sup>135</sup> *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 751-52, 109 S.Ct. 2166, 2178-79, 104 L.Ed.2d 811 (1989) (footnotes omitted) (holding that sculptor of the sculpture entitled "Third World America" was an independent contractor, rather than an employee, of the association and, thus, the sculpture was not a "work made for hire"). *But cf. Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565, 567-68, 151 U.S.P.Q. 666 (2d Cir. 1966) (interpreting the 1909 Copyright Act, and stating that an independent contractor is an "employee" and a hiring party an "employer" for purposes of the statute if the work is made at the hiring party's "instance and expense"). The Second Circuit followed this precedent 29 years later in *Playboy Enterprises Inc. v. Dumas*, 34 U.S.P.Q.2d 1737, 1744 (2d Cir. 1995), to hold that paintings prepared by an independent contractor for Playboy magazine before January 1, 1978 were "works made for hire".

<sup>136</sup> *Aymes v. Bonelli*, 25 U.S.P.Q.2d 1181, 1184 (2d Cir. 1992) (reversing a finding that a computer program was a work made for hire, and holding that Aymes owns the copyright as author of the program).

<sup>137</sup> *Andrien v. Southern Ocean County Chamber Of Commerce*, 927 F.2d 132, 134, 18 U.S.P.Q.2d 1041 (3rd Cir. 1991) (citing *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 751-52, 109 S.Ct. 2166, 2178-79, 104 L.Ed.2d 811 (1989)).

A computer consultant who creates the program on his own computer at his home is not an employee.<sup>138</sup> An agreement between the parties providing for royalties can “be used to support the position that the parties never believed [the programmer] was the copyright owner and that the parties perhaps assumed that [the programmer] was not entitled to royalties without such an agreement.” And, if the agreement provides that “all agreements between the parties were to end” when the programmer left the company, this “raises the possibility that even if [the programmer] did initially own the copyrights, he may have sold them to [the company] for a royalty stream to end when he stopped working for [the company].”<sup>139</sup>

If a painting is a work made for hire, the copyright in the work is owned by the employer. In this case the employer is free to make changes without the artist's permission, and without regard to the artist's honor or reputation.<sup>140</sup>

### **Work of the Proper Type and Timing: 17 U.S.C. § 101(2)**

#### **Eligible "Works"**

"The language of the statute was not complied with in two regards: (i) architectural drafting does not fall within the nine enumerated categories of activities which may be done by independent contractors "for hire" ... ."141

#### **Time of the Agreement -- Depends on the Circuit**

In the Seventh Circuit, agreements to make works for hire must be signed before a work's creation -- not after.<sup>142</sup> In the Second Circuit, the written agreement can be made and signed after the work's creation. “[T]he writing requirement of Section 101(2) can be met by a writing executed after the work is created, if the writing confirms a prior agreement, either explicit or implicit, made before the creation of the work.”<sup>143</sup>

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<sup>138</sup> *MacLean Associates, Inc. v. Mercer-Meidinger-Hansen, Inc.*, 952 F.2d 769, 777 (3rd Cir. 1991).

<sup>139</sup> *Siebersma v. Vande Berg*, 35 U.S.P.Q.2d 1861, 1862 (8th Cir. 1995) (reversing a partial summary judgment, dissolving a preliminary injunction, and remanding for further proceedings).

<sup>140</sup> *Carter v. Helmsley-Spear Inc.*, 37 U.S.P.Q.2d 1020, 1028 (2nd Cir. 1995) (vacating a permanent injunction prohibiting defendants from removing, modifying, or destroying a sculpture which the plaintiffs/artists had installed in defendants' building).

<sup>141</sup> *M.G.B. Homes, Inc. v. Ameron Homes, Inc.*, 903 F.2d 1486, 1492 (11th Cir. 1990).

<sup>142</sup> *Schiller & Schmidt, Inc. v. Nordisco Corp.*, 969 F.2d 410, 23 U.S.P.Q.2d 1762 (7th Cir. 1992) (Posner, J.) (holding that Section 101(2) requires that a written agreement precede the creation of the work).

<sup>143</sup> *Playboy Enterprises Inc. v. Dumas*, 34 U.S.P.Q.2d 1737, 1744 (2nd Cir. 1995).

## 2. Digital Millennium Copyright Act

Fearful that the ease with which pirates could copy and distribute a copyrightable work in digital form was overwhelming the capacity of conventional copyright enforcement to find and enjoin unlawfully copied material, Congress sought to combat copyright piracy in its earlier stages, before the work was even copied. The Digital Millennium Copyright Act (DMCA) prohibits the circumvention of technological measures (such as encryption and passwords) used to protect copyrighted material. 17 U.S.C. §1201(a)(1)). The clause dealing with circumvention went into effect October 28, 2000, two years after the October 28, 1998, signing of the legislation. Additionally, the DMCA prohibits buying or selling a technology primarily designed to circumvent a digital wall (the “anti-trafficking provisions,” contained in 17 U.S.C. §1201(a)(2), (b)(1)). Also, the DMCA prohibits transmission of copyrighted material that has had “copyright management information” (e.g. author’s name, copyright notice) removed. This provision was effective when the legislation was passed. See 17 U.S.C. §§ 1201-05. When the DMCA is violated willfully and for purposes of profit, felony punishment is permissible.

The DMCA also added § 512 to 17 U.S.C., to limit the liability of ISP’s.

### Gnutella

What about peer-to-peer services that make it easy to copy each other’s music? For example, at one time the old website <http://gnutella.wego.com/> stated:

“Gnutella is a real-time search, peer-based file-sharing client that allows a user running a Gnutella client to search for and download files from other Gnutella users. Gnutella was originally conceived, authored and released by Justin Frankel and Tom Pepper of Nullsoft in March 2000.”

In March 2004, Gnutella was operating at <http://www.gnutella.com>, and stated at <http://www.gnutella.com/news/4210>:

Where did Gnutella come from? The evil-geniuses at Nullsoft (creators of Winamp) first developed the protocol in late 1999. Since Nullsoft had recently been acquired by AOL (soon to be AOL-Time Warner), the problems that would arise remain obvious. Nullsoft basically had to cease using the company’s resources to develop this technology because the record labels saw (and still see) it as a threat to their industry.

However, what the technology really accomplishes is not a threat to any industry; rather, it creates a revamped atmosphere on the Internet, enabling users to share information like never before. To put it simply, Gnutella puts the personal interaction back into the Internet. When you run Gnutella software and connect to the Gnutella Network, you bring with you the information you wanted to make public. And you choose what information to share. You can choose to share nothing; you can choose to share one file, a directory, or your entire hard drive (we do not recommend this option).

One of the major differences between Gnutella and Napster-like software is that those applications are centralized. That means the technology uses central servers where the government agencies can spy on you and infringe on your freedom to search the net.

So Gnutella allows you to search for information anonymously, and it allows you to search for information in a setting that differs from traditional search engines like Yahoo! because unlike search engines like that, the information is not controlled or fed to you. Nothing is pushed at you; you control what you look for.

**Note:** In March, 2007, the Gnutella website had very few posts on it dated since 2006, and one of the discussion threads was "Is Gnutella dying?"

## **Second Circuit**

**2000**

### **S.D.N.Y.**

*UMG Recordings, Inc., et al. v. MP3.com, Inc.*, 92 F.Supp.2d 349 (S.D.N.Y. May 04, 2000). The Recording Industry Association of America ("RIAA") sued My.MP3.com on January 21, 2000, because of the "Beam-It" and "Instant Listening" software services provided by MP3.com that allowed users to insert into their My.Mp3.com Music Manager (i.e. personal locker) copies of CDs they already own.

On May 4, 2000, Judge Rakoff of the District Court in New York, N.Y., granted summary judgment of copyright infringement.

On June 9, 2000, Time Warner and BMG settled with MP3.com, each granting a license to MP3.com. BMG also licensed rights to its music library to MusicBank, a start-up online music storage service. MP3.com issued a joint press release with Time Warner and BMG, stating:

MP3.com allows users to access, manage, and listen to their personal music collection anytime and anywhere in the world, using any web-enabled device or application. MP3.com enables more than 67,000 artists to distribute and promote their music worldwide, while enabling consumers to conveniently access this expanding music catalog. Consumers can search for, listen to, and download music free of charge.

On August 21, 2000, Sony Music settled with MP3.com. UMG Recordings, Inc. (Universal Music Group), the largest record company in the world, had still not settled with MP3.com. Then, on August 23, 2000, the court ruled that the damages should be based on the CD's, and not on the individual songs on the CD's. *UMG Recordings, Inc. v. MP3.COM, Inc.*, 109 F.Supp.2d 223 (S.D.N.Y. Aug 23, 2000). People then speculated that MP3.com would get off easy. However, on September 6, 2000, the court ruled that the damages would be \$25,000 for each CD. *UMG Recordings, Inc. v. MP3.Com, Inc.*, 2000 WL 1262568, 56 U.S.P.Q.2d 1376 (S.D.N.Y. Sep 06, 2000). The speculation then became that MP3.com would soon cease to exist.

2001

*Universal City Studios Inc. v. Corley*, 273 F.3d 429 (2d Cir. 2001) (affirming an injunction prohibiting posting on the Internet, or creating hyperlinks to, DeCSS). “CSS is an encryption scheme that employs an algorithm configured by a set of “keys” to encrypt a DVD's contents. The algorithm is a type of mathematical formula for transforming the contents of the movie file into gibberish; the “keys” are in actuality strings of 0's and 1's that serve as values for the mathematical formula. Decryption in the case of CSS requires a set of “player keys” contained in compliant DVD players, as well as an understanding of the CSS encryption algorithm. Without the player keys and the algorithm, a DVD player cannot access the contents of a DVD. With the player keys and the algorithm, a DVD player can display the movie on a television or a computer screen, but does not give a viewer the ability to use the copy function of the computer to copy the movie or to manipulate the digital content of the DVD.”

“In September 1999, Jon Johansen, a Norwegian teenager, collaborating with two unidentified individuals he met on the Internet, reverse-engineered a licensed DVD player designed to operate on the Microsoft operating system, and culled from it the player keys and other information necessary to decrypt CSS. The record suggests that Johansen was trying to develop a DVD player operable on Linux, an alternative operating system that did not support any licensed DVD players at that time. In order to accomplish this task, Johansen wrote a decryption program executable on Microsoft's operating system. That program was called, appropriately enough, “DeCSS.” If a user runs the DeCSS program (for example, by clicking on the DeCSS icon on a Microsoft operating system platform) with a DVD in the computer's disk drive, DeCSS will decrypt the DVD's CSS protection, allowing the user to copy the DVD's files and place the copy on the user's hard drive. The result is a very large computer file that can be played on a non-CSS-compliant player and copied, manipulated, and transferred just like any other computer file. DeCSS comes complete with a fairly user-friendly interface that helps the user select from among the DVD's files and assign the decrypted file a location on the user's hard drive. The quality of the resulting decrypted movie is “virtually identical” to that of the encrypted movie on the DVD. And the file produced by DeCSS, while large, can be compressed to a manageable size by a compression software called “DivX,” available at no cost on the Internet. This compressed file can be copied onto a DVD, or transferred over the Internet (with some patience).”

The district court entered an injunction, prohibiting posting on the Internet, or creating hyperlinks to, DeCSS. The Second Circuit held that the injunction did not violate the First Amendment right of free speech.

A professor at Carnegie Mellon, Dr. David S. Touretzky, in the Computer Science

Department, has a website devoted to this issue:

<http://www-2.cs.cmu.edu/~dst/DeCSS/Gallery/>.

There he states: “If code that can be directly compiled and executed may be suppressed

under the DMCA, as Judge Kaplan asserts in his preliminary ruling, but a textual description of the same algorithm may not be suppressed, then where exactly should the line be drawn? This web site was created to explore this issue, and point out the absurdity of Judge Kaplan's position that source code can be legally differentiated from other forms of written expression.”

## **Third Circuit**

**2003**

*Bonneville Int’l Corp. v. Peters.*<sup>144</sup> An Association of radio station owners sued the Register of Copyrights, seeking to invalidate a rule promulgated by the Copyright Office excluding simultaneous Internet “streaming” of station broadcasts from statutory exemption of copyright coverage. The Third Circuit held that the statutory exemption of “nonsubscription broadcast transmissions” from digital audio transmission performance copyright coverage implicates only over-the-air radio broadcast transmissions, and does not cover a station’s simultaneous Internet streaming of its AM/FM broadcast signals. The Court reasoned that there are no affirmative grounds to justify expansion of the protections offered by the DPRA into a region about which the DMCA is silent, and stated, “We have already noted that the exemptions the DPRA afforded to radio broadcasters were specifically intended to protect only traditional radio broadcasting, and did not contemplate protecting AM/FM webcasting.”

## **Fourth Circuit**

**2001**

*ALS Scan, Inc. v. RemarQ Communities, Inc.*<sup>145</sup> ALS Scan, Inc., (“ALS”) creates and markets copyrighted “adult” photographs which it makes available online or on CD-ROMs to subscribers for a fee. RemarQ Communities, Inc. (“RemarQ”), an Internet service provider, provides its subscribers with access to newsgroups, two of which contained infringing copies of ALS’s images posted by subscribers to the newsgroups. ALS contacted RemarQ, alleging that through these newsgroups RemarQ had provided access to more than 10,000 images belonging to ALS over a several-month period. ALS demanded the removal of the images, but RemarQ did not comply.

ALS sued RemarQ, alleging violations of the DMCA, as well as unfair competition. The district court granted summary judgment in favor of RemarQ on the ground that ALS failed to comply with the DMCA notice requirements because it did not specifically identify the infringing works in its notice to RemarQ.

The Fourth Circuit reversed and remanded, holding that an ISP which receives “substantial” notice of infringing materials on its system cannot ignore such notice, and still avail

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144 *Bonneville Int’l Corp. v. Peters*, 347 F.3d 485 (3d Cir. 2003) (affirming summary judgment for the Copyright Office).

145 *ALS Scan, Inc. v. RemarQ Communities, Inc.*, 239 F.3d 619 (4th Cir. 2001) (reversing a summary judgment that had been granted summary in favor of RemarQ).

itself of the DMCA's safe harbor for ISP's.

## **Fifth Circuit**

**2007**

*Lisson v. ING Group*<sup>146</sup> The Fifth Circuit stated the facts as follows.

Lisson owns and operates the financial website InsiderVC.com, which serves as a medium for communication and interstate commerce. In September of 2002, Lisson discovered ING employees disrupting traffic on his website by repeatedly entering fraudulent user names and passwords and attempting [\*\*2] to gain access to protected areas of the site. On September 25, he sent a letter to ING asking that it take actions to prevent further disruptive conduct. Two days later, ING Counsel Andrew Druch responded with a letter informing Lisson that ING had made "reasonable efforts" to terminate access to InsiderVC.com through ING technology systems. Despite these efforts, however, Lisson claims that only three days after Druch's letter, ING launched an automated attack against the site.

After ING did not cooperate in a damages assessment, Druch instructed Lisson in a January 2003 letter that if Lisson chose to sue ING, he should serve process on Druch at ING's New York office. On March 10, Lisson filed suit against "ING Groep." Before he could formally serve process to Druch on April 7, however, Lisson received a number of telephone messages from Robert Johnson, ING Groep's counsel at Fulbright Jaworski. Johnson explained that Lisson had filed suit against the wrong corporate entity, as Lisson had inappropriately sued the Dutch parent corporation "ING Groep" instead of the New York-based "ING Financial Holdings Corporation" ("ING Financial") at which Druch was employed. Johnson further claimed [\*\*3] that service against ING Groep was only proper if made at ING Groep's Dutch office. In response to Johnson's message, Lisson dropped his case against ING Groep and filed suit against ING Financial. Three months later, Lisson's case against ING Financial was dismissed.

On November 14, 2005, Lisson filed a new suit against ING Groep and served process to Andrew Druch at ING Financial's New York address. He alleged violations of 17 U.S.C. § 101, et seq. (Copyright Act), 17 U.S.C. § 1201 et seq. (Digital Millennium Copyright Act), 18 U.S.C. § 1030 et seq. (Computer Fraud and Abuse Act), and trespass. ... Despite Lisson's motion to reconsider, the district judge approved the magistrate judge's recommendation and dismissed without prejudice the case on May 11, 2006.<sup>147</sup>

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146 *ALS Scan, Inc. v. RemarQ Communities, Inc.*, 239 F.3d 619 (4th Cir. 2001) (reversing a summary judgment that had been granted summary in favor of RemarQ).

147 *Lisson v. ING Groep N.V.*, 262 Fed. Appx. 567, 569 (5th Cir. 2007).

After a thorough analysis, the Fifth Circuit concluded:

Because service would seemingly have been proper under *Schlunk*<sup>148</sup> if ING Financial is determined to be a domestic subsidiary of ING Groep, and because it is possible that discovery will allow the district court to review evidence as to whether ING Financial is such a subsidiary, we remand this case to the district court for further finding of fact.<sup>149</sup>

## **Ninth Circuit**

**1999**

**N.D. Cal.**

***Sony Computer Entertainment America v. GameMasters***

This case is particularly noteworthy because the judge, in determining whether an injunction should be granted to Sony, declined to weigh the balance of hardships in granting relief to the plaintiff, saying that Sony “is likely to succeed upon its claim that defendants’ sale of the Game Enhancer violates the Digital Millennium Copyright Act. 17 U.S.C. Section 1201”<sup>150</sup> Note that the case was decided in 1999 using §1201, the section that specifically provides that it does not go into effect until October 2000.

**C.D. Cal.**

***Kelly v. Arriba Soft Corp.***<sup>151</sup> Defendant ran a “visual search engine” on the Internet that, unlike most search engines, retrieves thumbnail images of full-size pictures located on indexed websites, rather than textual descriptions. Kelly, a photographer, objected to the appearance of his works as thumbnails on Arriba’s search engine without the copyright information that appears on Kelly’s website.

The court granted summary judgment to Arriba (now doing business as Ditto), ruling that because users of Arriba’s site were informed that copyright restrictions might apply to any images retrieved by the search engine, Arriba had no reason to know that it would cause users to infringe Kelly’s copyrights. Additionally, Kelly failed to show that Arriba intentionally removed the copyright information. Rather, the removal was an unintended byproduct of the search engine’s operation.

**2003**

**D. Hawaii**

***Rossi d/b/a internetmovies.com v. Motion Picture Association of America.***<sup>152</sup> The

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148 *Volkswagenwerk Aktiengesellschaft v. Schlunk*, 486 U.S. 694, 707, 108 S. Ct. 2104, 100 L. Ed. 2d 722 (1988).

149 *Id.* at 570.

150 *Sony Computer Entertainment America v. GameMasters Inc.*, 54 U.S.P.Q.2d 1401, 1409 (N.D. Ca. 1999).

151 *Kelly v. Arriba Soft Corp.*, 53 U.S.P.Q.2d 1361, 1362 (C.D. Ca. 1999).

152 *Rossi d/b/a internetmovies.com v. Motion Picture Association of America Inc.*, No. 02-00239BMK (D. Hawaii 4/20/03).

plaintiff, Michael J. Rossi of Maui, operated a website internetmovies.com. The MPAA sent a take-down notice under the DMCA to Rossi's web-hosting service provider. Rossi then sued the MPAA, claiming that the MPAA wrongfully sent the notice without proper investigation. Rossi claimed that the site did not make unauthorized copies of copyrighted works available for download. However, the site contained 1) statements such as "Join to download full length movies online now! New movies every month" and "Full Length Downloadable Movies," and 2) artwork from movies in which MPAA members held copyrights. The court found that the notice was justified, and noted that 1) Section 512(c)(3)(A)(v) of the statute requires only that the copyright holder has a "good faith belief" of infringement, and 2) the DMCA sets no requirement of investigation.

## 2004

*Ellison v. Robertson*.<sup>153</sup> The owner of copyrighted works sued for copyright infringement against an Internet service provider which allowed a third party to post several of the owner's short stories on the network. In order for a provider to be eligible for DMCA's safe-harbor provisions, providers must implement a policy that provides for the termination of service access for repeat copyright infringers in appropriate circumstances and must inform subscribers of that policy. In this case, the Internet service provider did post a brief summary of its policy as to repeat infringers, but it changed the e-mail address to which infringement notifications were to be sent, and failed to forward messages sent to the old address or notify the senders that the old address was inactive. The court stated this inaction which allowed notices of potential copyright infringement to go completely unheeded was sufficient for a reasonable jury to conclude that the provider had not reasonably implemented its policy against repeat offenders.

The Court also determined that the provider's storage of the infringer's posts on its servers for fourteen days constituted "intermediate" and "transient" storage that was not "maintained on system or network...for a longer period than is reasonably necessary for the transmission, routing, or provision of connections," within the meaning of DMCA's safe-harbor provisions. The Court affirmed the district court's holdings as to vicarious and contributory infringement, but remanded, finding that there were "triable issues of material fact concerning whether AOL meets the threshold requirements, set forth in § 512(i), to assert the safe harbor limitations of liability of §§ 512(a-d)."

## D.C. Circuit

### 2003

*Recording Industry Ass'n of America Inc. v. Verizon*.<sup>154</sup> The D.C. Circuit denied a request for a stay pending appeal of an order by the U.S. District Court for the District of

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153 *Ellison v. Robertson*, 357 F.3d 1072 (9th Cir. 2004) (affirming in part a summary judgment for the ISP, reversing in part, and remanding).

154 *Recording Industry Ass'n of America Inc. v. Verizon Internet Services Inc.*, Nos. 03-7015, 03-7053 (D.C. Cir. 6/4/03).

Columbia requiring Verizon, as an Internet service provider, to disclose information about users to the RIAA, which was seeking to enforce a subpoena under the authority of the DMCA.

The RIAA served Verizon with two subpoenas pursuant to the subpoena provision of the DMCA, seeking the identity of two ISP subscribers whom it believed were infringing its members' copyrights by trading large numbers of digital files of copyrighted music using file sharing programs (such as P2P). The D.C. Circuit determined that a subpoena may be issued to only an ISP that is engaged in storing copyright infringing material on its servers. The statute does not authorize the issuance of subpoenas to an ISP that merely transmits infringing material, but does not store any such material on its servers. Because Verizon does not store the material on its servers, the D.C. Circuit vacated the district court's order enforcing the subpoena.<sup>155</sup>

## Federal Circuit

2004

*The Chamberlain Group v. Skylink Technologies.*<sup>156</sup> Under the DMCA, a charge of trafficking in a device that circumvents technology and provides "access" to a copyrighted work requires proof that the access was unauthorized. The DMCA prohibits only those forms of access that reasonably relate to copyright protections that are otherwise available. The statute defines "circumvent" as a set of acts taken "without the authority of the copyright owner." DMCA liability under 17 U.S.C. §1201(a)(2) requires proof of unauthorized access as part of the plaintiff's case in chief. Congress could not have intended that merely accessing copyrighted software would be a per se violation of the DMCA's anti-circumvention provision. "Nothing in this section shall affect rights, remedies, limitations, or defenses to copyright infringement, including fair use, under this title." 17 U.S.C. §1201(c)(1). The Court stated:

Under Chamberlain's proposed construction, explicated at oral argument, disabling a burglar alarm to gain "access" to a home containing copyrighted books, music, art, and periodicals would violate the DMCA; anyone who did so would unquestionably have "circumvent[ed] a technological measure that effectively controls access to a work protected under [the Copyright Act]." ...

In a similar vein, Chamberlain's proposed construction would allow any manufacturer of any product to add a single copyrighted sentence or software fragment to its product, wrap the copyrighted material in a trivial "encryption" scheme, and thereby gain the right to restrict consumers' rights to use its products in conjunction with competing products.

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155 *Recording Industry Ass'n of America Inc. v. Verizon Internet Services, Inc.*, 351 F.3d 1229 (D.C. Cir. 2003) (reversing and remanding to vacate an order enforcing a subpoena, and to grant a motion to quash another subpoena).

156 *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178 (Fed. Cir. 2004).

In other words, Chamberlain’s construction of the DMCA would allow virtually any company to attempt to leverage its sales into aftermarket monopolies—a practice that both the antitrust laws ... and the doctrine of copyright misuse ... normally prohibit.<sup>157</sup>

### 3. Temporary Restraining Orders

Copyright law provides for an injunction under such terms as the court finds reasonable. The Fifth Circuit criteria for an injunction are the same as listed above for trademarks.

**Relevant statute:** 17 U.S.C. § 502 provides for injunction when copyright infringement is occurring. Rule 65(b), Fed. R. Civ. P provides for a temporary restraining order (TRO) when “immediate and irreparable injury loss or damage will result to the applicant before the adverse party or that party’s attorney can be heard in opposition.”

### 4. Search and Seizure

17 U.S.C. § 503 permits impounding of infringing materials under such terms as the court finds reasonable. There is a split of authority regarding whether *ex parte* search and seizures are allowed automatically. In 1909, the Supreme Court promulgated the Copyright Rules, most of which to this day have not been specifically repealed or supplanted. The Copyright Rules of 1909 provide explicitly for automatic *ex parte* search and seizure. Some courts have maintained that *ex parte* seizures should not be automatic upon plaintiff’s application. Instead, they allow them when “defendant’s whereabouts are unknown or notice would be pointless because of the target’s history of secreting evidence or ignoring court orders.”<sup>158</sup>

**Relevant statute:** 17 U.S.C. § 503. *See also* Copyright Rules, 214 U.S. 533 (1909).

#### ***Paramount Pictures v. Doe* (E.D. N.Y. 1993)**

Paramount applied for an *ex parte* seizure to impound infringing videotape copies of its movies. The court, in denying the motion, said that “the procedure for impoundment under the Copyright Rules ... is constitutionally infirm in multiple respects.”<sup>159</sup>

The court noted that the rules do not require a plaintiff to prove that his infringement case has merit, and permits the court no discretion to deny application or hold a postseizure hearing to weigh the appropriateness of the seizure. Instead of employing the questionable Copyright Rules, some courts have applied Rule 65 of the Federal Rules of Civil Procedure to *ex parte* applications, justified by the discretion allowed under 17 U.S.C. § 503. *Id.*

## B. U.S. Attorney’s Office - Parallel Criminal Prosecution

### 1. Prosecution for Willful Infringement for Financial Gain

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<sup>157</sup> *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1201 (Fed. Cir. 2004).

<sup>158</sup> *4 Nimmer on Copyright*, §14.07 (1999).

<sup>159</sup> *Paramount Pictures Corp. v. Doe*, 27 U.S.P.Q.2d 1594, 1598 (E.D. N.Y. 1993).

The copyright statutes provide for several separate criminal sanctions. 17 U.S.C. § 506(a)(1) imposes criminal penalties on certain acts of copyright infringement, and carries the most severe penalties of any Title 17 offense. Section 506(a) references 18 U.S.C. § 2319, which contains specific penalties and additional criminal elements. Section 506 also provides lesser criminal sanctions for conduct which does not constitute copyright infringement but which nonetheless undermines the integrity of the copyright system. *See* 17 U.S.C. § 506(c)-(e).

A person who has 1) willfully infringed a copyright 2) for purposes of commercial advantage or private financial gain is subject to criminal fines and imprisonment. A defendant found guilty of a misdemeanor violation can be sentenced to up to one year imprisonment and fined up to \$100,000. *See* 18 U.S.C. §§ 2319(b)(3); 3571(b)(5). A misdemeanor violation occurs if the defendant violated rights other than those of reproduction or distribution, if he made or distributed fewer than the requisite number of copies, or if the copies did not meet the statutory minimum value, so long as the other elements of 17 U.S.C. § 506(a) are satisfied.

If more than 10 copies have been distributed within 180 days, and the combined retail value is greater than \$2,500, the crime rises to the level of a felony. Because 18 U.S.C. § 3571 increases potential penalties for certain categories of offenders, it is necessary to consult both §§2319 and 3571 in order to determine the maximum fine.

“Willful” infringement requires that “the act was committed by a defendant voluntarily, with knowledge that it was prohibited by law, and with the purpose of violating the law, and not by mistake, accident or in good faith.”<sup>160</sup>

The part of the law that requires “purposes of commercial advantage or private financial gain” means merely that the defendant engage in the infringing conduct with the hope or expectation of profit.<sup>161</sup>

Finally, it is unnecessary to demonstrate that an allegedly infringing article is identical to the original work in all respects.<sup>162</sup>

**Relevant statutes:** 17 U.S.C. § 506(a)(1), 18 U.S.C. §§ 2319(b) and 3571

## 2. Prosecution for Mere Willful Infringement

The No Electronic Theft (NET) Act became law on December 16, 1997. Most significantly, it changed the law to create a cause of action against those who pirated copyrighted materials, regardless of whether they sought a profit from their actions. This change addressed the increasing number of computer users copying software and other material without thought of monetary gain, but merely out of a desire to distribute the material to other users. The NET Act provides for punishment when a person has willfully produced or distributed one or more illegal copies, with a total retail value of more than \$1,000. If more than 10 copies have been distributed within 180 days, and the combined retail value is greater than \$2500, the crime rises to the level of a felony.

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160 *United States v. Cross*, 816 F.2d 297, 300 (7th Cir. 1987). *See also United States v. Manzer*, 69 F.3d 222, 227 (8th Cir. 1995) (evidence that the copyrighted material bore a copyright notice was sufficient to put defendant on notice, and “refute a defense based on innocent infringement”).

161 *See, e.g., United States v. Cross*, 816 F.2d 297, 301 (7th Cir. 1987), *United States v. Shabazz*, 724 F.2d 1536, 1540 (11th Cir. 1984), *United States v. Wise*, 550 F.2d 1180, 1195 (9th Cir.), *cert. denied*, 434 U.S. 929 (1977).

162 *See United States v. O'Reilly*, 794 F.2d 613, 615 (11th Cir. 1986).

**Relevant Statutes:** 17 U.S.C. § 506(a)(2), 18 U.S.C. § 2319(c)

**Website:** <http://www.usdoj.gov/criminal/cybercrime/ip.html>

***Jeffrey Gerard Levy (August, 1999)***

Levy, a 22 year old University of Oregon senior, was the first to be convicted under the NET Act, on August 20, 1999. He pled guilty to illegally posting computer software programs, musical recordings, entertainment software programs, and digitally-recorded movies on his Internet web site. His school had notified police that numerous users were downloading material from Levy's site. The FBI and Oregon State Police investigated and found numerous illegal copies of software, movies and music available for download on the site. On November 23, 1999, the judge sentenced Levy to a two year period of probation with conditions.

See the DOJ's web page at <http://www.usdoj.gov/criminal/cybercrime/ip.html#net>.

***Eric John Thornton (December 22, 1999)***

On December 22, 1999, Mr. Thornton pled guilty to criminal copyright infringement. Mr. Thornton faced up to one year in jail and a fine of up to \$100,000.00. He was scheduled to be sentenced on March 3, 2000. At his hearing, Mr. Thornton admitted that he maintained a website located at [www.nopatience.com](http://www.nopatience.com) called "No Patience," at which he made available for download illegal copies of copyrighted software. Mr. Thornton further admitted that between February 5 and March 26, 1999, a confidential source downloaded onto a hard drive 20 copyrighted software applications found at [www.nopatience.com](http://www.nopatience.com) which had a retail value of \$9,638. As a part of the plea agreement in this case, Mr. Thornton agreed to maintain for 18 months his website through which the software was pirated. He agreed that his website will carry a message which says that Mr. Thornton ran the website, that he was confronted by FBI agents, that he has been convicted of federal criminal copyright infringement, and that his computer has been seized. Here's what you find on his website:

Holy Handcuffs, Batman!!!

All you WaReZ ToadZ out there need to read this.

I have been contributing to the WaReZ scene for some time. OK! OK! I guess I knew it was illegal - but hell, everyone was doing it.

One day, I was minding my own business at home when I heard a knock on my door. When I opened it, I was staring at gold badges being held by two FBI agents. They explained to me that I had been committing federal copyright infringement. They had been investigating my website with the assistance of the Business Software Alliance. They had even seized evidence from my ISP. Since I was facing a very serious felony charge I came clean with them. I was charged and now have a federal conviction.

I didn't think anyone cared about WaReZ distribution on the Internet. Boy! Was I wrong!

### **3. DMCA Punishment**

When the Digital Millennium Copyright Act (DMCA, discussed above) is violated willfully and for purposes of profit, felony punishment is permissible. See Appendix 8, §1204 of the Digital Millennium Copyright Act.

**Relevant statute:** 17 U.S.C. § 1204

#### **4. Money Laundering and RICO**

Copyright infringement under 18 U.S.C. § 2319 constitutes “specified unlawful activity” under the money laundering statute, 18 U.S.C. § 1956. Thus, proceeds earned by a defendant from copyright infringement form the basis for a charge of money laundering. The penalties for a violation of § 1956 are substantially greater than for a copyright violation. A violation of § 1956 carries maximum potential of a twenty-year prison sentence and a fine of \$500,000 or twice the amount involved in the transaction. There is also a civil penalty of not more than \$10,000 or the value of the funds involved in the transaction, whichever is greater.

The Anticounterfeiting Consumer Protection Act of 1996 amended 18 U.S.C. § 1961 to include § 2319 within the definition of “racketeering activity”. A violation of RICO carries a maximum penalty of twenty years imprisonment and includes a possible fine of “twice the gross profits or other proceeds” of the racketeering activity. 18 U.S.C. § 1963. The DOJ strongly recommends that “prosecutors consider charging money laundering and a RICO violation in connection with a serious violation of 18 U.S.C. § 2319”.

**Relevant statutes:** 18 U.S.C. §§ 1956 and 1961

#### **C. U.S. Customs Office**

The Customs Service has the authority to make determinations of trademark and copyright infringement when goods enter the U.S., and has the powers of search, seizure and arrest. A registered copyright may be recorded with Customs, along with an additional certificate of copyright registration and five likenesses on letter-size paper of the work. A bond may be required to proceed with seizure. Recordation costs \$190, and enables any Customs field office to access a database of information about the copyright. Even without recordation, Customs has the authority to enforce any federally registered copyright on its own accord.

**Relevant statute:** 17 U.S.C. §603, 19 C.F.R. §§133.32,133.33

**Website:** <http://www.customs.ustreas.gov/impoexpo/impoexpo.htm>

Customs states: “There has been a steady increase in the yearly estimated value of IPR seizures. Fiscal year 1999 marked the highest estimated domestic value for IPR seizures yet, exceeding 98 Million dollars, an increase of more than 29% over fiscal year 1998.” The four countries from which the most illegal items were imported in 1999 (and the largest group of offending items), were Taiwan (\$33,625,893 of just “media”), China (\$4,364,282 of just “computers/parts”), Singapore (\$1,352,007 of just “media”), and Korea (\$1,214,997 of just “wearing apparel”).

# Appendix 1: Trademark Complaint

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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF TEXAS

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GALLERIA, INC.,

Plaintiff,

*versus*

MICHAEL BREVIK, dba  
GALLERIA HOTEL ROOM ESCORTS

Defendant.

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Civil Action No. H-99-1012

## PLAINTIFF'S ORIGINAL COMPLAINT

Plaintiff Galleria, Inc. files this suit for unfair competition, trademark and service mark infringement, and dilution against Michael Brevik, dba Galleria Hotel Room Escorts.

The court has jurisdiction over the subject matter of this action under 15 U.S.C. § 1121, 28 U.S.C. § 1338(b), and the doctrine of pendent jurisdiction.

Plaintiff and its predecessors have used the mark "GALLERIA" in connection with the management, operation, rental, and promotion of space in a commercial real estate multi-use development that includes a retail shopping mall, hotels, restaurants, and office buildings, since at least as early as 1970 in Houston, Texas, (the "Houston Galleria") and since at least as early as 1982, in Dallas, Texas (the "Dallas Galleria"). Since 1977, plaintiff and its predecessors have licensed the Westin Hotel company to use "Galleria" in connection with hotel services.

Plaintiff, through its licensees, has offered for sale to the public various goods, including T-shirts, postcards, and shopping bags, which bear the mark "GALLERIA".

The name "GALLERIA" has acquired widespread fame and public recognition in the Houston and Dallas areas and elsewhere as designating plaintiff's products and services.

On November 1, 1972, plaintiff's predecessor registered the mark "theGalleria" as a service mark with the State of Texas under Registration No. 30119 for rental and promotional services relative to business space in a commercial development.

Effective January 1, 1981, that registration and all of the rights to the term "GALLERIA" were assigned to plaintiff. The registration was renewed in 1992, and it is presently in force.

In addition, in 1995 plaintiff obtained Texas Registration Nos. 55150 to 55154 for "GALLERIA", for various products and services. These are set forth in the following table.

<b>MARK</b>	<b>STATE</b>	<b>IDENTIFICATION OF GOODS &amp; SERVICES</b>	<b>REG. NUMBER</b>	<b>REG. DATE</b>
theGalleria	Texas	Rental and promotional services relative to business space in a commercial development	30,119	Nov. 2, 1992
GALLERIA	Texas	Writing instruments, namely, pens and pencils; paper articles, namely, shopping bags and newsletters	55,150	Dec. 4, 1995
GALLERIA	Texas	Clothing, namely hats and t-shirts	55,151	Dec. 4, 1995
GALLERIA	Texas	Restaurant services and valet parking	55,152	Dec. 4, 1995
GALLERIA	Texas	Shopping mall services, and leasing and management of a multi-use development, namely, Leasing and management of a place that includes a hotel, restaurants, a bank, office space, movie theaters and retail stores	55,153	Dec. 4, 1995
GALLERIA	Texas	Plastic goods, namely water bottles	55,154	Dec. 4, 1995

Although defendant is not in any way affiliated with plaintiff, defendant has been using the term “GALLERIA” in commerce.

Defendant's unauthorized use of the term “GALLERIA” as part of the trade name and service mark for his business is likely to cause confusion as to defendant's affiliation a) with plaintiff or b) with plaintiff's multi-use developments.

Defendant's unauthorized use of the term “GALLERIA” constitutes the use of a misleading representation, or false advertising, in violation of 15 U.S.C. § 1125(a). Unless enjoined, defendant will continue his unauthorized use of “GALLERIA”, resulting in a continuing likelihood of confusion and irreparable injury to plaintiff, for which plaintiff has no adequate remedy at law.

Defendant’s actions, as alleged above, constitute injury to and dilution of plaintiff's trade name, trademarks, and service marks under 15 U.S.C. § 1125(c). Unless enjoined, defendant will continue his infringing activities, resulting in irreparable injury to plaintiff, for which plaintiff has no adequate remedy at law.

Defendant’s actions, as alleged above, constitute injury to and dilution of plaintiff's trade name, trademarks, and service marks under § 16.29 of the Texas Business & Commerce Code. Unless enjoined, defendant will continue his infringing activities, resulting in irreparable injury to plaintiff, for which plaintiff has no adequate remedy at law.

Defendant’s actions as alleged above constitute common law trademark infringement and unfair competition under Texas law. Unless enjoined, defendant will continue his infringing activities,

resulting in irreparable injury to plaintiff, for which plaintiff has no adequate remedy at law. Plaintiff is entitled to recover its damages, costs of suit, and punitive damages. Defendant's continued infringement of plaintiff's rights is willful and deliberate. Plaintiff is entitled to recover its damages, defendant's profits, trebling of all damages and profits awarded, costs of suit, and attorneys' fees.

**Prayer for Relief**

Plaintiff prays for the following relief:

That defendant and his agents, servants, and employees, and all others in concert or participation with them, be enjoined from using the name "GALLERIA" as a part of defendant's trade name or in any other manner in connection with defendant's business in Texas;

That defendant be ordered, pursuant to 15 U.S.C. § 1118, to deliver up for destruction all literature, signs, labels, prints, packages, wrappers, containers, advertising materials, stationery, and any other items in his possession or control which contain the infringing designation "GALLERIA", either alone or in combination with other words or symbols, and that defendant be ordered to deliver up for destruction all plates, molds, matrices, masters, and other means of making any of the infringing items;

That defendant be ordered to file with the court and to serve on plaintiff, within thirty (30) days after the entry of an injunction, a report in writing under oath setting forth in detail the manner and form in which defendant has complied with the injunction;

That plaintiff recover from defendant its damages, defendant's profits, trebling of all damages and profits awarded, punitive damages, costs of suit, and reasonable attorneys' fees;

That plaintiff recover from defendant prejudgment and postjudgment interest at the applicable rates on all amounts awarded herein; and

That plaintiff have such further relief to which it may be entitled.

Respectfully submitted,

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GALLERIA, INC.,

Plaintiff,

*versus*

RAY COURTEMANCHE, SHAWNEE  
COURTEMANCHE, and CHRIS WYATT,

Defendants.

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Civil Action H-99-2382

**Application for Issuance of a Temporary Restraining Order  
and a Preliminary Injunction**

Plaintiff Galleria, Inc. (“Galleria”) requests a temporary restraining order (“TRO”) and a preliminary injunction against Ray Courtemanche, Shawnee Courtemanche, and Chris Wyatt (collectively, “defendants”).

**Background Facts**

Defendants operate a web page with a domain name “houstongalleria.com”, and also put “HoustonGalleria.Com” as a large title on their web page. Galleria has written to defendants twice, asking them to stop using the “Galleria” name. Defendants have refused to comply. Therefore, on July 26, 1999, Galleria filed a complaint in this Court for unfair competition, trademark infringement, service mark infringement, and dilution, against Ray Courtemanche, Shawnee Courtemanche, and Chris Wyatt.

In response to Galleria’s letters to defendants, asking them to stop using the “Galleria” name, defendants now falsely state on their web page that Galleria wants “us to just sign over this wonderful site that we have worked so hard to develop FOR FREE”, and are encouraging people to click on defendants’ page, for an easy e-mail link to send a protest to Galleria. See the declaration of Ms. Nicole Pepper, attached as Exhibit A.

Plaintiff has received e-mails in response to defendants’ defamatory language, thus indicating that defendants’ defamatory language is harming the good will of Galleria. Furthermore, the unwarranted e-mails are interfering with Galleria’s business operations. See the declaration of Ms. Kim Jagger, attached as Exhibit B.

Galleria has spent considerable time, effort, and money to develop good will in Houston, in Texas, nationwide, and even in foreign countries. These efforts have included numerous forms of advertisements in various media.

### **Galleria Meets the Four Criteria for the Granting of a TRO or a Preliminary Injunction**

The four criteria for granting a TRO or a preliminary injunction are “(1) irreparable injury, (2) substantial likelihood of success on the merits, (3) favorable balance of hardships, and (4) no adverse effect on the public interest”. *Black Fire Fighters Association of Dallas v. City of Dallas*, 905 F.2d 63, 65 (5<sup>th</sup> Cir. 1990) (and cases there cited).

### **Defendants' Use of “Galleria” Creates a Substantial Threat of Irreparable Injury**

The threat is substantial. Likelihood of confusion, due to the use of a confusingly similar mark, by its very nature causes irreparable harm. *Chemlawn Services Corp. v. GNC Pumps, Inc.*, 690 F.Supp. 1560, 1569 (S.D. Tex. 1988), *aff'd*, 856 F.2d 202 (Fed. Cir. 1988); *Home Savings of America v. Home Savings Ass'n*, 219 U.S.P.Q. 157, 159 (S.D. Tex. 1982). A second kind of irreparable injury is the erosion of the identification of the “GALLERIA” service mark with Galleria. *Geo. Washington Mint, Inc. v. Washington Mint, Inc.*, 349 F.Supp. 255, 263 (S.D.N.Y. 1972) (“Attrition of the aura of exclusivity ... to plaintiff's good will” is irreparable injury.). If defendants are allowed to continue to use Galleria's “GALLERIA” service mark, Galleria will lose a valuable asset. Casual web surfers may think that defendants are somehow connected with Galleria, or may decide that anyone may use the “GALLERIA” name. A third kind of irreparable injury is related to the fact that Galleria cannot control the quality of the defendants' services and goods that are being associated with its mark. *American Rice, Inc. v. Arkansas Rice Growers Co-op. Ass'n.*, 532 F.Supp. 1376, 1389 (S.D. Tex. 1982), *aff'd*, 701 F.2d 408 (5<sup>th</sup> Cir. 1983); *Joy Manufacturing Co. v. CGM Valve & Gauge Co., Inc.*, 730 F. Supp. 1387, 1394 (S.D. Tex. 1989). This lack of control constitutes irreparable injury, regardless of the actual quality of the defendants' goods or services, because Galleria can no longer control its own reputation and goodwill, or how the public perceives its mark. *Id.* The attached e-mails (*See Exhibit C*) show that defendants' actions have already caused some loss of good will.

### **Galleria Will Most Likely Succeed at the Trial on the Merits**

Galleria is the owner of the “GALLERIA” service marks and trademarks by virtue of its use, prior to any use by the defendants, in this market area. *Union National Bank of Texas, Laredo, Texas v. Union National Bank of Texas, Austin, Texas*, 909 F.2d 839, 842 (5<sup>th</sup> Cir. 1990). Copies of Galleria's Texas and federal trademark registrations are attached as Exhibit D. These registrations are prima facie evidence of the validity of the trademarks and service marks, and of the facts recited in the registrations.

Defendants' unauthorized use of the “GALLERIA” marks is likely to cause, and will cause, confusion, in violation of federal trademark law, 15 U.S.C. § 1125(a). “[T]he gravamen for any action of trademark infringement or common law unfair competition is whether the challenged mark is likely to cause confusion.” *Marathon Mfg. Co. v. Enerlite Prod. Co.*, 767 F.2d 214, 217 (5<sup>th</sup> Cir. 1985).

Confusion is likely because (1) defendants are using the name “GALLERIA”, which is identical to Galleria's service mark and trademarks, and (2) some people who use defendants' web page also shop at the Galleria, as shown by the e-mails in Exhibit C. Further, it is likely that defendants intentionally copied Galleria's marks. The intent of defendants in adopting their mark

is a critical factor, because if the mark was adopted with the intent of deriving benefit from the reputation of the plaintiff, there is an inference that the marks are confusingly similar. See *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 704 (5<sup>th</sup> Cir. 1981); *Amstar Corporation v. Domino's Pizza, Inc.*, 615 F.2d 252, 263 (5<sup>th</sup> Cir. 1980).

One might argue that astute web surfers would not be confused. However, in the area of trademarks and service marks, the law “protects not only the intelligent, the experienced, and the astute. It safeguards from deception also the ignorant, the inexperienced, and the gullible.” *Stork Restaurant, Inc. v. Sahati*, 166 F.2d 348, 359 (9<sup>th</sup> Cir. 1948). “A showing of likelihood of confusion as to source or sponsorship establishes the requisite likelihood of success on the merits as well as risk of irreparable harm.” *Chemlawn Services Corp. v. GNC Pumps, Inc.*, 690 F.Supp. 1560, 1569 (S.D. Tex. 1988), *aff'd*, 856 F.2d 202 (Fed. Cir. 1988).

Defendants’ unauthorized use of Galleria's “GALLERIA” service marks and trademarks is injuring, and will continue to injure, Galleria's business reputation, and is diluting, and will continue to dilute, the distinctive quality of Galleria's “GALLERIA” service marks and trademarks, in violation of Tex. Bus. & Com. Code § 16.29. Furthermore, defendants’ unauthorized use also constitutes unfair competition and service mark infringement in violation of Texas common law.

**The Threatened Injury Outweighs Any Potential  
Harm That a TRO and a Preliminary Injunction  
May Cause the Defendants**

Galleria is not asking this Court to enjoin defendants from having a web page, nor is Galleria asking the court to transfer the “houstongalleria.com” domain name to Galleria. Galleria is asking for only two restrictions. First, Galleria requests that the defendants not use “GALLERIA” as part of any name, domain name, or mark. Any potential harm that such a restriction would cause the defendants is minuscule or non-existent, because they offer services unrelated to the “Houston Galleria” name, they have not used that name until they recently started their web page, and they have no real need to use it now. The TRO that Galleria requests will not prevent the defendants from having a web page, but only from using Galleria’s marks in connection with defendants' web page.

Second, Galleria requests that the defendants either not discuss Galleria’s claims against them on their web page, or else accurately state Galleria’s claims against them. Defendants have already harmed Galleria’s good will by false statements, and are likely to do it again, unless this Court enjoins them from doing so.

**The Granting of a TRO and a Preliminary Injunction  
Will Not Disserve the Public Interest**

The granting of the requested TRO and preliminary injunction will serve the public interest, primarily because one of the main goals “. . . of the law governing trademark infringement and unfair competition is to protect the public from confusion and deceit.” *Universal City Studios, Inc. and Merchandising Corp. of America, Inc. v. Kamar Industries, Inc. dba Southwest Industries, Inc.*, 1982 U.S. Dist. LEXIS 15942, \*17, 217 U.S.P.Q. 1162 (S.D. Tex 1982). As the Fifth Circuit noted in *Falcon Rice Mills*, “[t]he trademark laws exist not to 'protect' trademarks but . . . to protect the consuming public from confusion, concomitantly protecting the trademark owner's rights to a nonconfused public. By ensuring correct

information in the market place, the laws reduce losses caused by misunderstanding and deceit and thus permit consumers and merchants to maximize their own welfare confident that the information presented is truthful.” *Falcon Rice Mill, Inc. v. Community Rice Mill, Inc.*, 725 F.2d 336, 348 (5<sup>th</sup> Cir. 1984)(citation omitted). The defendants’ use of the name “GALLERIA” in connection with their web page can be only for the purpose of getting a free ride off the fame of the Houston Galleria, resulting in confusion of the public, and misappropriation of Galleria’s good will.

### **CONCLUSION**

To preserve the status quo for the trial on the merits, Galleria requests the court to grant a temporary restraining order and a preliminary injunction, enjoining defendants from using any form of “Galleria” in connection with defendants’ web page, or any other business of defendants, and enjoining them from discussing Galleria’s claims against them on their web page, or else accurately stating Galleria’s claims against them.

Respectfully submitted,

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GALLERIA, INC.,

Plaintiff,

*versus*

RAY COURTEMANCHE, SHAWNEE  
COURTEMANCHE, and CHRIS WYATT,

Defendants.

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§  
§

Civil Action H-99-2382

**Declaration of Kim Jagger**

I am employed by the Hines company as a project manager.

We received the following amounts of negative e-mails from people responding to the notice posted on the "HoustonGalleria.com" web page:

July 29	2
July 30	1
July 31	6
August 1	10
August 2	3

These e-mails demonstrate that the defendants' web site is harming the reputation of the Galleria.

Reading and responding to these e-mails disrupts the normal business operations of the Hines company.

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 3, 1999.

Kim Jagger

GALLERIA, INC.,

Plaintiff,

*versus*

RAY COURTEMANCHE, SHAWNEE  
COURTEMANCHE, and CHRIS WYATT,

Defendants.

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Civil Action H-99-2382

**Declaration of Nicole Peffer**

I am an attorney, licensed by the State of Texas, and employed by the firm of Haynes and Boone, L.L.P.

I assist the plaintiff in pursuing unauthorized uses of its “GALLERIA” marks.

The attached two letters are copies of letters that I sent to defendants, asking them to stop using the “GALLERIA” mark.

The attached two pages were printed from defendants’ web site. As can be seen on those pages, defendants now falsely state on their web page that Galleria wants “us to just sign over this wonderful site that we have worked so hard to develop FOR FREE”. Defendants are encouraging people to click on defendants’ page, for an easy e-mail link to send a protest to Galleria.

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 3, 1999.

Nicole Peffer

## Appendix 2: Trademark Notice of Opposition

### IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Derek Jamol McAllister	§	CANCELLATION NO.:
	§	
Petitioner,	§	
	§	
v.	§	Application Serial No. 75-836899
	§	Filed On: November 1, 1999
Erica Harrison	§	Mark: EVIL
	§	Published in <i>Official Gazette (Trademarks)</i>
Respondent.	§	on July 4, 2000

#### NOTICE OF OPPOSITION

15 U.S.C. § 1063

Petitioner, Derek Jamol McAllister (“Our Client”) located and doing business at 320 Liberty Street, Apt. 73, Little Ferry, New Jersey 07643 , believes that he is or will be damaged by Application Serial No. 75-836899, if registered to Erica Harrison for the mark EVIL (in International Class 41) for musical sound recordings, namely records, tapes and compact discs; and music videos. Our Client opposes this registration for at least the following reasons:

1. Our Client has been using the mark “EVIL MINDS”, which is substantially similar to Harrison’s proposed mark, since December 24, 1996.
2. Our Client has registration no 2,134,890 for his mark “EVIL MINDS”, for entertainment services in the form of live performances by a musical group.
3. Our Client’s continued and legal use of his mark “EVIL MINDS” would be impaired by the registration of Harrison’s “EVIL” mark.

Therefore, Our Client requests that Application Serial No. 75-836899 be cancelled, and this Opposition be sustained.

Respectfully submitted,

## **Appendix 3: Trademark Petition to Cancel**

### **IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

Input/Output, Inc.	§	CANCELLATION NO.:
Petitioner,	§	
	§	
v.	§	Registration No. 1,068,032
	§	Reg. Date: June 21, 1977
Litton Resources Systems, Inc.	§	Mark: PRE/SEIS
Respondent.	§	

#### **PETITION FOR CANCELLATION**

15 U.S.C. § 1064(3)

Petitioner, Input/Output, Inc. located and doing business at 12300 Parc Crest Drive, Stafford, TX 77477-2416, believes that it is or will be damaged by Registration No. 1,068,032, registered to Litton Resources Systems, Inc., for the mark PRE/SEIS (in International Class 9) for “electrical apparatus, namely, mass digital storage units and array formers for use with microprogrammable seismic data processing systems”. Input/Output, Inc. petitions to cancel this registration for at least the following reasons:

1. If Registrant still exists, it has abandoned the mark “PRE/SEIS”.
2. Petitioner is using the mark “PRESEIS”, and has applied for registration of that mark. The examiner has rejected the application in view of the PRE/SEIS registration.
3. Petitioner's continued and legal use of its mark PRESEIS for hydrophones will be impaired by the continued registration of Registrant's PRE/SEIS mark.

Although the last assignee of record is Litton Resources Systems, Inc., on April 30, 1987, Western Geophysical Company of America, 10,001 Richmond Ave., Houston, TX, 77042, assigned this registration to Western Atlas International, Inc., 10,001 Richmond Ave., Houston, TX, 77042. This assignment was recorded at reel/frame 0561/0946, on May 11, 1987.

Therefore, Petitioner requests that Registration No. 1,068,032, registered to Litton Resources Systems, Inc., for the mark PRE/SEIS (in International Class 9) for mass digital storage units and array formers, be cancelled, and this Petition for Cancellation be sustained.

Respectfully submitted,

## Appendix 4: Application For Ex Parte Seizure Order

**Warning: This requires registered marks.**

**Also, see pages 30-31, where in this case the Fifth Circuit affirmed attorneys' fees for a wrongful seizure by Waco.**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

WACO INTERNATIONAL CORPORATION §  
Plaintiff, §  
v. § C.A. NO. \_\_\_\_\_  
YUK SCAFFOLDING §  
HOUSTON, INC, §  
Defendant . §

### Application for Ex Parte Order to Seize Goods Pursuant to 15 U.S.C. § 1116 (D)(1)(a)

Upon the attached Verified Original Complaint and its attached exhibits, plaintiff Waco International Corporation (“Waco”) applies to this Court to impound certain scaffolding and shoring products in the inventory of Defendant YUK Scaffolding Houston, Inc. (“YUK”), and to seize related electronic and paper books and records, located at the place of business of YUK at 1701 Getmore Road, Houston, Texas 77043.

The relevant facts are set forth in detail in the Verified Complaint and its exhibits. The salient facts, supported by the evidence, are as follows:

Waco owns incontestible federal registrations for the WACO mark for scaffolds and shores. The WACO mark has been federally registered for close to fifty years.

Waco marks its scaffolding and shoring products by affixing to WACO® goods a clear plastic label with “WACO®” in white letters.<sup>163</sup> The label allows the paint color on the goods to show through and become part of the display of the WACO® mark on the goods. For 50 years, Waco has used the color red on its premium scaffold frames to identify and distinguish its products from those of competitors, and has used the word mark WACO RED, and also used the color red, in catalogs and brochures promoting WACO brand goods. As a result of that long standing use, the color red has come to be associated in the minds of consumers both with the WACO® mark and the Waco goods.

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<sup>163</sup>Verified Complaint Exhibit H.

For close to 20 years, Waco has used the color blue to identify and distinguish a second line of scaffolds and shores,<sup>164</sup> in addition to its WACO RED line, and has used the word mark WACO BLUE and the color blue in catalogs for this second line of scaffolds and shores, and has used the same clear WACO® labels which allow the color blue on the scaffolding to show through and create an associate between the scaffold color and the WACO® mark. As a result of Waco's long use of the color blue in this manner, the color blue has also become closely associated with the WACO® mark.

Genuine WACO® goods are made by plaintiff Waco's wholly owned manufacturing subsidiary Waco International, Inc. in Cleveland, Ohio, which fact is included in the WACO® labels affixed to Waco's goods.<sup>165</sup> That genuine WACO goods are made in the U.S. is also made emphasized in the labels by the use of the United States flag.

YUK is not, and never has been, an authorized distributor of WACO® goods. YUK recently began importing and selling scaffolds and shores, including scaffolds and shores painted red and scaffolds and shores painted blue. In connection with that importation and sales, YUK is actively and widely distributing colored catalogs which feature the colors red and blue and which offer "WR" and "WB" scaffold and shoring frames.<sup>166</sup> YUK's "WR" frames are offered in red; the "WB" frames in blue. YUK's frames are sold without any label except the required industry safety label.<sup>167</sup> No source identification of any kind is on the YUK red painted goods or blue painted goods, except the red or blue paint over the entire surface of the goods.<sup>168</sup> By its own admission, YUK has been quoting prices to customers for "WACO RED" and "WACO BLUE" scaffolding and shoring products. Exhibit I-1 to Verified Complaint.<sup>169</sup> By its own admission, YUK goods are manufactured in the "United Arab Emirates" and not in the United States, *id.*, yet there is no label or marking on the YUK goods that identifies a country of origin for the goods.<sup>170</sup> By its own admission, YUK has over 3 million dollars of finished inventory, in Houston, of the goods described in its catalog.<sup>171</sup>

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<sup>164</sup>The WACO BLUE product line has a different locking system and slightly lighter internal (non weight bearing) members than do products in the WACO RED line.

<sup>165</sup>Verified Complaint Exhibit H.

<sup>166</sup>Scaffolds and shores are structures made from parts called "frames." They are sold disassembled as frames and connecting parts. The term frame therefore encompasses both "scaffolds" and "shores", which are the terms used in Waco's federal registrations.

<sup>167</sup>Verified Complaint Exhibit G, ¶7.

<sup>168</sup>*Id.*

<sup>169</sup>*See also* Verified Complaint Exhibit B (YUK written price quote).

<sup>170</sup>Verified Complaint Exhibit G, ¶8.

<sup>171</sup>Verified Complaint Exhibit E-1.

In late March, Waco received from a customer a copy of a YUK written quote for WACO RED and WACO BLUE products.<sup>172</sup> Shortly thereafter, Waco received in its Cleveland office a sales solicitation letter on YUK stationery, together with a copy of a YUK catalog.<sup>173</sup> The YUK's sales letter uses a red and blue colored logo, and the catalog uses the colors red and blue.<sup>174</sup> The YUK catalog offers "WR" and "WB" frames. The "WR" frames are available in red; the "WB" frames in blue.<sup>175</sup> YUK's also offers "K-Load" shoring frames and parts, in red.<sup>176</sup> The "K-Load" shoring frames have virtually the same part numbers as Waco's "Hi-Load" shoring frames, offered in Waco's shoring systems catalog.<sup>177</sup> Verified Complaint Exhibit E-2, page 1. YUK's "K-Load" frames are listed by YUK in its catalog as having identical dimensions and weights as the WACO RED "Hi-Load" frames, but YUK offers its "K-Load" frames in blue, while WACO offers them in red.<sup>178</sup>

On April 2, 1998, Waco, through its counsel of record in this proceeding, sent a certified letter to YUK, notifying YUK of Waco's incontestable rights in the WACO registered mark, and demanding that YUK stop attempting to pass off its goods as those of Waco.<sup>179</sup> YUK's agent at the 1701 Getmore facility and its registered agent for service of process signed the post cards indicating that they each received a copy of Waco's notice and demand letter on April 3, 1998.<sup>180</sup>

Waco then authorized its counsel to retain an investigator, Robert E. Hardcastle, to survey the YUK premises at 1701 Getmore. On April 20, 1998, Mr. Hardcastle took ground and aerial photographs of the YUK Getmore premises.<sup>181</sup> Those photographs show large quantities of red and blue scaffold and shoring frames stacked in the yards about the YUK premises.<sup>182</sup> Mr. Hardcastle returned the next day, April 21, 1998, to purchase from YUK 4 "WB" and 4 "WR" frames, as requested by Waco.<sup>183</sup>

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<sup>172</sup>Verified Complaint Exhibit B.

<sup>173</sup>Verified Complaint Exhibit E-1 and E-2.

<sup>174</sup>Verified Complaint Exhibit E-1 and E-2.

<sup>175</sup>Verified Complaint Exhibit E-2 at pages 3 and 4.

<sup>176</sup>Verified Complaint Exhibit E-2 at page 6.

<sup>177</sup>YUK uses the prefix "H" and Waco uses a first digit "4," but the following five digits are the same.

<sup>178</sup>YUK reversed the "Y" and "Z" dimension labels on its drawing from those in the Waco drawing. See Verified Complaint Exhibit E-2 at page 6.

<sup>179</sup>Verified Complaint Exhibit F.

<sup>180</sup>*Id.*

<sup>181</sup>Verified Complaint Exhibit G.

<sup>182</sup>Verified Complaint Exhibit G-1.

<sup>183</sup>Verified Complaint Exhibit G-2.

On April 21, 1998, Mr. Hardcastle purchased four “WR” parts, took possession of the parts, and closely examined them for any labeling or markings, and then shipped them to Waco’s facility in Cleveland, Ohio, as instructed. YUK did not have the specifically requested “WB” parts in inventory. Mr. Hardcastle obtained a cash and carry receipt, bearing YUK’s logo in color, which identified the purchased goods only by size, style and the “WACO” federally registered trademark.<sup>184</sup> At no time before receiving the “WACO” receipt did Mr. Hardcastle mention “Waco”.<sup>185</sup>

The only source identifier on the purchased “WR” frames is the red paint over the entire surface of the frames. No label (other than an industry standard safety label) was affixed to the frames. Only after Mr. Hardcastle specifically asked the YUK salesman where the YUK goods were made did the salesman tell Mr. Hardcastle that the frames are made and painted in Dubai and also stated that the frames are received at the YUK premises in shipping containers. No country of origin marking was on the YUK goods purchased by Mr. Hardcastle.<sup>186</sup>

On April 24th, Waco’s counsel received a certified letter dated April 20th, in which YUK admitted that one of its salesmen had quoted WACO RED and WACO BLUE goods in a sales presentation to six customers. In that letter, YUK promised to never again quote “Waco Red” or “Waco Blue”. Verified Complaint Exhibit I-1. One day after that letter was written, YUK sold the YUK “WR” frames to Mr. Hardcastle as “WACO” frames. YUK tried to get back the original cash and carry receipt from Mr. Hardcastle, by leaving him a phone message and leaving a note on his door, and even mailed Mr. Hardcastle a bogus computer generated invoice.<sup>187</sup>

In the computer generated invoice, Exhibit I-1, the goods were described only by size, type and color, without any model number or brand name. The invoice shows 2 “Blue” and 2 “Red” “masonry” frames, even though Mr. Hardcastle got four red counterfeit “WACO” frames<sup>188</sup>-two “walk through” and two “masonry.”<sup>189</sup> Not one of YUK’s post-sale communications with Mr. Hardcastle mentioned that the goods were not in fact “WACO” frames.

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<sup>184</sup>Verified Complaint Exhibit G-5.

<sup>185</sup>Verified Complaint Exhibit G.

<sup>186</sup>Verified Complaint Exhibit G.

<sup>187</sup> That invoice showed no payment by Mr. Hardcastle, even though Mr. Hardcastle paid for the “WR” goods by personal check. *Compare* Exhibits I-2 and G-5 to Verified Complaint.

<sup>188</sup>Verified Complaint Exhibit G, ¶7.

<sup>189</sup>Verified Complaint Exhibit G-5.

### **NECESSITY FOR RELIEF**

Intentionally attempting to capitalize on the goodwill and reputation of Waco, YUK is deliberately using the WACO® registered trademark, copying the Waco colors, using “WB” and “WR”, quoting WACO RED and WACO BLUE, using Waco part numbers, suggesting that the YUK goods are made in the United States, not marking the YUK goods with the country of origin, and furiously trying to cover its tracks. YUK has sought to gain instant share of the scaffold and shoring market by selling its foreign-made goods, of unknown quality, marked only with the WACO colors, at prices it claims are 35% lower than those charged by Waco.<sup>190</sup> Clearly, YUK is seeking to pass-off its foreign made goods as those of Waco.

Scaffolds and shores are relied on by construction workers to support people and heavy equipment and structures. If YUK’s frames fail, purchasers of YUK’s frames will most likely seek redress from Waco. If YUK’s frames function as well as Waco frames, YUK will have succeeded in gaining a sustainable share of the market, all by unlawfully trading on the reputation that Waco has built for itself over fifty years in the business. YUK’s false and misleading advertising and sales will continue to cause irreparable harm to Waco’s business, as well as deceiving consumers of the origin of the goods, unless enjoined by this Court.

### **AN ORDER OTHER THAN AN EX PARTE SEIZURE ORDER WOULD BE INADEQUATE TO PROTECT WACO AND THE PUBLIC**

Unless YUK's sales activities are brought to an immediate halt, customers will continue to be deceived into thinking they are getting an incredible bargain on WACO® goods, or that Waco is now selling cheap foreign-made goods under the Waco® mark. Unless YUK’s books and records, are seized quickly, there may be little, if any, documentation of YUK’s sales or of the identity of confused or deceived YUK consumers. YUK’s conduct in trying to cover its tracks demonstrates the likelihood that, unless an order is issued *ex parte*, YUK will at least destroy evidence of its sales of counterfeit WACO® goods, and YUK may even create bogus computer records of sales.

### **WACO HAS NOT PUBLICIZED THE REQUESTED SEIZURE**

There has been no publicity or public disclosure of the requested seizure to date. Waco agrees to maintain the confidentiality of the seizure until such time as a decision has been rendered on its accompanying motion for a preliminary injunction or this case has been otherwise resolved.

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<sup>190</sup>YUK claims that its prices are 35% lower than those of Waco, Biljax, Safeway and Vanguard. Exh. E-1 to Verified Complaint.

**LIKELIHOOD OF SUCCESS IN ESTABLISHING THAT  
DEFENDANT'S ACTIVITIES CONSTITUTE COUNTERFEITING**

The sales receipt, Exhibit G-5 to the Verified Complaint, demonstrates the likelihood of success on the merits of Waco's claim for trademark counterfeiting. YUK has used the name "Waco" to identify goods identical to the goods for which the WACO mark is registered. Nothing more is need to establish that YUK's conduct qualifies as counterfeiting under the Lanham Act. "A 'counterfeit is a spurious mark which is identical with, or substantially indistinguishable from, a registered. mark.'" 15 U.S.C. §1127. YUK's own admission that it has quoted the YUK goods as WACO RED and WACO BLUE goods establishes its conduct as counterfeiting. Exhibit I-1 hereto. YUK's conduct in selling goods as WACO, after its promise not to so, demonstrates that it will not stop its infringing activity unless and until it is enjoined by this Court.

**IRREPARABLE INJURY IF SEIZURE IS NOT ORDERED**

Harm is irreparable when it cannot be compensated adequately in money damages. *See, e.g., Chemlawn Serv. Corp. v. GNC Pumps, Inc.*, 690 F. Supp. 1560, 6 U.S.P.Q.2d 1348, 1355 (S.D. Tex. 1988). The law in this Circuit is settled that the existence of a likelihood of confusion, with its consequent possible loss of goodwill in the mark, constitutes irreparable injury *per se*. *Id.* Loss of goodwill, injury to reputation, and loss of control over the nature and quality of the goods, are all intangibles consequences of trademark counterfeiting, which cannot later be compensated by an award of money damages.

In this case, such loss is not hypothetical, but real. Defendant is attempting to pass off its goods as genuine WACO brand goods, which they are not, and attempting to cover the documentary trail of its infringing conduct. If defendant is allowed to continue to do so, and the goods fail to function as the genuine Waco goods, a purchaser who has been deceived by YUK's advertisements, goods color, and/or verbal misrepresentations, will not purchase the genuine goods again. Even worse, should someone be injured in using the YUK goods, the deceived purchaser will look to Waco for compensation, and, unless it has access to YUK records, Waco will have great difficulty defending itself and its reputation.

**LOCATION OF MATTER TO BE SEIZED**

As indicated in the Declaration of Robert E. Hardcastle, a large quantity of the counterfeit goods are located on the YUK premises at 1701 Getmore Road, Houston, Texas 77043. The business office where documents are likely to be kept is also on the 1701 Getmore Road premises.<sup>191</sup>

**BALANCE OF HARDSHIPS**

If this Order is not granted, the threatened injury to plaintiff far outweighs whatever harm the issuance of an order of seizure may cause defendant. Plaintiff has spent over fifty years building up the goodwill in its scaffolding and shoring equipment business. During this time, plaintiff has expended great effort in establishing recognition and acceptance of its WACO® mark and creating the strong association of the WACO® mark with the color red for its premium

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<sup>191</sup> There may be another, as yet unidentified, YUK location in Houston, unless YUK's claim that it has "two Houston factories" is false. *See* Exh. E-1 to Verified Complaint.

grade scaffolding and shoring. Waco has also spent close to twenty years establishing the association among the color blue, its WACO® mark, and the WACO BLUE line of scaffolding and shoring. Denial of this application would place the risk of confusion on plaintiff, and, with the confusion, the potential for loss of customers and irreparable injury to plaintiff's business reputation.

In stark contrast, the defendant has only recently started to import and sell scaffolding and shoring products, and started out to gain customers by adopting Waco's colors and trading on the WACO name. Under the circumstances, the hardships imposed upon defendant by precluding it from selling in the United States the portion of its "3 million dollars of inventory" (Verified Complaint Exh. E-1) that it is attempting to pass off as WACO goods is one it brought upon itself by deliberately attempting to pass off its foreign-made goods as Waco goods. What defendant stands to lose is only the benefit of its deceptive and misleading advertising and promotion for sales of counterfeit goods as Waco goods. Under these circumstances, the hardship which would be imposed on plaintiff by not granting the preliminary injunction far outweighs any hardship to defendant. *See, e.g., Chemlawn, supra; Bill Blass Ltd. v. SAZ Corp.*, 751 F.2d. 152, 224 U.S.P.Q. 753 (3d Cir. 1984).

### **WACO BELIEVES YUK WOULD DESTROY, HIDE OR MOVE THE GOODS OR DOCUMENTS IF GIVEN PRIOR NOTICE**

As shown by the facts set forth in the Verified Complaint and its attached Exhibits, defendant continues to advertise and sell its counterfeit goods as "Waco" goods. YUK did nothing in response to Waco's cease and desist letter except to promise not to bid WACO RED or WACO BLUE, then proceeded to sell YUK frames as WACO frames, in the color red, then tried to cover its tracks by getting back the paper record of the sale, and by replacing the paper record with a bogus invoice. Plaintiff believes that, if YUK is given prior notice of this suit, YUK is highly likely to hide or destroy the critical records of its sales of counterfeit goods and of its false and misleading representations to customers.

### **CONCLUSION**

For the above-discussed reasons, plaintiff respectfully submits that it has met its burden of demonstrating the need for impounding the red and blue scaffolding and shoring products being sold by YUK as genuine Waco products, and for seizure of YUK's books and records relating to YUK's importation and sales of the infringing goods.

Respectfully submitted,

---

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

WACO INTERNATIONAL CORPORATION §  
Plaintiff, §  
v. § C.A. NO. \_\_\_\_\_  
YUK SCAFFOLDING §  
HOUSTON, INC, §  
Defendant . §

**ORDER OF SEIZURE OF GOODS BEING OFFERED  
AND SOLD UNDER COUNTERFEIT REGISTERED TRADEMARK  
PURSUANT TO 15 U.S.C. § 1116(d)(1)(A)**

Plaintiff moved *ex parte* pursuant to 15 U.S.C. § 1116(d)(1)(A) for an order directing seizure of certain goods being offered and sold under a counterfeit mark. The Court has heard argument of plaintiff's counsel and reviewed the Verified Complaint, declarations, exhibits, and other evidence submitted in support of the application. Based on that evidence and the argument, the Court finds that:

- No order other than an *ex parte* seizure order is adequate to preclude infringement;
- Plaintiff has not publicized the requested seizure;
- Plaintiff is likely to succeed in establishing that defendant's activities constitute counterfeiting;
- Irreparable injury to plaintiff will occur if the seizure is not ordered;
- The matter to be seized and impounded is located at 1701 Getmore Road, Houston, Texas 77043;
- The injury to plaintiff in this action far outweighs whatever harm issuance of a seizure order may cause defendant; and
- If given prior notice of the seizure, defendants are likely to destroy, hide or move the evidence of importation and sales of goods, as well as evidence of its use of the counterfeit mark.

Based on those findings it is **ORDERED** that:  
The impoundment and seizure shall promptly occur.

The things to be seized include:

- a. all advertising and promotional materials, signs, stationery and the like containing the term "Waco" alone or in combination with any other term, and any equipment for producing such items;
- b. all shipping containers and shipping information specifically for products bearing the "Waco" mark;
- c. all documentation referring or relating to the purchase, sale, or rental of scaffolding and

shoring products referred to as "WACO";

d. all documents relating in any way to paint or paint color for products sold by YUK;

e. sufficient samples of "WR" and "WB" goods to enable plaintiff to test the goods to determine the truth of defendant's claim that they are interchangeable with plaintiff's goods. The samples are to be delivered to a common carrier for delivery to plaintiff's facility in Cleveland, Ohio.

The known location of the goods and documents to be impounded and seized is 1701 Getmore Road, Houston, Texas 77043; and

In effecting the seizure the U.S. Marshall shall:

search the premises and grounds identified in paragraph 4;

use reasonable force to gain entry into the premises if necessary, its rooms and storage areas; and impound the inventory of goods painted red and goods painted blue on the YUK premises, and assume legal control over the goods;

Plaintiff has the right to:

copy and return copies of all seized documentary records; and

examine and make hard copies of any electronic records relating to WB, WR, and Waco.

Defendant is directed to assist plaintiff's counsel, as needed, in the examination and making copies of electronic records.

The seizure order shall be effected no later than \_\_\_\_\_.

On \_\_\_\_\_, at \_\_\_\_\_ .m. there shall be a hearing at which time defendant shall seek release of the impounded and seized goods.

Defendant shall be served directly or through its agents or employees with a copy of this Order by the U.S. Marshall at the time of seizure.

Plaintiff shall post a cash or surety bond in the amount of \$\_\_\_\_\_ with the Clerk of the Court as security for the defendant.

No publicity shall be made of this Order.

This Order together with the supporting documents including the complaint, and application for *ex parte* seizure shall be sealed until defendant, YUK SCAFFOLDING HOUSTON, INC. has an opportunity to contest the Order or the action is finally resolved, whichever occurs first.

**Ordered** at Houston, Texas this \_\_\_\_\_ day of \_\_\_\_\_, 1998.

\_\_\_\_\_  
United States District Court Judge

# Appendix 5: Copyright Complaint

In the United States District Court  
for the District of Kansas

Data Products, Inc.,	§	
	§	
Plaintiff,	§	
	§	
VS.	§	
	§	
Sunshine Telephone	§	C. A. NO. 83-122-K
Company, Inc., SET Computer	§	
Resources, Inc.,	§	
SET Enterprises, Ltd.,	§	
	§	
Defendants and Third Party	§	
Plaintiffs, and	§	
	§	
WILLIAM C. REPO, JR.,	§	
and JOE EASY, PATRICK LEE MESS,	§	
SET PAGING, INC., SET BROADCASTING,	§	
INC., and BASKET ENTERPRISES,	§	
INC.	§	
	§	
Defendants,	§	
	§	
VS.	§	
	§	
CLAUDE MARTIN PICK,	§	
	§	
Third Party Defendant	§	

## PLAINTIFF'S SECOND AMENDED COMPLAINT

Plaintiff Data Products, Inc. ("DPI") alleges as follows:

### NATURE OF THE ACTION

1. This is an action for copyright infringement, breach of contract, tortious interference with contractual relations, breach of confidence, and misappropriation of trade secrets.

### THE PARTIES

2. Plaintiff DPI is a corporation organized and existing under the laws of the State of Texas. DPI's principal place of business is in Sugar Land, Texas.

3. Defendants Sunshine Telephone Company, Inc. ("Sunshine"), ST Computer Resources, Inc. ("ST Computer"), SET Enterprises, Ltd. ("SET Enterprises"), ST Paging, Inc. ("ST Paging"), and ST Broadcasting, Inc. ("ST Broadcasting") are corporations organized and existing under the laws of the State of Kansas with their principal places of business in Dodge City, Kansas. Defendant Basket Enterprises, Inc. ("Basket") is a corporation organized and existing under the laws of the State of Kansas and having its principal place of business in Great Bend, Kansas.

4. Defendants William C. ("Bill") REPO, Jr., Joe EASY, and Patrick Lee MESS are individuals residing in the State of Kansas who were personally involved in the actions complained of herein.

5. On information and belief, the defendants Sunshine, ST Computer, ST Paging, ST Broadcasting, Basket, and SET Enterprises are all companies under common ownership or control, and defendants Sunshine, ST Paging, ST Broadcasting, Basket, and ST Computer are wholly-owned subsidiaries of defendant SET Enterprises.

## **JURISDICTION**

6. The Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1338 and the doctrine of pendent jurisdiction.

## **COUNT ONE: COPYRIGHT INFRINGEMENT**

7. DPI owns the copyright in a computer program entitled "Telephone Accounting System" (the "Accounting Program"). The copyright for this work is registered in the U.S. Copyright Office under Registration No. TXu 359 316.

8. DPI owns the copyright in a computer program entitled "Telephone Accounting System -- Payroll" (the "Payroll Program"). The copyright for this work is registered in the U.S. Copyright Office under Registration No. TXu 355 922.

9. Under 17 U.S.C. § 106, DPI has the exclusive rights to do and to authorize the following acts, among others: (1) to reproduce the copyrighted work in copies; (2) to prepare derivative works based upon the copyrighted work; and (3) to distribute copies of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease or lending.

10. On or about November 17, 1980, DPI licensed defendant Sunshine, on the terms and conditions set forth in a written software license agreement, to use the Program and other copyrighted software of DPI on a single computer owned and operated by Sunshine, and DPI installed the software on Sunshine's computer.

11. On or about May 14, 1982, DPI licensed defendant Sunshine, on the terms and conditions set forth in a written software license agreement, to use the Payroll Program and other copyrighted software of DPI on a single computer owned and operated by Sunshine, and DPI installed the software on Sunshine's computer.

12. Except for Sunshine's limited license to use the Accounting Program and the Payroll Program and other DPI software in the manner specified in the license agreements, none of the defendants has the right to exploit any of the exclusive rights granted to DPI under the U.S. Copyright Act.

13. On information and belief, one or more of the defendants have violated DPI's exclusive rights under 17 U.S.C. § 106 by (a) making or causing to be made one or more unauthorized copies or derivative works based upon DPI's copyrighted Accounting Program and Payroll Program, and (b) distributing to one or more third parties the unauthorized copy or copies of the Accounting Program and the Payroll Program, by sale or other transfer of ownership, or by rental, lease or lending. Moreover, in doing so, one or more of the defendants have removed or caused to be removed some of the copyright notices contained in the Accounting Program and in the Payroll Program, in violation of 17 U.S.C. § 506(c).

14. The defendants' actions constitute copyright infringement under 17 U.S.C. § 501, which has been done willfully or in reckless disregard of DPI's rights.

15. Unless the defendants are enjoined, as to they will continue to infringe DPI's exclusive rights, causing irreparable injury to DPI for which DPI has no adequate remedy at law. DPI is entitled to injunctive relief and to the other remedies provided in 17 U.S.C. §§ 502-505.

**COUNT TWO:  
BREACH OF CONTRACT AND TORTIOUS  
INTERFERENCE WITH CONTRACTUAL RELATIONS**

16. Sunshine, acting in concert with one or more of the other defendants, has done, or has caused or permitted to be done, the following acts in violation of its software license agreement with DPI: (1) disclosed or made available licensed software to other persons, including Grant County Interiors Company of Ulysses, Kansas, SET Computer, SET Paging, Cablevision, Ltd., SET Communications, Inc., SET Broadcasting, and Basket for purposes other than Sunshine's authorized use of the licensed software; (2) failed to safeguard all copies of the licensed software against unauthorized disclosure and to take such steps as necessary to ensure that the provisions of the software license agreement were not violated by any employee of Sunshine; (3) used or installed the licensed software without authorization on computers other than the single computer covered by the software license agreement; (4) copied or otherwise reproduced all or part of the licensed software for purposes not permitted by the license agreement; (5) removed copyright notices and other proprietary notices from the licensed software; (6) failed to reproduce and include DPI's proprietary and copyright notices on all copies of the licensed software, including partial copies and modifications of licensed software; and (7) sold, assigned, gave or otherwise transferred licensed software to third parties, including ST Computer, SET Paging, Cablevision, Ltd., SET Communications, Inc., SET Broadcasting, Basket, SET Enterprises and Grant County Interiors Company. These and other actions as described above constitute a breach of contract by Sunshine and REPO and/or an inducement of breach of contract and tortious interference with contractual relations by ST Computer, SET Enterprises, REPO, EASY, MESS, SET Paging, Cablevision, Ltd., SET Communications, Inc., SET Broadcasting, and Basket. Unless the defendants are enjoined, they will continue their unlawful actions, causing irreparable injury to DPI for which DPI has no adequate remedy at law. DPI is entitled to injunctive relief, to the termination of its software license agreement with Sunshine, to its damages and the defendants' profits, and to any other remedies provided by law.

17. In section 11 of the license agreement of May 14, 1982 between Sunshine and DPI, Sunshine agreed as follows: "If DPI is required to engage in any proceedings, legal or otherwise, to enforce its rights under this Agreement with respect to its proprietary rights in Licensed Software, DPI shall be entitled to recover from Licensee, in addition to any other sums due, reasonable attorney's fees, costs, and necessary disbursements involved in such proceedings." Therefore, DPI is entitled to its reasonable attorney's fees, costs, and necessary disbursements.

**COUNT THREE:  
BREACH OF CONFIDENCE**

18. The Accounting Program, the Payroll Program, and other software and materials provided by DPI to Sunshine contain confidential information belonging to DPI which was disclosed to Sunshine under an agreement requiring that the Program and related materials would be maintained in confidence. The actions of the defendants described above constitute a breach of confidence by Sunshine, REPO, EASY, and MESS and/or the inducement of a breach of confidence by SET Computer, SET Enterprises, REPO, EASY, MESS, SET Paging, Cablevision, Ltd., SET Communications, Inc., SET Broadcasting, and Basket. Unless enjoined, the defendants will continue those actions, causing irreparable injury to DPI for which DPI has no adequate remedy at law. DPI is entitled to injunctive relief, to its damages and the defendants' profits, and to all other remedies provided by law.

**COUNT FOUR:  
MISAPPROPRIATION OF TRADE SECRETS**

19. The actions of the defendants described above constitute the misappropriation of DPI's trade secrets and confidential information. Unless enjoined, the defendants will continue those actions, causing irreparable injury to DPI for which DPI has no adequate remedy at law. DPI is entitled to injunctive relief, to its damages and the defendants' profits, and to all other remedies provided by law.

**PUNITIVE DAMAGES**

20. The actions of the defendants described above were carried out with knowledge of DPI's rights and with willful disregard for those rights, and DPI is entitled to punitive damages from the defendants.

**CONSTRUCTIVE TRUST**

21. DPI is entitled to the imposition of a constructive trust in favor of DPI on all revenues, profits, and other benefits or properties that have accrued to the defendants as a result of their unlawful acts as alleged above.

**PRAYER FOR RELIEF**

DPI prays for the following relief:

A. That defendants and defendants' officers, agents, servants, and employees, and all other persons in active concert or participation with them, be preliminarily enjoined pending a trial on the merits, and permanently enjoined thereafter, from engaging in any of the following acts:

(1) Copying from or reproducing, in whole or in part, any portion of the Accounting Program, the Payroll Program, or any other computer software or materials provided by DPI or its predecessor, L. C. Buchanan & Associates, Inc., to Sunshine;

(2) Preparing any derivative works based in whole or in part upon the Accounting Program, the Payroll Program, or any other computer software or materials provided by DPI or its predecessor to Sunshine;

(3) Distributing to any third parties, whether by sale or other transfer of ownership or by rental, lease or lending, the Accounting Program, the Payroll Program, any other computer software or materials provided by DPI or its predecessor to Sunshine, or any materials that are derived from or that are based in whole or in part upon any of those works;

(4) Removing any of the copyright notices or other proprietary notices contained in the Accounting Program, the Payroll Program, or in any other computer software or materials provided by DPI or its predecessor to Sunshine;

(5) Distributing or disclosing to any third parties any part of the Accounting Program, the Payroll Program, or any other computer software or materials provided by DPI or its predecessor to Sunshine; or

(6) Violating, inducing the violation of, or interfering with any of the contractual duties and obligations owed by Sunshine to DPI;

B. That the Court order the seizure and impounding of all unauthorized materials in the possession, custody or control of the defendants or their employees, agents or representatives that are copied or derived from, or that incorporate any part of, DPI's Accounting Program, Payroll Program, or any other computer software or materials provided by DPI or its predecessor to Sunshine, together with all masters, tapes, disks, and any other articles by means of which such materials can be made or reproduced;

C. That as part of its final judgment, the Court order the destruction or other reasonable disposition of the materials referred to above in paragraph B;

D. That the Court order that the software license agreement between DPI and Sunshine is terminated, and that the defendants be ordered to return to DPI the original and all copies of the Accounting Program, Payroll Program, and any other computer software or materials provided by DPI or its predecessor to Sunshine, together with all software, documents and other items derived from or based in whole or in part on any of those materials;

E. That DPI be awarded its damages and all of the profits that the defendants have received or will receive as a result of their unlawful acts, and that the Court impose a constructive trust in favor of DPI on all revenues, profits, and other benefits or properties that have accrued to the defendants as a result of their unlawful acts;

F. That DPI be awarded punitive damages of \$2 million or such other amount as the jury may determine;

G. That DPI be awarded its costs of suit and its reasonable attorneys' fees;  
and

H. That DPI have such further relief as the Court deems just.

Respectfully submitted,

## **Appendix 6: Letter & Application to U.S. Customs Office**

To: Intellectual Property Rights Branch  
U.S. Customs Service  
1300 Pennsylvania Avenue, NW  
Washington, DC 20229

Re: Recordation of U.S. Trademark **ANGEL WATER**

Sir:

Please record the federally registered trademark **ANGEL WATER**, Registration Number 1948414, for novelty items, namely bottled water, not for drinking purposes, obtained from the Jordan River in Israel, in International Class 20, with the U.S. Customs Service, pursuant to Customs Regulations, Sections 133.1 to 133.4. I have enclosed the following materials:

- A. Application to Record Trademark;
- B. A certified copy of the Certificate of Registration;
- C. Five copies of the Certificate of Registration;
- D. A check for \$190 (\$190 for each class of goods) payable to the U.S. Customs Service for the recordal fee.
- E. A self-addressed STamped poSTcard so that you may verify receipt.

Please direct the Certificate of Recordal and any relevant correspondence to my attention.

Sincerely yours,

### **Application to Record Registered Trademark**

To: Intellectual Property Rights Branch  
U.S. Customs Service  
1300 Pennsylvania Avenue, NW  
Washington, DC 20229

Re: Recordation of U.S. Trademark **ANGEL WATER**  
Registration Number 1,948,414  
International Class 20

Pursuant to 15 U.S.C. § 1124, 19 U.S.C. § 1526(a), and the Customs Regulations, Sections 133.1 to 133.4, Cato & Newby, Incorporated, DBA Angel Water Products International, submits this application to the U.S. Customs Service to record its federally registered trademark

**ANGEL WATER**

Registration Number 1,948,414  
International Class 20

and supplies the following information:

A. Name, Business Address, and Citizenship of Trademark Owner:

Cato & Newby, Incorporated, DBA Angel Water Products International  
937 Post Road, Fairfield, Connecticut 06430  
Citizenship: U.S.  
State of Incorporation: Connecticut

B. Places of Manufacture of Goods Bearing Recorded Trademark

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

C. Name and Principal Business Address of Each Foreign Person or Business Entity Authorized or Licensed to Use the Trademark, and Use Authorized

1. Name: \_\_\_\_\_  
Business Address: \_\_\_\_\_  
Use Authorized: \_\_\_\_\_
2. Name: \_\_\_\_\_  
Business Address: \_\_\_\_\_  
Use Authorized: \_\_\_\_\_

D. Identity of Parent or Subsidiary Company or Other Foreign Company Under Common Ownership or Control Which Uses the Trademark Abroad

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

F. Accompanying Documents

Applicant encloses the following supporting materials:

1. A certified copy of the Certificate of Registration;
2. Five copies of the Certificate of Registration;

3. A check for \$190 (\$190 for each class of goods) payable to the U.S. Customs Service for the recordal fee.

Sincerely yours,

Cato & Newby, Incorporated, DBA Angel Water Products International

By: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

## Appendix 7: Anticybersquatting Consumer Protection Act

The Senate Bill 1948 was signed into law on November 29, 1999. You can find it at: <http://www.aipla.org/html/s.1948is.html>. The following are selected portions of the Anticybersquatting Consumer Protection Act.

Title III -- Trademark Cyberpiracy Prevention

### Sec. 3001. Short Title; References.

- (a) Short Title - This title may be cited as the Anticybersquatting Consumer Protection Act'.
- (b) References to the Trademark Act of 1946 - Any reference in this title to the Trademark Act of 1946 shall be a reference to the Act entitled An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes', approved July 5, 1946 (15 U.S.C. 1051 et seq.).

### Sec. 3002. Cyberpiracy Prevention.

(a) In General - Section 43 of the Trademark Act of 1946 (15 U.S.C. 1125) is amended by inserting at the end the following:

(d)(1)(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person--

- (i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

- (ii) registers, traffics in, or uses a domain name that--

- (I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;

- (II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or

- (III) is a trademark, word, or name protected by reason of section 706 of title 18, United States Code, or section 220506 of title 36, United States Code.

(B)(i) In determining whether a person has a bad faith intent described under subparagraph (A), a court may consider factors such as, but not limited to--

- (I) the trademark or other intellectual property rights of the person, if any, in the domain name;

(II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

(III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

(VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;

(VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of section 43.

(ii) Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.

(C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.

(D) A person shall be liable for using a domain name under subparagraph (A) only if that person is the domain name registrant or that registrant's authorized licensee.

(E) As used in this paragraph, the term "traffics in" refers to transactions that include, but are not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration.

(2)(A) The owner of a mark may file an in rem civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located if--

(i) the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c); and

(ii) the court finds that the owner--

(I) is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action under paragraph (1); or

(II) through due diligence was not able to find a person who would have been a defendant in a civil action under paragraph (1) by--

(aa) sending a notice of the alleged violation and intent to proceed under this paragraph to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar; and

(bb) publishing notice of the action as the court may direct promptly after filing the action.

(B) The actions under subparagraph (A)(ii) shall constitute service of process.

(C) In an in rem action under this paragraph, a domain name shall be deemed to have its situs in the judicial district in which--

(i) the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or

(ii) documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.

(D)(i) The remedies in an in rem action under this paragraph shall be limited to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark. Upon receipt of written notification of a filed, Stamped copy of a complaint filed by the owner of a mark in a United States district court under this paragraph, the domain name registrar, domain name registry, or other domain name authority shall--

(I) expeditiously deposit with the court documents sufficient to establish the court's control and authority regarding the disposition of the registration and use of the domain name to the court; and

(II) not transfer, suspend, or otherwise modify the domain name during the pendency of the action, except upon order of the court.

(ii) The domain name registrar or registry or other domain name authority shall not be liable for injunctive or monetary relief under this paragraph except in the case of bad faith or reckless disregard, which includes a willful failure to comply with any such court order.

(3) The civil action established under paragraph (1) and the in rem action established under paragraph (2), and any remedy available under either such action, shall be in addition to any other civil action or remedy otherwise applicable.

(4) The in rem jurisdiction established under paragraph (2) shall be in addition to any other jurisdiction that otherwise exists, whether in rem or in personam.'

(b) CYBERPIRACY PROTECTIONS FOR INDIVIDUALS-

(1) IN GENERAL-

(A) CIVIL LIABILITY- Any person who registers a domain name that consists of the name of another living person, or a name substantially and confusingly similar thereto, without that person's consent, with the specific intent to profit from such name by selling the domain name for financial gain to that person or any third party, shall be liable in a civil action by such person.

(B) EXCEPTION- A person who in good faith registers a domain name consisting of the name of another living person, or a name substantially and confusingly similar thereto, shall not be liable under this paragraph if such name is used in, affiliated with, or related to a work of authorship protected under title 17, United States Code, including a work made for hire as defined in section 101 of title 17, United States Code, and if the person registering the domain name is the copyright owner or licensee of the work, the person intends to sell the domain name in conjunction with the lawful exploitation of the work, and such registration is not prohibited by a contract between the registrant and the named person. The exception under this subparagraph shall apply only to a civil action brought under paragraph (1) and shall in no manner limit the protections afforded under the Trademark Act of 1946 (15 U.S.C. 1051 et seq.) or other provision of Federal or State law.

(2) REMEDIES- In any civil action brought under paragraph (1), a court may award injunctive relief, including the forfeiture or cancellation of the domain name or the transfer of the domain name to the plaintiff. The court may also, in its discretion, award costs and attorneys fees to the prevailing party.

(3) DEFINITION- In this subsection, the term "domain name" has the meaning given that term in section 45 of the Trademark Act of 1946 (15 U.S.C. 1127).

(4) EFFECTIVE DATE- This subsection shall apply to domain names registered on or after the date of the enactment of this Act.

**Sec. 3003. Damages and Remedies.**

(a) REMEDIES IN CASES OF DOMAIN NAME PIRACY-

(1) INJUNCTIONS- Section 34(a) of the Trademark Act of 1946 (15 U.S.C. 1116(a)) is amended in the first sentence by striking (a) or (c)' and inserting (a), (c), or (d)'

(2) DAMAGES- Section 35(a) of the Trademark Act of 1946 (15 U.S.C. 1117(a)) is amended in the first sentence by inserting ` , (c), or (d)' after `section 43(a)'

(b) STATUTORY DAMAGES- Section 35 of the Trademark Act of 1946 (15 U.S.C. 1117) is amended by adding at the end the following:

(d) In a case involving a violation of section 43(d)(1), the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits, an award of Statutory damages in the amount of not less than \$1,000 and not more than \$100,000 per domain name, as the court considers just.

**Sec. 3004. Limitation on Liability.**

Section 32(2) of the Trademark Act of 1946 (15 U.S.C. 1114) is amended--

(1) in the matter preceding subparagraph (A) by Striking `under section 43(a)' and inserting `under section 43(a) or (d)'; and

(2) by redesignating subparagraph (D) as subparagraph (E) and inserting after subparagraph (C) the following:

(D)(i)(I) A domain name registrar, a domain name registry, or other domain name registration authority that takes any action described under clause (ii) affecting a domain name shall not be liable for monetary relief or, except as provided in subclause (II), for injunctive relief, to any person for such action, regardless of whether the domain name is finally determined to infringe or dilute the mark.

(II) A domain name registrar, domain name registry, or other domain name registration authority described in subclause (I) may be subject to injunctive relief only if such registrar, registry, or other registration authority has--

(aa) not expeditiously deposited with a court, in which an action has been filed regarding the disposition of the domain name, documents sufficient for the court to eStablish the court's control and authority regarding the disposition of the registration and use of the domain name;

(bb) transferred, suspended, or otherwise modified the domain name during the pendency of the action, except upon order of the court; or

(cc) willfully failed to comply with any such court order.

(ii) An action referred to under clause (i)(I) is any action of refusing to register, removing from registration, transferring, temporarily disabling, or permanently canceling a domain name--

(I) in compliance with a court order under section 43(d); or

(II) in the implementation of a reasonable policy by such registrar, registry, or authority prohibiting the registration of a domain name that is identical to, confusingly similar to, or dilutive of another's mark.

(iii) A domain name registrar, a domain name registry, or other domain name registration authority shall not be liable for damages under this section for the registration or maintenance of a domain name for another absent a showing of bad faith intent to profit from such registration or maintenance of the domain name.

(iv) If a registrar, registry, or other registration authority takes an action described under clause (ii) based on a knowing and material misrepresentation by any other person that a domain name is identical to, confusingly similar to, or dilutive of a mark, the person making the knowing and material misrepresentation shall be liable for any damages, including costs and attorney's fees, incurred by the domain name registrant as a result of such action. The court may also grant injunctive relief to the domain name registrant, including the reactivation of the domain name or the transfer of the domain name to the domain name registrant.

(v) A domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this Act. The court may grant injunctive relief to the domain name registrant, including the reactivation of the domain name or transfer of the domain name to the domain name registrant.'

**Sec. 3005. Definitions.**

Section 45 of the Trademark Act of 1946 (15 U.S.C. 1127) is amended by inserting after the undesignated paragraph defining the term 'counterfeit' the following:

The term 'domain name' means any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.

The term 'Internet' has the meaning given that term in section 230(f)(1) of the Communications Act of 1934 (47 U.S.C. 230(f)(1)).'

**Sec. 3010. Effective Date**

Sections 3002(a), 3003, 3004, 3005, and 3008 shall apply to all domain names registered before, on, or after the date of enactment of this Act, except that damages under subsection (a) or (d) of section 35 of the Trademark Act of 1946 (15 U.S.C. 1117), as amended by section 3003 of this title, shall not be available with respect to the registration, trafficking, or use of a domain name that occurs before the date of enactment of this Act.

## Appendix 8: Digital Millennium Copyright Act

This is available at <http://www.educause.edu/issues/dmca.html>. The entire Copyright code is available at <http://www4.law.cornell.edu/uscode/17/>. The following are selected portions of the Digital Millennium Copyright Act, which became effective on October 28, 1998.

### § 117. Limitations on exclusive rights: Computer programs

[Notwithstanding] (a) MAKING OF ADDITIONAL COPY OR ADAPTATION BY OWNER OF COPY.--Notwithstanding the provisions of section 106, it is not an infringement for the owner of a copy of a computer program to make or authorize the making of another copy or adaption of that computer program provided:

[Any exact] (b) LEASE, SALE, OR OTHER TRANSFER OF ADDITIONAL COPY OR ADAPTATION.--Any exact copies prepared in accordance with the provisions of this section may be leased, sold, or otherwise transferred, along with the copy from which such copies were prepared, only as part of the lease, sale, or other transfer of all rights in the program. Adaptations so prepared may be transferred only with the authorization of the copyright owner.

(c) MACHINE MAINTENANCE OR REPAIR.--Notwithstanding the provisions of section 106, it is not an infringement for an owner or lessee of a machine to make or authorize the making of a copy of a computer program if such copy is made solely by virtue of the activation of a machine that lawfully contains an authorized copy of the computer program, for purposes only of maintenance or repair of that machine, if--

(1) such new copy is used in no other manner and is destroyed immediately after the maintenance or repair is completed; and

(2) with respect to any computer program or part thereof that is not necessary for that machine to be activated, such program or part thereof is not accessed or used other than to make such new copy by virtue of the activation of the machine.

(d) DEFINITIONS.--For purposes of this section--

(1) the "maintenance" of a machine is the servicing of the machine in order to make it work in accordance with its original specifications and any changes to those specifications authorized for that machine; and

(2) the "repair" of a machine is the reStoring of the machine to the State of working in accordance with its original specifications and any changes to those specifications authorized for that machine.

### § 512. Liability of service providers for online infringement of copyright

(a) DIGITAL NETWORK COMMUNICATIONS.--A service provider shall not be liable for monetary relief, or except as provided in subsection (i) for injunctive or other equitable relief, for infringement for the provider's transmitting, routing, or providing connections for, material through a system or network

controlled or operated by or for the service provider, or the intermediate and transient Storage of such material in the course of such transmitting, routing or providing connections, if--

- (1) it was initiated by or at the direction of a person other than the service provider;
- (2) it is carried out through an automatic technical process without selection of such material by the service provider;
- (3) the service provider does not select the recipients of such material except as an automatic response to the request of another;
- (4) no such copy of such material made by the service provider is maintained on the system or network in a manner ordinarily accessible to anyone other than anticipated recipients, and no such copy is maintained on the system or network in a manner ordinarily accessible to the anticipated recipients for a longer period than is reasonably necessary for the communication; and
- (5) the material is transmitted without modification to its content.

## **CHAPTER 12 -- Copyright Protection and Management Systems**

### **§ 1201. Circumvention of copyright protection systems**

(a) VIOLATIONS REGARDING CIRCUMVENTION OF TECHNOLOGICAL PROTECTION MEASURES.--(1) No person shall circumvent a technological protection measure that effectively controls access to a work protected under this title.

(2) No person shall manufacture, import, offer to the public, provide or otherwise traffic in any technology, product, service, device, component, or part thereof that--

(A) is primarily designed or produced for the purpose of circumventing a technological protection measure that effectively controls access to a work protected under this title;

(B) has only limited commercially significant purpose or use other than to circumvent a technological protection measure that effectively controls access to a work protected under this title; or

(C) is marketed by that person or another acting in concert with that person with that person's knowledge for use in circumventing a technological protection measure that effectively controls access to a work protected under this title.

(3) As used in this subsection--

(A) to "circumvent a technological protection measure" means to descramble a work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a technological protection measure, without the authority of the copyright owner; and

(B) a technological protection measure "effectively controls access to a work" if the measure, in the ordinary course of its operation, requires the application of information, or a process or a treatment, with the authority of the copyright owner, to gain access to the work.

(b) ADDITIONAL VIOLATIONS.--(1) No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof that--

(A) is primarily designed or produced for the purpose of circumventing protection afforded by a technological protection measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof;

(B) has only limited commercially significant purpose or use other than to circumvent protection afforded by a technological protection measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof; or

(C) is marketed by that person or another acting in concert with that person with that person's knowledge for use in circumventing protection afforded by a technological protection measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof.

(2) As used in this subsection--

(A) to "circumvent protection afforded by a technological protection measure" means avoiding, bypassing, removing, deactivating, or otherwise impairing a technological protection measure; and

(B) a technological protection measure "effectively protects a right of a copyright owner under this title" if the measure, in the ordinary course of its operation, prevents, restricts, or otherwise limits the exercise of a right of a copyright owner under this title.

(c) IMPORTATION.--The importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee of any technology, product, service, device, component, or part thereof as described in subsection (a) or (b) shall be actionable under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337).

(d) OTHER RIGHTS, ETC., NOT AFFECTED.--(1) Nothing in this section shall affect rights, remedies, limitations, or defenses to copyright infringement, including fair use, under this title.

(2) Nothing in this section shall enlarge or diminish vicarious or contributory liability for copyright infringement in connection with any technology, product, service, device, component or part thereof.

(3) Nothing in this section shall require that the design of, or design and selection of parts and components for, a consumer electronics, telecommunications, or computing product provide for a response to any particular technological protection measure, so long as such part or component or the product, in which such part or component is integrated, does not otherwise fall within the prohibitions of subsections (a)(2) or (b)(1).

(e) EXEMPTION FOR NONPROFIT LIBRARIES, ARCHIVES, AND EDUCATIONAL INSTITUTIONS.--

(1) A nonprofit library, archives, or educational institution which gains access to a commercially exploited copyrighted work solely in order to make a good faith determination of whether to acquire a copy of that work for the sole purpose of engaging in conduct permitted under this title shall not be in violation of subsection (a)(1). A copy of a work to which access has been gained under this paragraph--

(A) may not be retained longer than necessary to make such good faith determination; and

(B) may not be used for any other purpose.

(2) The exemption made available under paragraph (1) shall only apply with respect to a work when an identical copy of that work is not reasonably available in another form.

(3) A nonprofit library, archives, or educational institution that willfully for the purpose of commercial advantage or financial gain violates paragraph (1)--

(A) shall, for the first offense, be subject to the civil remedies under section 1203; and

(B) shall, for repeated or subsequent offenses, in addition to the civil remedies under section 1203, forfeit the exemption provided under paragraph (1).

(4) This subsection may not be used as a defense to a claim under subsection (a)(2) or (b), nor may this subsection permit a nonprofit library, archives, or educational institution to manufacture, import, offer to the public, provide or otherwise traffic in any technology which circumvents a technological protection measure.

(5) In order for a library or archives to qualify for the exemption under this subsection, the collections of that library or archives shall be--

(A) open to the public;

(B) available not only to researchers affiliated with the library or archives or with the institution of which it is a part, but also to other persons doing research in a specialized field.

(f) LAW ENFORCEMENT AND INTELLIGENCE ACTIVITIES.--This section does not prohibit any lawfully authorized investigative, protective, or intelligence activity of an officer, agent or employee of the United States, a State, or a political subdivision of a State, or a person acting pursuant to a contract with such entities.

(g) Notwithstanding the provisions of subsection 1201(a)(1), a person who has lawfully obtained the right to use a copy of a computer program may circumvent a technological protection measure that effectively controls access to a particular portion of that program for the sole purpose of identifying and analyzing those elements of the program that are necessary to achieve interoperability of an independently created computer program with other programs, and that have not previously been readily available to the person engaging in the circumvention, to the extent any such acts of identification and analysis do not constitute infringement under this title.

(h) Notwithstanding the provisions of subsections 1201(a)(2) and (b), a person may develop and employ technological means to circumvent for the identification and analysis described in subsection (g), or for the limited purpose of achieving interoperability of an independently created computer program with other programs, where such means are necessary to achieve such interoperability, to the extent that doing so does not constitute infringement under this title.

(i) The information acquired through the acts permitted under subsection (g), and the means permitted under subsection (h), may be made available to others if the person referred to in subsections (g) or (h) provides such information or means solely for the purpose of achieving interoperability of an independently created computer program with other programs, and to the extent that doing so does not constitute infringement under this title, or violate applicable law other than this title.

(j) For purposes of subsections (g), (h) and (i), the term "interoperability" means the ability of computer programs to exchange information, and for such programs mutually to use the information which has been exchanged.

(k) In applying subsection (a) to a component or part, the court may consider the necessity for its intended and actual incorporation in a technology, product, service or device, which (i) does not itself violate the provisions of this chapter and (ii) has the sole purpose to prevent the access of minors to material on the Internet.

## **§ 1202. Integrity of copyright management information**

(a) FALSE COPYRIGHT MANAGEMENT INFORMATION.--No person shall knowingly--

(1) provide copyright management information that is false, or

(2) distribute or import for distribution copyright management information that is false, with the intent to induce, enable, facilitate or conceal infringement.

(b) REMOVAL OR ALTERATION OF COPYRIGHT MANAGEMENT INFORMATION.--No person shall, without the authority of the copyright owner or the law--

(1) intentionally remove or alter any copyright management information,

(2) distribute or import for distribution copyright management information knowing that the copyright management information has been removed or altered without authority of the copyright owner or the law, or

(3) distribute, import for distribution, or publicly perform works, copies of works, or phonorecords, knowing that copyright management information has been removed or altered without authority of the copyright owner or the law, knowing, or, with respect to civil remedies under section 1203, having reasonable grounds to know, that it will induce, enable, facilitate or conceal an infringement of any right under this title.

(c) DEFINITION.--As used in this chapter, copyright management information means the following information conveyed in connection with copies or phonorecords of a work or performances or displays of a work, including in digital form--

(1) the title and other information identifying the work, including the information set forth on a notice of copyright;

(2) the name of, and other identifying information about, the author of a work;

(3) the name of, and other identifying information about, the copyright owner of the work, including the information set forth in a notice of copyright;

(4) with the exception of public performances of works by radio and television broadcast stations the name of, and other identifying information about, a performer whose performance is fixed in a work other than an audiovisual work;

(5) with the exception of public performances of works by radio and television broadcast Stations, in the case of an audiovisual work, the name of, and other identifying information about, a writer, performer, or director who is credited in the audiovisual work;

(6) identifying numbers of symbols referring to such information or links to such information; or

(7) such other information as the Register of Copyrights may prescribe by regulation, except that the Register of Copyrights may not require the provision of any information concerning the user of a copyrighted work.

(d) LAW ENFORCEMENT AND INTELLIGENCE ACTIVITIES.--This section does not prohibit any lawfully authorized investigative, protective, or intelligence activity of an officer, agent, or employee of the United States, a State, or a political subdivision of a State, or a person acting pursuant to a contract with such entities.

(e) LIMITATIONS ON LIABILITY.--

(1) ANALOG TRANSMISSIONS.--In the case of an analog transmission, a person who is making transmissions in its capacity as a radio or television broadcast Station, or as a cable system, or someone who provides programming to such Station or system, shall not be liable for a violation of subsection (b) if--

(A) avoiding the activity that constitutes such violation is not technically feasible or would create an undue financial hardship on such person; and

(B) such person did not intend, by engaging in such activity, to induce, enable, facilitate or conceal infringement.

(2) DIGITAL TRANSMISSIONS.--

(A) If a digital transmission Standard for the placement of copyright management information for a category of works is set in a voluntary, consensus Standard-Setting process involving a representative cross-section of radio or television broadcast Stations or cable systems and copyright owners of a category of works that are intended for public performance by such Stations or systems, a person identified in subsection (e)(1) shall not be liable for a violation of subsection (b) with respect to the particular copyright management information addressed by such Standard if--

(i) the placement of such information by someone other than such person is not in accordance with such Standard; and

(ii) the activity that constitutes such violation is not intended to induce, enable, facilitate or conceal infringement.

(B) Until a digital transmission Standard has been set pursuant to subparagraph (A) with respect to the placement of copyright management information for a category of works, a person identified in subsection (e)(1) shall not be liable for a violation of subsection (b) with respect to such copyright management information, where the activity that constitutes such violation is not intended to induce, enable, facilitate or conceal infringement, if--

(i) the transmission of such information by such person would result in a perceptible visual or aural degradation of the digital signal; or

(ii) the transmission of such information by such person would conflict with

(I) an applicable government regulation relating to transmission of information in a digital signal;

(II) an applicable industry-wide Standard relating to the transmission of information in a digital signal that was adopted by a voluntary consensus Standards body prior to the effective date of this section; or

(III) an applicable industry-wide Standard relating to the transmission of information in a digital signal that was adopted in a voluntary, consensus Standards-Sting process open to participation by a representative cross-section of radio or television broadcast Stations or cable systems and copyright owners of a category of works that are intended for public performance by such Stations or systems.

### **§ 1203. Civil remedies**

(a) CIVIL ACTIONS.--Any person injured by a violation of section 1201 or 1202 may bring a civil action in an appropriate United States district court for such violation.

(b) POWERS OF THE COURT.--In an action brought under subsection (a), the court--

(1) may grant temporary and permanent injunctions on such terms as it deems reasonable to prevent or reStrain a violation;

(2) at any time while an action is pending, may order the impounding, on such terms as it deems reasonable, or any device or product that is in the Custody or control of the alleged violator and that the court has reasonable cause to believe was involved in a violation;

(3) may award damages under subsection(c);

(4) in its discretion may allow the recovery of costs by or against any party other than the United States or an officer thereof;

(5) in its discretion may award reasonable attorney's fees to the prevailing party; and

(6) may, as part of a final judgment or decree finding a violation, order the remedial modification or the destruction of any device or product involved in the violation that is in the custody or control of the violator or has been impounded under paragraph (2).

(c) AWARD OF DAMAGES.--

(1) IN GENERAL.--Except as otherwise provided in this chapter, a person committing a violation of section 1201 or 1202 is liable for either--

(A) the actual damages and any additional profits of the violator, as provided in paragraph (2), or

(B) Statutory damages, as provided in paragraph (3).

(2) ACTUAL DAMAGES.--The court shall award to the complaining party the actual damages suffered by the party as a result of the violation, and any profits of the violator that are attributable to the violation and are not taken into account in computing the actual damages, if the complaining party elects such damages at any time before final judgment is entered.

(3) STATUTORY DAMAGES.--

(A) At any time before final judgment is entered, a complaining party may elect to recover an award of Statutory damages for each violation of section 1201 in the sum of not less than \$200 or more than \$2,500 per act of circumvention, device, product, component, offer, or performance of service, as the court considers just.

(B) At any time before final judgment is entered, a complaining party may elect to recover an award of Statutory damages for each violation of section 1202 in the sum of not less than \$2,500 or more than \$25,000.

(4) REPEATED VIOLATIONS.--In any case in which the injured party sustains the burden of proving, and the court finds, that a person has violated section 1201 or 1202 within three years after a final judgment was entered against the person for another such violation, the court may increase the award of damages up to triple the amount that would otherwise be awarded, as the court considers just.

(5) INNOCENT VIOLATIONS.--

(A) IN GENERAL.--The court in its discretion may reduce or remit the total award of damages in any case in which the violator sustains the burden of proving, and the court finds, that the violator was not aware and had no reason to believe that its acts constituted a violation.

(B) NONPROFIT LIBRARY, ARCHIVES, OR EDUCATIONAL Institutions.--In the case of a nonprofit library, archives, or educational institution, the court shall remit damages in any case in which the library archives, or educational institution sustains the burden of proving, and the court finds, that the library, archives, or educational institution was not aware and had no reason to believe that its acts constituted a violation.

#### **§ 1204. Criminal offenses and penalties**

(a) IN GENERAL.--Any person who violates section 1201 or 1202 willfully and for purposes of commercial advantage or private financial gain--

(1) shall be fined not more than \$500,000 or imprisoned for not more than 5 years, or both for the first offense; and

(2) shall be fined not more than \$1,000,000 or imprisoned for not more than 10 years, or both for any or subsequent offense.

(b) LIMITATION FOR NONPROFIT LIBRARY, ARCHIVES, OR EDUCATIONAL Institution.--Subsection (a) shall not apply to a nonprofit library, archives, or educational institution.

(c) STATUTE OF LIMITATIONS.--Notwithstanding section 507(a) of this title, no criminal proceeding shall be brought under this section unless such proceeding is commenced within five years after the cause of action arose.

**§ 1205. Savings Clause**

Nothing in this chapter abrogates, diminishes or weakens the provisions of, nor provides any defense or element or mitigation in a criminal prosecution or civil action under, any federal or State law that prevents the violation of the privacy of an individual in connection with the individual's use of the Internet.

# Appendix 9: ADR Rules For The .eu Domain Name Disputes

These rules, and the supplemental rules, are available at <http://www.adr.eu/>

The following is just the Table of Contents, followed by Section A3 “Language of the Proceedings”.

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### 3 Language of Proceedings

(a) The language of the ADR Proceedings must be one of the official EU languages. Unless otherwise agreed by the Parties, or specified otherwise in the Registration Agreement, the language of the ADR Proceeding shall be the language of the Registration Agreement for the disputed domain name. In the absence of an agreement between the parties, the Panel may in its sole discretion, having regard to the exceptional circumstances of the ADR Proceeding, decide on the written request of a Complainant, filed before initiating a Complaint, that the language of the ADR Proceeding will be different than the language of the Registration Agreement for the disputed domain name.

(b) The procedure related to the request of a change of the language of the ADR Proceeding shall be as follows:

- (1) The request shall be submitted to the Provider in hard copy and in electronic form and shall:
  - (i) specify the information under Paragraphs B1 (b)(2), (b)(3), (b)(5), (b)(6), and (b)(7) of the ADR Rules;
  - (ii) specify the requested change of the language of ADR Proceeding;
  - (iii) specify the exceptional circumstances that would justify such a change of the language of an ADR Proceeding;
  - (iv) conclude with the statement under B1(b)(15) of the ADR Rules.
- (2) The Provider will acknowledge receiving the request from the Complainant, subject to the receipt of the fees due hereunder, and, if applicable, shall notify the Registry of the Time of Filing in accordance with B1(e) of the ADR Rules, having the same consequences as under B1(e) of the ADR Rules.
- (3) The Provider shall notify the Respondent of the request to change the language of the ADR Proceeding within five (5) days following receipt of the fees payable hereunder.
- (4) The Respondent shall have a right to submit a response to the Provider within twelve (12) days of the date of notification of the request to change the language of the ADR Proceeding. The response shall be submitted in hard copy and in electronic form.
- (5) The Provider will acknowledge receiving the response from the Respondent and will appoint a single Panel to decide the request. Paragraph B5 applies accordingly.
- (6) The Panel shall issue a decision whether or not to allow the requested change of the language of the ADR Proceeding within twelve (12) days from the date of its appointment. The Panel's decision shall be final and not subject to appeal. The decision shall be communicated to the Parties without delay.
- (7) In case the Complainant files the Complaint within thirty (30) Working days from receiving the decision under (b)(6) above, the Time of Filing of the request to change the language of the ADR Proceeding shall apply with respect to the Complaint, provided the appropriate fee is paid.

(c) All documents including communications made as part of the ADR Proceeding shall be made in the language of the ADR Proceeding. The Panel may disregard documents submitted in other languages than the language of the ADR Proceeding without requesting their translation. Any communication by the Provider which, from its content, cannot be regarded as amounting to procedural documents (such as cover letters with which the Provider sends procedural documents or automatic system notifications generated by the Provider's application) shall be made in the language of the ADR Proceeding or in English.

(d) The Provider and, after its constitution, the Panel by itself or upon the request of a Party, may order that any documents submitted in languages other than the language of the ADR Proceeding be accompanied by a translation in whole or in part into the language of the ADR Proceeding.

## Appendix 10: 2007 Rule Changes At The TTAB

This chart of TTAB rule changes is available at

[http://www.uspto.gov/web/offices/com/sol/notices/72fr42242\\_FinalRuleChart.pdf](http://www.uspto.gov/web/offices/com/sol/notices/72fr42242_FinalRuleChart.pdf)

<b>Miscellaneous Changes to Trademark Trial and Appeal Board Rules, 72 Fed. Reg. 42242 (August 1, 2007), Summary by Rule Number:</b>			
<b>Rule(s)</b>	<b>Subject(s)</b>	<b>Effective Date</b>	<b>Applicability</b>
2.99(b), (c) and (d)(1)	(b) DELETES: Requirement that concurrent use applicant file copies of application for service on defendants. (c) ADDS: Board may serve notice by e-mail when party has provided Office with an e-mail address. (d)(1) DELETES: Reference to Board sending copies of application to defendants. ADDS: Concurrent use applicant obligation to serve copies of application on defendants after notification of institution of proceeding.	November 1, 2007	Cases commenced on or after November 1, 2007
2.101(a), (b) and (d)(4)	(a), (b), (d)(4) ADDS: Opposer obligation to serve copy of notice of opposition on defendant and include proof of service with notice of opposition. (b) ADDS: Opposer must notify Board within 10 days of receipt of any returned service copy.	November 1, 2007	Cases commenced on or after November 1, 2007
2.105(a) and (c)	(a) ADDS: Board may serve notice by e-mail when party has provided Office with an e-mail address. (c) DELETES: Reference to Board serving copy of notice of opposition and exhibits on applicant.	<b>August 31, 2007 for 2.105(a), but November 1, 2007 for 2.105(c)</b>	<b>All cases pending or commenced on or after August 31, 2007 for 2.105(a), but only cases commenced on or after November 1, 2007 for 2.105(c)</b>
2.111(a), (b) and (c)(4)	(a), (b) and (c)(4) ADDS: Petitioner obligation to serve copy of petition for cancellation on defendant and include proof of service with petition. (b) ADDS: Petitioner must notify Board within 10 days of receipt of any returned service copy.	November 1, 2007	Cases commenced on or after November 1, 2007

<b>Rule(s)</b>	<b>Subject(s)</b>	<b>Effective Date</b>	<b>Applicability</b>
2.113(a) and (c), removal of (e)	(a) ADDS: Board may serve notice by e-mail when party has provided an e-mail address. (c) DELETES: Reference to Board sending service copy. (e) DELETES: Reference to allowing petitioner time to correct informality in petition.	<b>August 31, 2007 for 2.113(a) and removal of (e), but November 1, 2007 for 2.113(c)</b>	<b>All cases pending or commenced on or after August 31, 2007 for 2.113(a) and (e), but only cases commenced on or after November 1, 2007 for 2.113(c)</b>
2.116(g)	ADDS: Standard Protective Order applicable in every case (covering disclosures, discovery and trial).	August 31, 2007	All cases pending or commenced on or after August 31, 2007. EXCEPTION: Not applicable in pending cases that already have a protective order in place.
2.118	ADDS: Board may publish notice of proceeding in O.G. in <i>any</i> inter partes case	August 31, 2007	All cases pending or commenced on or after August 31, 2007. NOTE: The Board will not effect notice by publication in concurrent use cases for excepted common law users, as the concurrent use applicant must provide a usable address for service or decide whether to delete the user as a defendant.

<b>Rule(s)</b>	<b>Subject(s)</b>	<b>Effective Date</b>	<b>Applicability</b>
2.119(a) and (b)(6)	(a) DELETES: References to pleadings being an exception to service requirement. (b)(6) ADDS: Option for parties to agree to use fax or e-mail for service.	November 1, 2007 for 2.119(a), but August 31, 2007 for 2.119(b)(6)	Cases commenced on or after November 1, 2007 for 2.119(a), but all cases pending or commenced on or after August 31, 2007 for 2.119(b)(6)
2.120(a) NOTE: now broken into subsections (1) to (3)	ADDS: Numerous general provisions regarding the required discovery conference, what to discuss in such conferences, and when it may be necessary to file written report on conference discussions; regarding initial disclosures (including requirement that initial disclosures must be made before a party can take discovery); and regarding expert testimony disclosures.	November 1, 2007	Cases commenced on or after November 1, 2007
2.120(d)(1)	CLARIFIES: Any stipulation of parties to exceed interrogatory limit requires approval of the Board. UNCHANGED: Interrogatory limit.	August 31, 2007	All cases pending or commenced on or after August 31, 2007
2.120(e)	ADDS: Motion to compel may address initial disclosures and expert testimony disclosures. ADDS: Motion to compel either type of disclosure must be filed prior to close of discovery. ADDS: Motion to compel does not toll time to make any required disclosure. UNCHANGED: Motion to compel discovery may still be filed after discovery has closed but must be prior to trial. CLARIFIES: Party may not serve new discovery after filing and service of motion to compel, until suspension by Board is lifted or expires.	November 1, 2007	Cases commenced on or after November 1, 2007
2.120(f)	ADDS: Motion for protective order covers initial disclosures and expert testimony disclosures in addition to discovery requests.	November 1, 2007	Cases commenced on or after November 1, 2007

<b>Rule(s)</b>	<b>Subject(s)</b>	<b>Effective Date</b>	<b>Applicability</b>
2.120(g)	ADDS: Motion for sanctions can be filed for failure of a party to participate in discovery conference, but must be filed prior to the deadline for initial disclosures; motion may also be filed for failure to make initial disclosures, or failure to make expert testimony disclosures.	November 1, 2007	Cases commenced on or after November 1, 2007
2.120(h)(2)	ADDS: Motion to test sufficiency does not toll time to make any required disclosure. CLARIFIES: Party may not serve new discovery after filing and service of motion to test sufficiency, until suspension by Board is lifted or expires.	November 1, 2007	Cases commenced on or after November 1, 2007
2.120(i)(1) and (2)	(i)(1) CLARIFIES: Rule covers stipulations and motions. (i)(2) CORRECTS: Titles of Board judges; and coverage of rule expanded to include disclosure, discovery or pretrial conference.	November 1, 2007	Cases commenced on or after November 1, 2007
2.120(j)(3) and (5) through (8)	ADDS: Written disclosures treated the same as responses to interrogatories or requests for admission, for most purposes; but disclosed documents treated the same as responses to requests for production.	November 1, 2007	Cases commenced on or after November 1, 2007
2.121(a), (d) and (e)	ADDS: Requirements for pretrial disclosure of witnesses expected to testify, or who may testify, if needed, what to disclose about them, and when to make disclosures. NOTE: (a) and (d) primarily affect scheduling and are amended to include references to rescheduling of pretrial disclosure deadlines in addition to other deadlines; (e) contains the substantive addition of pretrial disclosure of witnesses.	November 1, 2007	Cases commenced on or after November 1, 2007
2.122(d)(1)	DELETES: Need to file two copies of pleaded registration showing status and title. ADDS: Option to provide proof of status and title of pleaded registration by filing copies of records from USPTO electronic databases (i.e., TARR and Assignment records).	August 31, 2007	Cases commenced on or after August 31, 2007

<b>Rule(s)</b>	<b>Subject(s)</b>	<b>Effective Date</b>	<b>Applicability</b>
2.123(e)(3)	AMENDS provisions regarding motions to strike testimony to account for motions to strike all or part of testimony deposition for lack of proper or adequate pretrial disclosure.	November 1, 2007	Cases commenced on or after November 1, 2007
2.126(a)(6), removal of (b) and redesignation of (c) and (d) as (b) and (c)	DELETES: Option to file by CD-ROM.	August 31, 2007	All cases pending or commenced on or after August 31, 2007 NOTE: any CD-ROMS already filed in pending cases shall remain of record and not be subject to motion to strike or objection on basis of change in rule.
2.127(a) and (c)	(a) ADDS: Clarifying language regarding page limits on briefs for motions (to conform to existing practice). (c) CORRECTS: Titles of Board judges.	August 31, 2007	All cases pending or commenced on or after August 31, 2007 NOTE: Correction in subsection (c) affects no cases.
2.127(e)(1) and (e)(2)	(e)(1) ADDS: Restriction against filing motion for summary judgment until after initial disclosures made, except for motion on claim or issue preclusion or lack of jurisdiction. (e)(2) REWRITTEN, and allows use of written disclosures and disclosed documents in support of a motion for summary judgment.	November 1, 2007	Cases commenced on or after November 1, 2007
2.129(a)	CORRECTS: Titles of Board judges.	August 31, 2007	Correction affects no cases
2.133(a) and (b)	Conform provisions regarding amendments of applications or registrations to existing practices.	August 31, 2007	All cases pending or commenced on or after August 31, 2007

<b>Rule(s)</b>	<b>Subject(s)</b>	<b>Effective Date</b>	<b>Applicability</b>
2.142(e)(1)	CORRECTS: Titles of Board Judges.	August 31, 2007	Correction affects no cases
2.173(a) and 2.176	Conform provisions regarding amendment of registrations to existing practices.	August 31, 2007	All cases pending or commenced on or after August 31, 2007