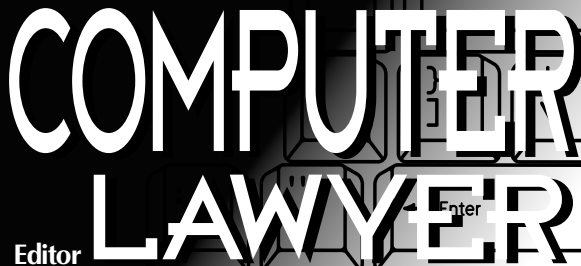


Michigan



COMPUTER LAWYER

Editor

Paul J. Raine

praine@home.msen.com

<http://www.michbar.org/sections/computer/>


In
the News...

By Paul J. Raine,
Attorney at Law

Seminar Reimbursement Program

The Computer Law Section of the Michigan Bar has determined that it would like to offer its Section members a Seminar Reimbursement Program. The steps for obtaining reimbursement for a Seminar you would like to attend are as follows:

1. Select a Seminar or Conference that pertains to Computer Law. Please retain the announcement or brochure for the Seminar you would like to attend for submission to the Computer Law Section.
2. Identify at least 50% of the session(s) being offered at the Seminar which you will be willing to attend and report on to the Computer Law Section in person at the next Computer Law Section meeting, and in writing for the next Computer Law Section publication of Michigan Computer Lawyer.
3. Submit your request to one of the Seminar Reimbursement Coordinators, Sandy Franklin or Dave Syrowik, at least 3 weeks prior to the date the Seminar is scheduled to begin. You may contact Sandy Franklin at (248) 644-3600. You may contact Dave Syrowik at (248) 358-4400. Submit the brochure, the content you will report on, the anticipated date(s) of the reports, and the amount of the reimbursement being requested.
4. The Council of the Computer Law Section of the Michigan Bar will make a determination on each request within 2 weeks of receiving the request and will notify the Section member making the request. If reimbursement is approved, it will be paid to the Section member upon the completion of both reports due to the Computer Law Section. Determinations as to whether a request will be granted, and how many requests will be granted, will be in the sole discretion of the Council of the Computer Law Section of the State Bar of Michigan.

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Developments in
Computer Law



If you have an article you would like considered for publication, send a copy to:

Paul J. Raine
Attorney at Law
PO Box 99773
Troy, MI 48099
praine@home.msen.com

Statement of Editorial Policy

The aim and purpose of the Michigan Computer Law Section of the State Bar of Michigan is to provide information relative to the field of computer law, and other information that the section believes to be of professional interest to the section members.

Unless otherwise stated, the views and opinions expressed in the Michigan Computer Lawyer are not necessarily those of the Computer Law Section, or the State Bar of Michigan.

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COMPUTER LAW SECTION SPRING NETWORKING LUNCHEON

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You and your clients are invited to attend a
Panel Presentation on

*LICENSOR-LICENSEE ISSUES in
COMPUTER CONTRACTS
and the Uniform Computer Information Transaction Act (UCITA)*

Featuring
Professor Raymond T. Nimmer,
author of UCITA

Holly K. Towle, Esq. of Preston Gates & Ellis in Seattle
and
Celeste T. Callahan, Esq. of DaimlerChrysler

See page 4 for more information and speaker bios!



COMPUTER LAW SECTION SPRING NETWORKING LUNCHEON

Prices: \$20 for Computer Law Section members
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About our speakers

Raymond T. Nimmer

Leonard Childs Professor of Law at the University of Houston Law Center and co-Director of the Houston Intellectual Property and Information Law Program. Author of over ten books and numerous articles, the first edition of his book *The Law of Computer Technology*, received a national book award from the Association of American Publishers in 1985. The fourth edition is scheduled for 2001 by West Publishing. Professor Nimmer is also the author of *Information Law*, published in 1996 by West Publishing. Professor Nimmer is the Reporter to the Drafting Committee on the Uniform Computer Information Transactions Act, which addresses the licensing of computer information under state contract law. He also serves as a consultant to the Office of the Legal Advisor of the U.S. State Department. He is listed in *Who's Who in America* and *Who's Who in American Law*. He is a member of the American Law Institute, and a fellow of the Texas Bar Foundation and the American College of Commercial Finance Attorneys. He is a member of the Board of Directors for the Computer Law Association and of the editorial boards of various national and international publications.

Holly K. Towle

Member of Preston Gates & Ellis LLP's Technology and Intellectual Property Department. She is included in An International Who's Who of Internet and E-Commerce Lawyers and in the banking and cyber law sections of The Best Lawyers in America. The blend of Holly's financial institutions background and her technology and licensing practice has created Holly's current practice focus on electronic commerce. She speaks nationally and internationally on electronic commerce, licensing, and online services. She is active on behalf of clients in commenting on proposed legislation regarding computer information transactions, electronic commerce, and software licensing. She advises clients regarding legal aspects of electronic commerce, consumer regulations and the application of all articles of the Uniform Commercial Code.

Celeste T. Callahan

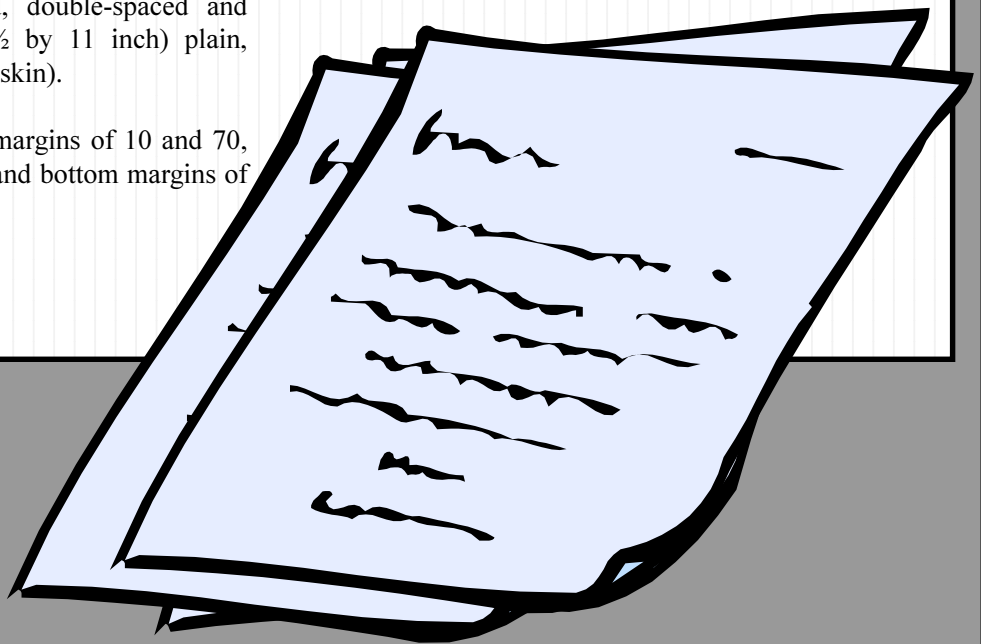
Senior Staff Counsel in DaimlerChrysler Corporation's Office of the General Counsel, Commercial Affairs Group, located in Auburn Hills, MI. She leads the OGC E-Commerce group, a cross functional group of attorneys in Auburn Hills, assisting with structuring, negotiations and documenting E-Commerce commercial, and investment contracts. Celeste is also one of DaimlerChrysler's attorneys representing the company in its role in Covisint, the auto industry's trade exchange formed by DaimlerChrysler, Ford, GM and Renault. Celeste has participated in Drafting Committee Meetings for the Uniform Computer Information Transactions Act (UCITA) (formerly UCC Article 2B) for the past several years. She is also active in an automotive industry effort to review and advise on the provisions of the Uniform Electronic Transactions Act (UETA) and the Federal E-Signature Legislation.



2001 Edward F. Langs Writing Award

ESSAY COMPETITION RULES

1. The award will be given to the student article, which in the opinion of the judges makes the most original and significant contribution to the knowledge and understanding of current computer law issues. The article should demonstrate original, creative and useful thought and insight into the law relating to computers.
2. The top three papers will receive awards of \$500, \$300 and \$200 respectively (in US dollars)
3. All entries must be original and must not have been submitted to any other contest within the last 12 months.
4. All entries must include the submitter's name(s), current address, current telephone number and college or university attended.
5. All articles must be typed, double-spaced and submitted on letter-size (8½ by 11 inch) plain, white, bond paper (no onion skin).
6. Entries must be typed with margins of 10 and 70, respectively, along with top and bottom margins of no less than one inch each.
7. All entries must contain proper citations, including footnotes at the end of the entry.
8. Entry of at least 10 pages is preferred.
9. All rights to the entries shall become the property of the State Bar of Michigan.
10. The Computer Law Section reserves the right to make editorial changes.
11. The entry must be post-marked by June 30, 2001.
12. Entries are to be mailed to:
David R. Syrowik, Chairman
Computer Law Section Essay Competition
Brooks & Kushman P.C.
1000 Town Center, 22nd Floor
Southfield, Michigan 48075





Recent Developments In Computer Law

By David R. Syrowick
Brooks & Kushman P.C., Southfield

INTRODUCTION

One of the most publicized happenings of the year, of course, is the government's anti-trust case against Microsoft. Finding Microsoft liable for using anti-competitive acts to maintain its monopoly power, Judge Jackson held that Microsoft is to split into two companies. Later, the court certified the case for direct appeal to the U.S. Supreme Court and stayed pending appeal its final judgment.

As in past years, much of the case law clarified the durability of time-worn copyright principles in new digital and on-line environments.

In October 1999, a New York district court held that the compilation copyright for computer screen display elements of a program to manage patent and trademark prosecution was infringed by a competing computer program. *O.P. Solutions, Inc. v. Intellectual Property Network*. The court found no trivial differences between the action grids, data compilations, and data tables appearing in the screen displays of the parties' programs.

Earlier in 1999, a California district court held that intermediate copying of a computer software is likely infringing and not a fair use, even where the defendant's final product contains no infringing material. *Sony Computer Entertainment, Inc. v. Connectix Corp.* Issuing a preliminary injunction against the maker of software that emulates the Sony PlayStation on a computer, the court distinguished *Sega Enterprises Ltd. v. Accolade, Inc.*, where the copying was to study unprotected ideas rather than to produce a competing product. However, the Sony case was reversed by the Ninth Circuit.

Further delineating the scope of copyright protection in an electronic medium, a Nevada district court held that scanning a copyrighted photo for graphic manipulation and insertion into a new work constituted infringement. *Tiffany Design, Inc. v. Reno-Tahoe Specialty, Inc.* The court ruled that digitizing any copyrighted material may support a finding of infringement, even if it has only the briefest existence in the computer's memory. Last September, the Second Circuit said the owners of a collective work copyright like the New York Times do not have a right, under their revision privilege at 17 U.S.C. § 201(c), to republish the collective work in an electronic data-

base like Nexis or "New York Times on Disc". *Tasini v. New York Times*. The court reversed a summary judgment for a group of publishers and database owners, ordering that an infringement judgment be entered for freelance writers whose articles were republished in electronic form without their permission. The court said that the Section 201(c) revision privilege protects only later editions of a particular issue of the periodical.

Also highly publicized, in a pair of District Court cases, the online music activities of Napster and MP3.com were called into question as the record companies sought judicial relief.

The expansion of trademark law to product configurations has been and should be a little more settled. The Supreme Court decision in *Wal-Mart v. Samara Brothers, Inc.* ruled that an action under the Lanham Act for trade dress infringement required proof of secondary meaning. Also, the Court agreed to hear the Sixth Circuit case *Marketing Displays, Inc. v. Traffix Devices, Inc.* in which the Sixth Circuit ruled that trade dress protection may be available for a design disclosed in a patent so long as the functional design can be separated from the product's appearance.

The dimensions of the Federal Trademark Dilution Act continued to unfold with numerous decisions on Section 43(c) of the Lanham Act. The Ninth Circuit weighed in with a ruling that Section 43(c) requires more than mere distinctiveness to prove that a mark satisfies the "famous" requirement for protection under the statute. *Avery Dennison Corp. v. Sumpton*. Applying this rule, the court held that the presumptive distinctiveness of surnames fails to satisfy the famousness requirement of Section 43(c).

Trademark dilution disputes in the Internet also proliferated. A Massachusetts district court held last September that a legitimate use of the Internet domain name "clue.com" for computer services did not dilute the "Clue" trademark for a game. *Hasbro, Inc. v. Clue Computing, Inc.*

In the context of less than legitimate uses, a Virginia district court refused to take in rem jurisdiction over domain names alleged to violate Section 43(c) in *Porsche Cars North America, Inc. v. Porsch.com*. The court held that the FDA did not permit in rem proceedings because it only applies to remedies against "persons" who commit dilution. However, this procedural bump in the road was recently smoothed over by Section 3002 of the Intellectual Property and Communications



Omnibus Reform Action noted below. The statute, enacted last November, creates a new Section 43(d)(2) of the Lanham Act to expressly permit such rem actions.

In the federal legislative area on July 20, 1999, President Clinton signed the Y2K Act and on June 30, 2000 signed legislation to promote the Uniform Electronic Trademark Act (UETA).

The following major legislative changes in intellectual property law are:

Pub. L. 106-113 (signed into law on November 29, 1999), which creates a new statutory license for satellite carriers; provides new remedies against cybersquatters; amends the Patent Act to address such issues as publication of patent applications, reexamination of patents, patent term restoration, the "first inventor" defense to patent infringement, and the reorganization of the U.S. Patent and Trademark Office as a performance-based agency; and

Pub. L. 106-160 (signed into law on December 9, 1999), which increases statutory damages under the Copyright Act.

In the state legislative area, both Virginia and Maryland have adopted the Uniform Computer Information Transaction Act (UCITA).

PATENT CASE LAW

U.S. Court of Appeals

General Electric Co. v. Nintendo Co.
50 USPQ2d 1910

As reported at 50 USPQ2d 1910, the U.S. Court of Appeals for the Federal Circuit on June 2, 1999 held that a patent claim preamble which recites bit-map display device is a limitation of a claim directed to a method for displaying computer-generated information on a display screen, in view of evidence that inventors were working on a particular problem of displaying binary data on raster scan display device, and not on general improvement to all display systems.

Wang Laboratories, Inc. v. America Online, Inc.
59 BNA's PTCJ 404

As reported at 59 BNA's PTCJ 404, on December 17, 1999 the U.S. Court of Appeals for the Federal Circuit held that a patent on an online information system is directed to a character-based protocol and does not cover the bit-mapped protocol that is common on current Internet systems.

Overhead Door Corp. v. Chamberlain Group, Inc.
58 BNA's PTCJ 807

As reported at 58 BNA's PTCJ 807, on October 13, 1999 the U.S. Court of Appeals for the Federal Circuit held that a software memory switch in an accused garage door opening

system may be the infringing equivalent of the claimed mechanical "memory selection switch." The district court's application of the function-way-result test for equivalence erroneously limited the claim element to its literal terms by incorporating the element's "way" into the definition of its function. The district court similarly erred in summarily ruling that the structure corresponding to the claimed "second switch means" encompasses only the mechanical switch, the court ruled.

WMS Gaming, Inc. v. International Gaming Technology
51 USPQ2d 1385

As reported at 51 USPQ2d 1385, the U.S. Court of Appeals for the Federal Circuit on July 22, 1999 held that a microprocessor structure that corresponds to a means claim in a slot machine patent is limited by the disclosed algorithm with which the microprocessor is programmed. Reversing a finding of literal infringement, the court held that the district court's overly broad construction of the means-plus-function claim failed to recognize that the function performed by the accused device was not identical to the claimed function. However, the court found infringement under the doctrine of equivalents based on insubstantial differences between the functions claimed and the structures disclosed and the functions and structures of the accused device.

U.S. District Courts

Hilgraeve Corp. v. McAfee Associates, Inc.,
1999 U.S. Dist. LEXIS 9748

As reported in the August 1999 issue of the COMPUTER LAW STRATEGIST, the U.S. District Court for the Eastern District of Michigan on June 10, 1999 held that VirusScan software of Network Associates (formally known as McAfee Associates) does not infringe a patent owned by Hilgraeve Corp., U.S. Patent No. 5,319,776. Hilgraeve's patent describes a data transfer program for personal computers that scans for computer viruses during a data transfer and prior to storage on a destination storage medium so as to prevent computer viruses from infecting the computer. Hilgraeve accused Network of infringement by its commercial activities with respect to its VirusScan program. Network claimed that VirusScan screens for viruses only after the incoming data had been transferred and "stored" on the destination storage medium. The court construed the term "storage" as follows: "Storage occurs when the incoming digital data is sufficiently present on the destination storage medium, and accessible by the operating system of other programs, so that any viruses contained in the data can spread and infect the computer system." Consequently, the court agreed with Network's claim of non-infringement and stated that prosecution history estoppel pre-



vented Hilgraeve from arguing that infringement occurred.

Amazon.com, Inc. v. Barnesandnoble.com, Inc.,
53 USPQ2d 1115

As reported at 53 USPQ2d 1115, the U.S. District Court for the Western District of Washington held on December 1, 1999 that the recently issued patent on Amazon.com's single-action online ordering system is valid and likely to be infringed by the continued use of Barnesandnoble.com's "Express Lane" ordering system. Rebuffing arguments that the Amazon.com system was anticipated and obvious, the court issued a preliminary injunction barring Barnesandnoble.com from continuing to use point-and-click purchasing system. The U.S. Court of Appeals for the Federal Circuit on Dec. 3 issued a temporary stay of the injunction.

Priceline.com, Inc. v. Microsoft Corp.
October 14, 1999 issue of the *Wall Street Journal*

As reported in the October 14, 1999 issue of the *Wall Street Journal*, Priceline.com, Inc. sued Microsoft Corp. in the U.S. District Court for the District of Connecticut claiming the software company's name-your-own-price hotel-reservation service violates a Priceline patent, U.S. Patent No. 5,794,207. The plaintiff claims the software giant infringed its patent for hooking up cyber-buyers and sellers of various services and products. Jay Walker, Priceline's vice chairman and cofounder, holds more than a dozen patents related to Internet commerce through Walker Digital Corp., an intellectual property laboratory he controls.

System Management Arts, Inc. v. Avesta Technologies, Inc.,
54 USPQ2d 1239

As reported at 54 USPQ2d 1239, the U.S. District Court for the Southern District of New York held on March 3, 2000 that evidence that allegedly invalidating computer software was demonstrated prior to critical dates for patents in suit, without obtaining assurances of confidentiality, is sufficient to raise triable issue as to whether invention of patents was in "public use" prior to critical dates within the meaning of 35 U.S.C. § 102.

Xerox Corp. v. 3Com Corp.,
60 BNA's PTCJ 139

As reported at 60 BNA's PTCJ 139, the U.S. District Court for the Western District of New York held on June 6, 2000 that the Palm Pilot data entry system does not infringe a patent for a "unistroke" system for computerized interpretation of handwriting.

Harmonic Design, Inc. v. Hunter Douglas, Inc.,
54 USPQ2d 1273

As reported at 54 USPQ2d 1273, the U.S. District Court for the Central District of California held on February 7, 2000

that the term "electronic circuit", as used in claims for automatic window covering, connotes sufficiently definite structure to avoid application of 35 U.S.C. § 112, sixth paragraph, and includes microprocessors.

U.S. PATENT AND TRADEMARK OFFICE

59 BNA's PTCJ 438

As reported at 59 BNA's PTCJ 438, the U.S. Patent and Trademark Office on December 21, 1999 ordered reexamination of a Y2K fix patent U.S. Patent No. 5,806,063 entitled "Date Formatting and Sorting For Dates Spanning the Turn of the Century".

Ex parte Donner, 53 USPQ2d 1699

As reported at 53 USPQ2d 1699, the Board of Patent Appeals and Interferences on March 26, 1999 held that application claims for apparatus and computer-implemented process for automatically determining estimated value of intellectual property portfolio were improperly rejected on ground that claims do not recite practical application having physical transformation in industrial arts, since there is no special "business methods" exception to statutory subject matter under 35 U.S.C. § 101.

March 29, 2000 issue of the *Wall Street Journal*

As reported in the March 29, 2000 issue of the *Wall Street Journal*, the U. S. Patent and Trademark Office is overhauling the way it reviews applications for many online practices, and will now require a broader search of past practices and inventions before awarding patents. The change comes in response to critics who charge the Office with granting overly broad patents for basic Web techniques, such as Amazon's "1-Click" ordering process. Examiners reviewing applications in the business-method area will now have to follow new procedures, including searching online databases for similar technology ideas "If you make these decisions without adequate data, you run the very real risk of issuing patents on things that were already invented, or patents that are far broader than they should be," says Roland Cole, executive director of the Software Patent Institute.

FEDERAL LEGISLATION

The Omnibus Appropriations Bill

As reported at 59 BNA's PTCJ 330, President Clinton on Nov. 29 signed an omnibus appropriations bill (H.R. 3194), Pub. L. No. 106-113) containing major reforms affecting patents, Internet domain name "cybersquatters," and satellite TV licensing. Final changes to the bill produced an unexpected amendment to the Copyright Act's work-for-hire provision for sound recordings and some ambiguous limitations on the "first inventor defense" to patent infringement.



Key Provisions: The principal patent reforms signed into law include provisions to:

1. Police invention promotion services;
2. Reduce patent fees for the second time in two years and allow for an upward adjustment of trademark fees;
3. Establish a "first inventor defense" against infringement charges in cases involving patented methods of doing or conducting business;
4. Extend patent terms in cases of PTO delays in processing patent applications or delays from interferences and appeals;
5. Publish patent applications 18 months after filing, but limit such publication to inventors who file abroad, and provide provisional royalty rights to inventors whose applications are published;
6. Reduce litigation in district courts by permitting optional inter parties patent reexamination for third-party requesters; and
7. Reorganize the PTO as a "performance based operation," with continued Commerce Department authority over policy, but greater PTO control over management and administration.

The legislation also puts curbs on cybersquatters who register well-known marks and names of others as Internet domain names to cause mischief or extract payment from the rightful owner. In addition, it creates a new compulsory license under the Copyright Act allowing satellite carriers to more effectively compete with cable by providing local broadcast signals.

COPYRIGHT

U.S. Court of Appeals

Recording Industry Association of America, Inc. v. Diamond Multimedia Systems, Inc., 51 USPQ2d 1115

As reported at 51 USPQ2d 1115, the U.S. Court of Appeals for the Ninth Circuit on June 15, 1999 held that a portable player of digital music files downloaded to personal computers from the Internet is not a "digital audio recording device" covered by the Audio Home Recording Act (17 U.S.C. § 1001 *et seq.*) The appellate court affirmed a trial court's refusal to issue a preliminary injunction against the manufacture and sale of the hand-held "Rio," although it did so under a different rationale. The court concluded that music on a computer hard disk does not qualify as a "digital musical recording" under the statute, observing that the law "seems to have been expressly designed to create this loophole."

Sony Computer Entertainment, Inc. v. Connectix Corp., 59 BNA's PTCJ 570

As reported at 59 BNA's PTCJ 570, the U.S. Court of Appeals for the Ninth Circuit on February 10, 2000 held that the intermediate copying of the basic input-output system for the Sony "PlayStation" video game system was a fair use because it was part of a reverse engineering method to produce a compatible system. Reversing a preliminary injunction, the court held that the functional elements in the software permit only low level copyright protection, that the character of the use is transformative, and that the resulting commercial product does not supersede the copyright owner's product. The district court erroneously relied on *Sega Enterprises, Ltd. v. Accolade, Inc.* to presume unfairness from the defendant's commercial use, the appellate court found, pointing out that such a presumption was repudiated by the Supreme Court in *Campbell v. Acuff-Rose Music, Inc.*

Cadence Design Systems, Inc. v. Avant! Corp., August 1999 issue of the *Computer Law Strategist*

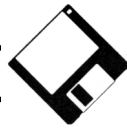
On July 30, 1999 the U.S. Court of Appeals for the Ninth Circuit affirmed a lower court's preliminary injunction against Avant! Corp. in a software copyright infringement case brought by Cadence Design System. The court held that the district court's findings of substantial similarity based on 56 lines of code was not clearly erroneous. The appeals court also affirmed the district court's findings regarding a presumption of irreparable harm. In the Ninth Circuit, a party who shows a likelihood of success on its copyright infringement claim is entitled to a presumption of irreparable harm. Avant! argued that this presumption should be rebutted because Cadence's software is no longer on the market. The court disagreed, noting that the district court held that Cadence's infringed code has current economic value and is still used for translation purposes in Cadence's current product.

Tasini v. The New York Times Co., 52 USPQ2d 1186

As reported at 58 BNA's PTCJ 614, on September 24, 1999 the U.S. Court of Appeals for the Second Circuit reversed a lower court decision by holding that publishers can't put free-lance articles online and onto CD-ROMs without permission from writers. The ruling means publishers must pay free-lance writers, as well as free-lance musicians, photographers and fine artists, extra compensation to reproduce their work electronically, unless the free-lancers specifically give up that right in a contract.

Sun Microsystems, Inc. v. Microsoft Corp., 51 USPQ2d 1825

As reported at 51 USPQ2d 1825, the U.S. Court of Appeals for the Ninth Circuit held on August 23, 1999 that irreparable harm may be presumed in the enforcement of a copyright li-



cense if its is first determined that the allegedly breached terms were limitations on the scope of the license rather than independent contractual covenants. In a case of first impression, the court explained that this threshold issue must be decided under state contract law. Finding this determination missing in the district court's order, the appellate court vacated and remanded a preliminary injunction issued against Microsoft Corp. for breach of a license to use the Java computer programming language.

Kirk v. Harter, 51 USPQ2d 1853

As reported at 51 USPQ2d 1853, the U.S. Court of Appeals for the Eighth Circuit held on August 27, 1999 that defendant whose pay was reported to Internal Revenue Service as payment to independent contractor, and whose relationship to plaintiffs bore little resemblance to that of employer-employee, was not plaintiffs' employee, and therefore was owner of computer program at issue.

Sony Computer Entertainment America, Inc. v. Bleem LLC., 60 BNA's PTCJ 24

As reported at 60 BNA's PTCJ 24, the U.S. Court of Appeals for the Ninth Circuit held on May 4, 2000 that copying video game "screen shots" from a television display for comparative advertising that shows the computer monitor display was a fair use. Vacating a preliminary injunction, the court found that informing the public about a product, which was the effect of the comparative advertising, was a purpose that weighed in favor of a fair use.

Mendler v. Winterland Production Ltd., 54 USPQ2d 1070

As reported at 54 USPQ2d 1070, U.S. Court of Appeals for the Ninth Circuit held on March 14, 2000 that a T-shirt design that was created by scanning plaintiff's photograph of racing sailboats was a "photographic" reproduction of a work that exceeded terms of a license.

Tasini v. New York Times Co., 54 USPQ2d 1032

As reported at 54 USPQ2d 1032, U.S. Court of Appeals for the Second Circuit on February 25, 2000 amended its opinion of September 24, 1999 (52 USPQ2d 1186) to emphasize that revision privilege granted to an author of collective work under 17 U.S.C. § 201(c) is a "presumptive" privilege.

National Football League v. PrimeTime 24 Joint Venture, 60 BNA's PTCJ 4

As reported at 60 BNA's PTCJ 4, U.S. Court of Appeals for the Second Circuit ruled on April 28, 2000 that the uplink transmission of copyrighted NFL game broadcasts to a satellite for retransmission to Canadian viewers constituted an infringing public performance. Affirming an injunction against a satellite

carrier, the court explained that a public performance or display includes each step in the process by which a work wends its way to its audience. The court gave little weight to the Ninth Circuit's decision in *Allarcom Pay Television, Ltd. v. General Instrument Corp.*, which reached the opposite conclusion.

U.S. District Courts

Tiffany Design, Inc. v. Reno-Tahoe Specialty, Inc., 51 USPQ2d 1651

As reported at 51 USPQ2d 1651, the U.S. District Court for the District of Nevada held on July 12, 1999 that the scanning of a copyrighted photo into a computer for graphic manipulation and insertion into a new work constitutes copyright infringement.

Intellectual Reserve, Inc. v. Utah Lighthouse Ministry, Inc., 53 USPQ2d 1425

As reported at 53 USPQ2d 1425, the U.S. District Court for the District of Utah on December 6, 1999 held that defendant World Wide Web site operators contributorily infringed plaintiff's copyrighted material by listing addresses of three other web sites on which that material is posted, by posting e-mail actively encouraging users to download copies of plaintiff's work from those sites, and by giving instructions on how to browse plaintiff's material.

O.P. Solutions, Inc. v. Intellectual Property Network, Ltd., 52 USPQ2d 1818

As reported at 52 USPQ2d 1818, the U.S. District Court for the Southern District of New York held on October 21, 1999 that the copyright in a compilation of computer screen display elements for a program to manage patent and trademark prosecution was infringed by a competing computer program. The court found no trivial differences between the action grids, data compilations, and data tables appearing in the screen displays of the parties' programs. The court refused to limit its comparison of the two works to those elements the copyright owner asserted as similar, pointing out that it is necessary to view the protectable elements of each compilation through the prism of the total arrangement and selection.

Los Angeles Times v. Free Republic, 59 BNA's PTCJ 150

As reported at 59 BNA's PTCJ 150, the U.S. District Court for the Central District of California held on November 8, 1999 that posting articles from the Los Angeles Times and The Washington Post on an Internet bulletin board website so that visitors could comment on and criticize them was not fair use.



Universal City Studios, Inc. v. Reimerdes,
59 BNA's PTCJ 543

As reported at 59 BNA's PTCJ 543, the U.S. District Court for the Southern District of New York on February 2, 2000 held that the distribution of software that enables its user to defeat the copy protection scheme on digital versatile disks (DVDs) likely violates the anti-circumvention provisions of the Digital Millennium Copyright Act. Granting a preliminary injunction requiring the removal of the software from Internet web sites, the court rejected a variety of copyright defenses, reverse engineering defenses, and research defenses. The court also held that the DMCA is not unconstitutional under the First Amendment.

RealNetworks, Inc. v. Streambox, Inc.,
59 BNA's PTCJ 470

As reported at 59 BNA's PTCJ 470, the U.S. District Court for the Western District of Washington held on December 23, 1999 that software to convert technologically protected copyrighted works into digital formats that could be further copied, stored and distributed likely violated the anticircumvention provisions of the Digital Millennium Copyright Act.

Telecomm Technical Services, Inc. v. Siemens Rolm Communications, Inc., 51 USPQ2d 1793

As reported at 51 USPQ2d 1793, the U.S. District Court for the Northern District of Georgia held on July 6, 1999 that recent amendments to Section 117 of the Copyright Act to permit a computer repair service to load software into computer memory without infringement liability are retroactive. Denying a motion to reinstate an infringement claim, the court was satisfied that Congress intended the amendments to be retroactive. The court noted that the amendments reduce rather than increase liability, impose no new duties, and clarify existing law in light of incorrect judicial decisions.

Kelly v. Arriba Soft Corp.,
59 BNA's PTCJ 485

As reported at 59 BNA's PTCJ 485, the U.S. District Court for the Central District of California on December 15, 1999 held that the display of "thumbnail" versions of copyrighted images in a visual search engine was a fair use and did not violate the Digital Millennium Copyright Act as a matter of first impression.

National Football League v. TVRadioNow Corp.; Twentieth Century Fox Film Corp. v. iCraveTV, 59 BNA's PTCJ 552

As reported at 59 BNA's PTCJ 552, the U.S. District Court for the Western District of Pennsylvania on February 8, 2000 preliminarily enjoined an Internet publisher's broadcast of copyrighted television programming over the Internet. Defendant TVRadioNow Corp., a Canadian company doing business

as iCraveTV, picked up television broadcasts from 17 television stations in Buffalo, NY, and elsewhere, and "streamed" the broadcasts over the icravetv.com Internet site. The broadcasts were viewed by numerous Internet users in the United States, who were able to access icravetv.com by entering the three digits of any Canadian area code and by clicking two other buttons. Plaintiff National Football League and others, including Twentieth Century Fox Film Corp., the National Basketball Association, and three major broadcasters - ABC, Inc., CBS Broadcasting, Inc., and Fox Broadcasting Co. - filed suit for copyright and Lanham Act violations. The plaintiffs alleged that iCraveTV engaged in an unauthorized public performance and display of copyrighted television programs and motion pictures by broadcasting them via the Internet to viewers in the United States.

Wrench LLC v. Taco Bell Corp., 51 USPQ2d 1238

As reported at 51 USPQ2d 1238, on June 10, 1999, the U.S. District Court for the Western District of Michigan held that plaintiff's claim of an implied in fact contract with defendant was preempted by Section 106 of the Copyright Act. The plaintiff had contended that Taco Bell used its idea to create a live Chihuahua character featured in Taco Bell's current advertising campaign. The Court found that there was sufficient evidence to go forward on the plaintiff's claim that it had disclosed the Chihuahua idea at Taco Bell's request and Taco Bell understood that the plaintiff expected compensation for use of the idea. However, the Court distinguished both the ProCD and Architectronics cases as involving written contracts which contained promises not equivalent to the exclusive rights granted under Copyright Act. Both cases had held that plaintiff's breach of contract claims were not preempted. The Court stated that sometimes implied in fact contracts were preempted and sometimes not depending on the precise contract right being asserted. In the present case, there was no written contract and the promise not to use plaintiff's ideas and concepts without paying for them was equivalent to the protection provided by Section 106 of the Copyright Act.

Micro Data Base Systems, Inc. v. Nellcor Puritan Bennett, Inc., 51 USPQ2d 1508

As reported at 51 USPQ2d 1508, the U.S. District Court for the Northern District of Indiana held on August 3, 1999 that plaintiff's claims for trade secret misappropriation, conversion, and deception, based on alleged copying of computer software, include "extra elements" that allow them to escape preemption by copyright law, but claim for unjust enrichment is equivalent to right found in Copyright Act, and is preempted.

Images Audio Visual Productions v. Perini Building Co.,
59 BNA's PTCJ 881

As reported at 59 BNA's PTCJ 881, the U.S. District Court for the Eastern District of Michigan held on April 12, 2000 that



the fair use doctrine may not be invoked to permit a construction company's reproduction of copyrighted construction site photos for use in the arbitration of a construction-related dispute. The court distinguished between copyrighted works that happen to capture information relevant to subsequent litigation and works that are intended to capture such information as in this case.

Sony Computer Entertainment, Inc. v. Connectix Corp.,
1 BNA's Computer Technology Law 60

As reported at 1 BNA's Computer Technology Law 60, the U.S. District Court for the Northern District of California held on May 16, 2000 that in instances of reverse engineering of software, the public interest of having more competing products on the market outweighs a copyright holder's interests in preventing such use.

A&M Records, Inc. v. Napster, Inc.,
60 BNA's PTCJ 20

As reported at 60 BNA's PTCJ 20, the U.S. District Court for the Northern District of California held on May 5, 2000 that the Napster online music system is not covered by the "safe harbor" provisions for Internet service providers enacted by the Digital Millennium Copyright Act as a matter of first impression. Denying a motion for summary judgment of non-infringement, the court reasoned that Napster "enables or facilitates" connections between its users, but does not "transmit, route, or provide connections through its system" within the meaning of 17 U.S.C. § 512(a). The court also found that Napster failed to satisfy the safe harbor requirement that it adopt and reasonably implement a policy of terminating repeat infringers.

UMG Recordings, Inc. v. MP3.com Inc.,
60 BNA's PTCJ 21

As reported at 60 BNA's PTCJ 21, the U.S. District Court for the Southern District of New York held on May 4, 2000 that the unauthorized online distribution of music by the MP3.com Inc. does not qualify as either "storing" or making a fair use of copyrighted recordings. In a summary judgment of infringement, the court found that the Internet service is actually re-playing for the subscribers converted versions of the recordings which it copied from the copyrighted CDs without authorization.

Ticket Master Corp. v. Tickets.com Inc.,
54 USPQ2d 1344

As reported at 54 USPQ2d 1344, the U.S. District Court for the Central District of California held on March 27, 2000 that allegation that defendant transferred "event pages" of plaintiff's World Wide Web site to defendant's computer in or-

der to facilitate extraction of facts therefrom alleges actual copying and thus states claim for infringement.

Adobe Systems, Inc. v. One Stop Micro, Inc.,
53 USPQ2d 2003

As reported at 53 USPQ2d 2003, the U.S. District Court for the Northern District of California held on February 2, 2000 that an agreement by which authorized resellers obtain infringement plaintiff's copyrighted software is licensing agreement rather than sales agreement, and therefore does not raise first sale defense.

Perry v. Sonic Graphic Systems, Inc.,
54 USPQ2d 1491

As reported at 54 USPQ2d 1491, the U.S. District Court for the Eastern District of Pennsylvania held on April 11, 2000 that defendants who printed more than 2,000 copies of a brochure containing plaintiff's photographs, and who used images on a World Wide Web site without plaintiff's authorization, infringed plaintiff's copyrights in photographs by exceeding scope of license agreement that granted non-exclusive, one time use of images for up to 2,000 copies, for "local distribution only".

Sony Computer Entertainment America, Inc. v. GameMasters, Inc.,
54 USPQ2d 1401

As reported at 54 USPQ2d 1401, the U.S. District Court for the Northern District of California held on November 4, 1999 that plaintiff is likely to succeed in showing that defendants' sale of video game "enhancer", which allows consumers to play import or "non-territorial" CD-ROM video games on plaintiff's game system, violates Digital Millennium Copyright Act, since the distinguishing feature of enhancer is its ability to allow consumers to circumvent a mechanism which ensures that the game console operates only when encrypted data is read from authorized CD-ROM.

FEDERAL LEGISLATION

Increased Damages for Copyright Infringement
59 BNA's PTCJ 379

As reported at 59 BNA's PTCJ 379, Legislation (Pub. L. No. 106-160, H.R. 3456) that raises by 50 percent some of the penalties for copyright infringement was signed into law December 9, 1999. Aimed principally at "digital piracy" under the 1997 No Electronic Theft Act, the legislation also gives the U.S. Sentencing Commission 120 days to come up with "emergency" sentencing guidelines for such offenses.



**TRADE SECRET, TRADE DRESS, UNFAIR
COMPETITION & TRESPASS**

U.S. Supreme Court

Wal-Mart Stores, Inc. v. Samara Brothers, Inc.,
54 USPQ2d 1065

As reported at 54 USPQ2d 1065 on March 22, 2000, the U.S. Supreme Court unanimously held that an action under Section 43(a) of the Lanham Act for trade dress infringement over a product design requires proof of secondary meaning. It explains that product design is not inherently distinctive and that there is no consumer predisposition to equate design with source. The court bases its reasoning on precedent holding that color is not inherently distinctive, but can eventually come to indicate a product's origin, and thus can be protected upon proof that consumers view it that way. Product design "almost invariably" is intended not to identify the source, but to render the product more useful or more appealing, the court says.

TrafFix Devices, Inc. v. Marketing Displays, Inc.,
60 BNA's PTCJ 182

As reported at 60 BNA's PTCJ 182, on June 26, 2000 the U.S. Supreme Court agreed to review the Sixth Circuit's decision that trade dress protection may be available for a design disclosed in an expired patent. The petitioner argued that the circuits are split on whether a product configuration covered by an expired utility patent is entitled to trade dress protection, and that the Sixth Circuit's ruling nullifies the public's right to copy and use inventions after their patent protection expires. The respondent, however, maintained that the conflict was "more perceived than real," and asserted that recognizing trade dress rights in distinctive, non-functional product features does not conflict with the public's right to copy.

U.S. Court of Appeals

Scheduled Airlines Traffic Offices, Inc. v. Objective, Inc.,
51 USPQ2d 1038

As reported at 51 USPQ2d 1038, on June 14, 1999 the U.S. Court of Appeals for the Fourth Circuit held that defendant's allegation that plaintiff misrepresented to prospective customers that it had developed automated airline reservation software authored by defendant failed to state valid counterclaim for violation of 15 U.S.C. § 1125(a).

U.S. District Courts

Gemisys Corp. v. Phoenix American, Inc.,
50 USPQ2d 1876

As reported at 50 USPQ2d 1876, the U.S. District Court for the Northern District of California held on March 18, 1999 that plaintiff's extensive disclosure of investor services soft-

ware program and related materials to defendant, with no indication that materials were confidential, precludes finding that such materials are protectable trade secrets.

EarthWeb, Inc. v. Mark Schlack, 17 *The Computer Lawyer* 36

As reported at 17 *The Computer Lawyer* 36, the U.S. District Court for the Southern District of New York on October 27, 1999 held that a non-compete agreement was too long (*i.e.* 1 year) for the Internet industry and declined to follow the "in-avoidable disclosure doctrine."

Ford Motor Co. v. Lane, 52 USPQ2d 1345

As reported at 52 USPQ2d 1345, the U.S. District Court for the Eastern District of Michigan held on September 7, 1999 that an injunction barring a web site operator from publishing the trade secrets and other confidential material of Ford Motor Co. would violate the prior restraint doctrine and the First Amendment. The court held that the defendant had probably violated the state's Uniform Trade Secret Act, and may have used the Internet to extort concessions or privileges from Ford. However, in the absence of a confidentiality agreement or fiduciary duty between the parties, existing precedent establishes that Ford's commercial interest in its trade secrets and the defendant's improper conduct in obtaining them are not grounds for issuing a prior restraint order, according to the court. Judge Edmunds summed up her ruling as follows: "With the Internet, significant leverage is gained by the gadfly, who has no editor looking over his shoulder and no professional ethics to constrain him. Technology blurs the traditional identities of David and Goliath. Notwithstanding these technological changes, however, the Courts have steadfastly held that the First Amendment does not permit prior restraint of speech by way of injunction, even in circumstances where the disclosure threatens vital economic interests."

Niton Corp. v. Radiation Monitoring Devices, Inc.,
52 USPQ2d 1380

As reported at 52 USPQ2d 1380, the U.S. District Court for the District of Massachusetts on November 18, 1999 granted plaintiff a preliminary injunction, subject to modification, in an action alleging that defendant employs "META" descriptions for its World Wide Web sites that are identical to those used in creation of plaintiff's Web site.

Fred Wehrenberg Circuit of Theatres, Inc. v. Moviefone, Inc.,
73 F.Supp.2d 1044

As reported at 73 F.Supp.2d 1044, the U.S. District Court for the Eastern District of Missouri held on November 1, 1999 that plaintiff's "Hot News" misappropriation claims not preempted by the Copyright Act. Plaintiff's claim was based on the "hot news" doctrine established in *International News Service v. Associated Press*, 248 U.S. 215 (1918) ("hot news" is given a quasi-property value due to its time sensitivity, com-



mercial value, and the time, skill, effort, and money required to gather it). Defendant claimed that the Copyright Act, enacted after the holding in *International News*, preempts plaintiff's state law claim.

eBay, Inc. v. Bidder's Edge, Inc., 60 BNA's PTCJ 119

As reported at 60 BNA's PTCJ 119, the U.S. District Court for the Northern District of California held on May 24, 2000 that the fundamental right to exclude others from personal property supports eBay's claim that numerous automated queries from Bidder's Edge consumed processing and storage resources of eBay's servers, and so likely constitutes a trespass to chattels. The court enjoined spidering by Bidder's Edge, but stopped short of precluding it from utilizing information obtained from eBay's website from methods other than automated query programs.

TRADEMARKS

U.S. Court of Appeals

Interstellar Starship Services Ltd. v. Epix, Inc., 51 USPQ 1535

As reported at 51 USPQ 1535, on July 19, 1999 the U.S. Court of Appeals for the Ninth Circuit held that a summary judgment of no infringement between the trademarks "EPIX" and "epix.com" was improper, despite the sophistication of consumers, in view of conflicting evidence on other confusion factors such as the near identity of the parties' marks and both parties' use of the Internet as a marketing channel.

GoTo.com, Inc. v. Walt Disney Co., 59 BNA's PTCJ 547

As reported at 59 BNA's PTCJ 547, the U.S. Court of Appeals for the Ninth Circuit on February 2, 2000 held that a likelihood of confusion exists between the "GoTo" and "Go" marks for Internet search engines because of the similarity of the parties' logos as well as their simultaneous use of the World Wide Web as a marketing channel.

Lockheed Martin Corp. v. Network Solutions, Inc., 52 USPQ2d 1481

As reported at 52 USPQ2d 1481, the U.S. Court of Appeals for the Ninth Circuit held on October 25, 1999 that the Registrar of Internet domain names did not supply "product" to third parties, and thus did not incur liability for contributory infringement of plaintiff's "Skunk Works" mark by registering domain names, containing "skunk works" and similar words, to third parties. Affirming a summary judgment in favor of the registrar, the court explained that registering domain names and providing an Internet routing service is distinct from providing a product. The court remarked that the registrar does not supply

a potentially infringing domain-name combination any more than the U.S. Postal Service supplies a street address by performing the service of routing mail.

Avery Dennison Corp. v. Sumpton, et al., 51 USPQ2d 1801

As reported at 51 USPQ2d 1801, the U.S. Court of Appeals for the Ninth Circuit held on August 23, 1999 that plaintiff Avery Dennison did not meet its burden to create a genuine issue of fact that its marks are famous and its failure to fulfill its burden on this required element of dilution mandated summary judgment for the defendants. The court also concluded that defendants had not engaged in "cybersquatting dilution" because the defendants had registered the top-level domain of <.net>, rather than <.com>.

Sporty's Farm, LLC v. Sportsman's Market, Inc., 53 USPQ2d 1570

As reported at 53 USPQ2d 1570, the U.S. Court of Appeals for the Second Circuit on February 2, 2000 held that an appellate court can directly apply the recently enacted Anticybersquatting Protection Act (*i.e.* 15 U.S.C. § 1125(d)) to affirm a trademark dilution judgment entered under the Federal Trademark Dilution Act before the ACPA was passed. The court found that declaratory plaintiff's registration of "sportys.com" Internet domain name, which is confusingly similar to defendant's "Sporty's" mark, violated the Anticybersquatting Consumer Protection Act, which was adopted specifically to provide courts with preferable alternatives to stretching dilution law when dealing with cybersquatting cases.

Kellogg Co. v. Exxon Corp., 59 BNA's PTCJ 810

As reported at 59 BNA's PTCJ 810, the U.S. Court of Appeals for the Sixth Circuit held on April 6, 2000 that the delay by Kellogg of more than 30 years in bringing its lawsuit alleging that the Exxon cartoon tiger infringes its Tony the Tiger did not support a defense of acquiescence.

CPC International, Inc. v. Skippy, Inc., 60 BNA's PTCJ 158

As reported at 60 BNA's PTCJ 158, the U.S. Court of Appeals for the Fourth Circuit held on June 2, 2000 that an injunction ordering that certain language be redacted from a website lacked the findings and specificity required by Rule 65(d), and was unconstitutionally overbroad. Vacating a broad injunction, the court found insufficient reasons to justify silencing a substantial quantity of speech from the defendant's website, which included commentary on ongoing trademark litigation.



U.S. District Courts

Porsche Cars North America, Inc. v. Porsch.com,
51 USPQ2d 1461

As reported at 51 USPQ2d 1461, the U.S. District Court for the Eastern District of Virginia on June 8, 1999 held that the Trademark Dilution Act does not permit a suit for dilution to be filed in rem against Internet domain names themselves rather than against those who register them. The court dismissed for lack of personal jurisdiction an action filed directly against 128 "Porsche"-related domain names. It also ruled that allowing such actions would needlessly call the constitutionality of the statute into question.

Hard Rock Café International (USA), Inc. v. Morton,
1 *E-Commerce Law Weekly* 5

As reported at 1 *E-Commerce Law Weekly* 5, the U.S. District Court for the Southern District of New York held on June 2, 1999 and then on September 8, 1999 that framing violates a trademark license between the parties and that Hard Rock Hotel cannot use the "Hard Rock" logos on a website or link, respectively.

Hasbro, Inc. v. Clue Computing, Inc., 52 USPQ2d 1402

As reported at 52 USPQ2d 1402, the U.S. District Court for the District of Massachusetts on September 2, 1999 held that a legitimate competing use of another person's trademark as a domain name is not per se trademark dilution. Holders of famous marks are not automatically entitled to use that mark as their domain name, the court said, ruling that a computer consulting firm did not dilute a game maker's "Clue" trademark by using the domain name clue.com. The court also held that awarding injunctive relief under the Federal Trademark Dilution Act is not impermissibly retroactive, and that more than similarity of the marks and the renown of the senior mark is required to prove dilution.

Dorer v. Arel, 68 BNA's U.S. Law Week 1158

As reported at 68 BNA's U.S. Law Week 1158, the U.S. District Court for the Eastern District of Virginia recently held that a judgment creditor's access to self-help alternatives for satisfying a default judgment against a trademark infringer obviates the need to decide whether an Internet domain name registration is property subject to lien.

Medic Alert Foundation United States, Inc. v. Corel Corp.,
51 USPQ2d 1024

As reported at 51 USPQ2d 1024, the U.S. District Court for the Northern District of Illinois on March 31, 1999 held that relevant confusion, in an action based on alleged use of trademarked image in computer software programs, is whether

consumer would believe that plaintiff endorsed or was otherwise affiliated with defendant's software, not whether plaintiff approved of use of its trademarked image.

Worldsport Networks Ltd. v. Artinternet, 58 BNA's PTCJ 236

As reported at 58 BNA's PTCJ 236, the U.S. District Court for the Eastern District of Pennsylvania held on April 27, 1999 that an Internet domain name registrar may be ordered to screen a defendant's future domain names to avoid future infringement.

America Online, Inc. v. AT&T Corp., 58 BNA's PTCJ 487

As reported at 58 BNA's PTCJ 487, the U.S. District Court for the Eastern District of Virginia held on August 13, 1999 that the phrase "YOU HAVE MAIL" is a generic expression as used by AT&T for its Internet e-mail service. The court granted a summary judgment to dismiss the attempt by America Online Inc. to enforce its rights in the phrase "You've Got Mail." The court also determined that the terms "IM" and "BUDDY LIST" were not protectable as trademarks, finding those expressions widely used by both America Online Inc. and its competitors.

Playboy Enterprises, Inc. v. Netscape Communications Corp.,
58 BNA's PTCJ 490

As reported at 58 BNA's PTCJ 490, the U.S. District Court for the Central District of California held on June 24, 1999 that use of "playboy" and "playmate" as keywords for banner advertisements in an Internet search engine was not an infringing "use" of the trademarks for those terms.

Toys "R" Us, Inc. v. Feinberg, 52 USPQ2d 1688

As reported at 52 USPQ2d 1688, the U.S. District Court for the Southern District of New York held on October 28, 1999 that defendants' use of "gunsareus.com" Internet domain name for firearms business does not infringe or dilute plaintiff's various "Toys 'R' Us" marks for toy store chain, since marks are not similar, in that absence of "R" from domain name makes confusion unlikely since parties' products are not in competitive proximity, and since plaintiffs are unlikely to enter firearms market.

Playboy Enterprises, Inc. v. Welles, 59 BNA's PTCJ 397

As reported at 59 BNA's PTCJ 397, the U.S. District Court for the Southern District of California on December 1, 1999 held that a former Playboy Playmate of the Year made fair use of various "Playboy" and "Playmate" terms to identify herself on her personal website. The court held in a summary judgment that the terms were used in a non-trademark manner to describe the model's status as a recipient of the Playboy titles. The court also ruled that use of the Playboy marks in the website's invisible "metatags" to draw Internet users to the website was a fair use, discounting the magazine's evidence of "initial confusion."



Countdown Clocks International, Inc. v. Planet Marketing, Inc., 53 USPQ2d 1063

As reported at 53 USPQ2d 1063, the U.S. District Court for the Southern District of New York on October 26, 1999 held that plaintiff's use of the phrase "Year 2000" on a clock that shows time remaining until the turn of the century is fair use of defendant's "Year 2000" trademark.

CcBN.com, Inc. v. C-Call.com, Inc., 52 USPQ2d 1132

As reported at 52 USPQ2d 1132, the U.S. District Court for the District of Massachusetts on November 18, 1999 held that the owner of "StreetEvents.com" is not entitled to a preliminary injunction against "StreetFusion.com" for competing Internet-based financial services companies.

Estee Lauder, Inc. v. Fragrance Center, Inc.,
1 *E-Commerce Law Weekly* 7

The U.S. District Court for the Southern District of New York held on September 24, 1999 that an affirmative defense of trademark misuse will not be stricken where it did not appear "to a certainty" that the plaintiffs would succeed in defeating the defense in a suit involving the Internet marketing practice of "Metatags."

E-cards v. King, 59 BNA's PTCJ 470

As reported at 59 BNA's PTCJ 470, the U.S. District Court for the Northern District of California denied relief based on genericness of the mark "e-cards".

Microsoft Corp. v. Unity Group Unlimited, 51 USPQ2d 1603

As reported at 51 USPQ2d 1603, the U.S. District Court for the Central District of California held on February 10, 1999 that plaintiff, in an action for trademark counterfeiting, will not be permitted to retain seized documents, following denial of its motion to confirm seizure order, on ground that "expedited discovery" is necessary.

Columbia Insurance Co. v. Seescandy.com, 51 USPQ2d 1130

As reported at 51 USPQ2d 1130, the U.S. District Court for the Northern District of California held on March 8, 1999 that discovery to determine the identity of a party who commits tortious acts entirely on-line may be permitted, provided plaintiff establishes reasonable likelihood that discovery will lead to identifying information that would make service of process possible.

The Network Network v. CBS, Inc., 59 BNA's PTCJ 677

As reported at 59 BNA's PTCJ 677, the U.S. District Court for the Central District of California held on January 18, 2000 that a mark may only be protected under the Federal Trademark Dilution Act if it is "famous" at the time of the defendant's first use in commerce of the allegedly diluting mark. Granting a declaratory judgment of no trademark dilu-

tion, the court reasoned that a contrary reading would allow fame to be measured from the time that a plaintiff decides to object to the use of a particular mark. The court also held that the "tnn.com" Internet domain name of a computer networking firm did not infringe the "TNN" mark for country music cable television because the parties' services were sufficiently unrelated to preclude "initial interest" confusion.

Caesars World, Inc. v. Caesars-Palace.com, 54 USPQ2d 1121

As reported at 54 USPQ2d 1121, the U.S. District Court for the Eastern District of Virginia held on March 3, 2000 that the new federal statute (ACPA) 15 U.S.C. § 1125(d) allowing trademark owners to proceed in rem against Internet domain names when they are unable to acquire personal jurisdiction over a domain name registrant does not violate due process.

Porsche Cars North America, Inc. v. Spencer,
60 BNA's PTCJ 142

As reported at 60 BNA's PTCJ 142, the U.S. District Court for the Eastern District of California held on May 18, 2000 that "Porsche-source.com" violated the rights of the owner of the "Porsche" trademark under the Anticybersquatting Consumer Protection Act.

Lucent Technologies, Inc. v. LucentSucks.com,
60 BNA's PTCJ 48

As reported at 60 BNA's PTCJ 48, the U.S. District Court for the Eastern District of Virginia held on May 3, 2000 that a trademark owner contemplating an in rem action against an Internet domain name under the 1999 Anticybersquatting Consumer Protection Act must wait more than eight days between sending notice of such intent to the domain name registrant and actually filing the in rem action. Such a short period does not give affected parties a sufficiently reasonable time to come forward and therefore does not satisfy procedural due process requirements, the court explained, addressing a novel issue under the new statute.

Virtual Works, Inc. v. Network Solutions, Inc.,
54 USPQ2d 1125

As reported at 54 USPQ2d 1125, the U.S. District Court for the Eastern District of Virginia held on February 24, 2000 that defendant, having no trademark or other intellectual property rights in initials "VW", violated the Anticybersquatting Consumer Protection Act by registering Internet domain name "VW.net".

Shields v. Zuccarini, 54 USPQ2d 1838

As reported at 54 USPQ2d 1166, the U.S. District Court for the Eastern District of Pennsylvania held on March 22, 2000 that defendant in action for violation of Anticybersquatting Consumer Protection Act is not entitled to defense that he reasonably believed that use of offending Internet domain names



was lawful political speech, since defendant initially used offending sites for purely commercial purposes, and changed those sites to protect content on plaintiff's site only after being sued. Defendant is enjoined from using domain names for World Wide Web sites that are confusingly similar to plaintiff's "Joe Cartoon" mark.

First Jewelry Co. of Canada, Inc. v. Internet Shopping Network, LLC., 53 USPQ2d 1838

As reported at 53 USPQ2d 1838, the U.S. District Court for the Southern District of New York held on January 31, 2000 that plaintiffs have shown that defendant's use of "firstjewelry.com" Internet domain name is likely to cause confusion with plaintiffs' registered "First Jewelry" trademark.

Weber-Stephen Products Co. v. Armitage Hardware and Building Supply, 54 USPQ2d 1766

As reported at 54 USPQ2d 1766, the U.S. District Court for the Northern District of Illinois held on May 3, 2000 that the decision of administrative panel in proceeding before World Intellectual Property Organization, pursuant to Uniform Domain Name Resolution Policy of Internet Corporation for Assigned Names and Numbers (ICANN), is not binding on federal district court hearing action for trademark infringement and cyberpiracy.

Debevoise & Plimpton v. Moore, 59 BNA's PTCJ 814

As reported at 59 BNA's PTCJ 814, the U.S. District Court for the District of Columbia on March 9, 2000 permanently enjoined an accused cybersquatter from using eponymous domains of five national law firms and a national accounting firm. In a brief order, Judge Paul L. Friedman enjoined Michael Moore from using six domains, or any names similar to them. The domains were: debevoiseplimpton.com; fulbrightjworski.com; kirklandellis.com; kpmgpeatmarwick.com; omelvenymyers.com; and sidleyaustin.com. The domains were ordered transferred to their respective firms, and Moore was ordered to pay \$25,000 in damages.

Cello Holdings L.L.C. v. Lawrence-Dahl Cos., 54 USPQ2d 1645

As reported at 54 USPQ2d 1645, the U.S. District Court for the Southern District of New York on March 30, 2000 denied plaintiffs' summary judgment that defendants' registration of "cello.com" Internet domain name violated Federal Trademark Dilution Act and Anticybersquatting Consumer Protection Act, and have failed to show why they have greater right to domain name than dozens of other companies that have registered "Cello" trademarks or used "Cello" in their names.

Morrison & Foerster LLP v. Wick, 60 BNA's PTCJ 53

As reported at 60 BNA's PTCJ 53, the U.S. District Court for the District of Columbia on April 19, 2000 ruled that a bad faith domain name registration of a law firm name was a violation of the Anticybersquatting Consumer Protection Act.

Shade's Landing, Inc. v. Williams, 76 F.Supp.2d 983

As reported at 76 F.Supp.2d 983, the U.S. District Court for the District of Minnesota held on December 22, 1999 that home-market.com is not likely to be confused with home-market.net.

OBH, Inc. v. Spotlight Magazine, Inc., 54 USPQ2d 1783

As reported at 54 USPQ2d 1783, the U.S. District Court for the Western District of New York held on February 28, 2000 that defendants' use of "thebuffalonews.com" Internet domain name constitutes use of mark in commerce, and infringes and dilutes plaintiffs' "The Buffalo News" trademark for newspaper; such use is not protected by the First Amendment, since use is more analogous to source identification than a communicative message, in that defendants' domain name essentially identifies their Web site as product or forum of plaintiffs.

BigStar Entertainment, Inc. v. Next Big Star, Inc., 60 BNA's PTCJ 54

As reported at 60 BNA's PTCJ 54, the U.S. District Court for the Southern District of New York held on April 17, 2000 that the domain names "bigstar.com" and "next-bigstar.com" were not similar enough to support a claim that an online business was using a trademark holder's goodwill to draw customers to its website.

Jeri-Jo Knitwear, Inc. v. Club Italia, Inc., 60 BNA's PTCJ 75

As reported at 60 BNA's PTCJ 75, the U.S. District Court for the Southern District of New York recently held that use of a hyperlink available to U.S. citizens did not amount to contempt of an order enjoining the defendant from advertising or promoting apparel in the U.S.

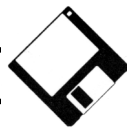
U.S. PATENT & TRADEMARK OFFICE

In re Polo International, Inc., 51 USPQ2d 1061

As reported at 51 USPQ2d 1061, the Trademark Trial and Appeal Board on June 3, 1999 ruled that applicant's "Doc-Control" mark is merely descriptive of applicant's computer software for document management.

58 BNA's PTCJ 810

As reported at 58 BNA's PTCJ 810, the U.S. Patent and Trademark Office stated in its trademark examination guide



that it issued September 29, 1999 that top level domains (TLDs) such as .com will be treated much like toll-free telephone numbers, rather than an indication of the source of goods in trademark applications. In another examination guide issued the same day, the PTO addressed the treatment of “phantom” elements in marks, and the identification and classification of marks for on-line publications.

Continental Airlines, Inc. v. United Air Lines,
53 USPQ2d 1385

As reported at 53 USPQ2d 1385, the Trademark Trial and Appeal Board on January 7, 2000 held that a proposed mark “E-Ticket” is a generic term or name for computerized reservation ticketing of transportation services, and thus should remain available for use by applicant’s competitors.

INTERNATIONAL

World Wrestling Federation Entertainment, Inc. v. Bosman,
59 BNA’s PTCJ 486

As reported at 59 BNA’s PTCJ 486, an arbitration panelist from the World Intellectual Property Organization (WIPO) concluded on January 14, 2000 that an Internet domain name was “registered and used in bad faith,” in violation of a worldwide uniform dispute resolution policy.

SETTLEMENTS

GoTo.com, Inc. v. Walt Disney Co., Cal. No. 99-1674

As reported at 5 THE INTERNET NEWSLETTER 12, on May 25, 2000 GoTo.com announced that it has settled its trademark infringement suit against the Walt Disney Co. for using its “Go Network” logo for Disney’s Go Network. In the settlement, Disney agreed to pay GoTo.com \$21.5 million, to permanently discontinue use of the disputed Go Network logo and its current replacement logo, and to drop its counterclaim against GoTo.com.

ANTITRUST

U.S. Court of Appeals

Intergraph Corp. v. Intel Corp., 59 BNA’s PTCJ 63

As reported at 59 BNA’s PTCJ 63, the U.S. Court of Appeals for the Federal Circuit held on November 5, 1999 that the withdrawal of special benefits from a customer that refuses to license patent rights does not constitute unlawful anticompetitive conduct where the parties do not compete in any relevant market. Vacating a preliminary injunction, the court rejected a litany of theories under which Intel allegedly violated the antitrust laws in using its market power against a reluctant patent licensor. The Federal Circuit rejected the contention that the parties compete by virtue of Intergraph’s patents, observing that “the patent grant is a legal right to exclude, not a commercial product in a competitive market.”

Name.Space, Inc. v. Network Solutions, Inc.,
68 U.S. Law Week 1461

As reported at 68 U.S. Law Week 1461, the U.S. Court of Appeals for the Second Circuit recently held that domain name registrar, Network Solutions, Inc., is immune from antitrust liability for refusing to add new generic Internet top-level domains; nor did it violate the First Amendment rights of a firm that sought to register a new top-level domain name.

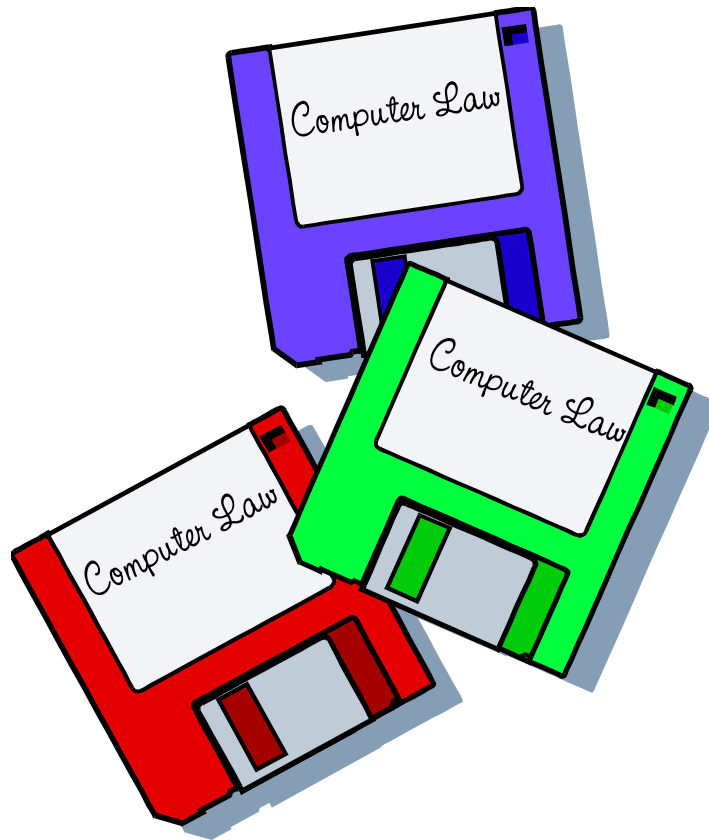
Independent Service Organizations Antitrust Litigation,
59 BNA’s PTCJ 598

As reported at 59 BNA’s PTCJ 598, the U.S. Court of Appeals for the Federal Circuit on February 16, 2000

held that Xerox’s refusal to sell its patented parts or license the copyrighted manuals and software used for servicing its copiers was not an antitrust violation. Affirming a summary judgment of no antitrust violation, the court pointed out that the burden in on the infringement defendant to show that the patent or copyright holder had no valid business justification for denying the sale or licensing request. In the absence of such proof, the court explained, “we will not inquire into the patentee’s motivations for asserting his statutory right to exclude.”

U.S. District Courts

Bristol Technology, Inc. v. Microsoft Corp.,
July 19, 1999 issue of the *Wall Street Journal*





As reported in the July 19, 1999 issue of the *Wall Street Journal*, an eight member jury in the U.S. District Court for the District of Connecticut rejected antitrust charges against Microsoft Corp. The jury dismissed most claims by tiny Bristol Technology, Inc., finding in its favor on a single count, that Microsoft acted deceptively in violation of a Connecticut unfair-trade statute. Bristol alleged that Microsoft tried to monopolize the market for server software and deliberately cut off Bristol's access to the "source code" of Windows NT, the software blueprints that Bristol needed to design its software products. Despite finding that Microsoft violated the state's unfair-trade law, the jury awarded only \$1 to Bristol on that count.

U.S. v. Microsoft Corp., 68 U.S. Law Week 2261

As reported at 68 U.S. Law Week 2261 (Nov. 9, 1999), the U.S. District Court for the District of Columbia found that Microsoft Corp. enjoys monopoly power in the market for Intel-compatible PC operating systems and that the software giant has demonstrated that it used its "prodigious market power and immense profits to harm any firm that insists on pursuing initiatives that could intensify competition" against one of its core products. The court points to three main facts indicating that Microsoft is a monopoly: Microsoft's share of the relevant market is extremely large and stable - every year for the last decade, its share of the relevant market has stood above 90 percent; its dominant market share is protected by a high barrier to entry; and customers lack a commercially viable alternative to Microsoft's Windows operating system.

Intergraph Corp. v. Intel Corp., 54 USPQ2d 1431

As reported at 54 USPQ2d 1431, the U.S. District Court for the Northern District of Alabama held on March 10, 2000 that the decision by the U.S. Court of Appeals for the Federal Circuit vacating a preliminary injunction in action for patent infringement and violation of antitrust laws effectively forecloses plaintiff's further pursuit of antitrust claims under "law of the case" doctrine.

U.S. v. Microsoft Corp., 54 USPQ2d 1365

As reported at 54 USPQ2d 1365, the U.S. District Court for the District of Columbia held on April 3, 2000 that the Copyright Act does not confer on Microsoft a right to preserve the "integrity" of its computer operating system and Internet software and thereby be immunized from liability under the Sherman Act. Finding Microsoft liable for maintaining monopoly power with anticompetitive acts, the court rejected the argument that a software copyright owner has an absolute right to prevent licensees from shipping modified versions of its product without its express permission. As reported at 68 U.S. Law Week 1740 on June 7, 2000, the court later finally ruled that Microsoft is to split into two companies, one for its operating system products and one for its individual, network,

and Internet applications. As later reported at 68 U.S. Law Week 2773, the court certified the Microsoft case for direct appeal to the U.S. Supreme Court and stayed pending appeal its final judgment, which would split Microsoft Corp. into separate organizations and impose conduct remedies.

Contract, Insurance, Taxes, Employment & Creditor's Rights

U.S. Court of Appeals

Delta Computer Corp. v. Frank, 53 USPQ2d 1061

As reported at 53 USPQ2d 1061, the U.S. Court of Appeals for the Fifth Circuit held on December 2, 1999 that an insurer had no duty to defend insured parties accused of copyright infringement under general liability policy that covers suits for "advertising injury."

Vizcaino v. Microsoft Corp.,

No. 98-71388, No. 99-35013, 173 F.3d 713

As reported in 16 *The Computer Lawyer* 36, the U.S. Court of Appeals for the Ninth Circuit decided on May 12, 1999 that even if a worker is considered an employee of a temporary agency they still may be a common law employee of Microsoft.

U.S. District Courts

American Guarantee & Liability Insurance Co. v. Ingram Micro, Inc., 2 Mealey's Cyber Tech Litigation Report 6

As reported in 2 Mealey's Cyber Tech Litigation Report 6, the U.S. District Court for the District of Arizona held on April 19, 2000 that a property insurance policy covering "physical damage" covers business losses from loss of computer data, access, use and functionality.

State Courts

M.A. Mortenson Co. v. Timberline Software Corp.,

69 BNA's U.S. Law Week 1676

As reported at 68 BNA's U.S. Law Week 1676, the Washington Supreme Court found that software packaging that contains a "shrinkwrap license" can form a valid contract under the Washington version of Article 2 of the Uniform Commercial Code.

Network Solutions, Inc. v. Umbro Int'l, Inc.,

59 BNA's PTCJ 879

As reported at 59 BNA's PTCJ 879, the Virginia Supreme Court held on April 21, 2000 that a domain name registration is not a "liability" that can be garnished under Virginia's creditors



remedies law because it is the product of a contract for services between a registrar and registrant in a case of first impression. Dismissing a garnishment summons against the domain name registrar, the court side-stepped the question of whether domain names are contract-created intellectual property. Whatever contractual rights the judgment debtor has in the domain names, the court observed, those rights do not exist separate and apart from the services that make the domain names operational Internet addresses. Two justices dissented, arguing that the judgment debtor's exclusive right to use its domain name is a liability subject to garnishment.

STATE LEGISLATION

68 BNA's U.S. Law Week 2758

As reported at 68 BNA's U.S. Law Week 2758, Pennsylvania Gov. Tom Ridge signed the state's Uniform Electronic Transactions Act, according electronic signatures the same legal standing as signatures on paper. Pennsylvania is the first state in the nation to adopt the version of the UETA as recommended by the National Conference of Commissioners on Uniform State Laws. The new state law ensures that electronic records, signatures, and writings are recognized as legal in Pennsylvania for all transactions except those requiring a notarized signature, such as wills or trusts. The Pennsylvania law is "technology-neutral": rather than requiring any specific technology for electronic signatures, the law provides that any technology is acceptable as long as the parties to a transaction agree upon it.

60 BNA's PTCJ 12

As reported at 60 BNA's PTCJ 12, a uniform act aimed at providing a consistent legal framework for transactions in digital information goods was enacted in Maryland April 25, 2000. Maryland S.B. 142, which adopted the Uniform Computer Information Transactions Act (UCITA), is to become effective October 1, 2000 and will govern all transactions whose subject matter is a computer information product such as software, contracts to develop software, and "new media" creations. UCITA creates a presumption that computer information transactions are licenses rather than sales, it explicitly validates the use of clickwrap contracting practices, and it gives broad leeway to contracting parties to use contract terms to govern their dealings.

68 BNA's U.S. Law Week 2532

As reported at 68 BNA's U.S. Law Week 2532, the Virginia legislature approved the Uniform Computer Information Transaction Act (UCITA). The model law, approved last July by the National Conference of Commissioners on Uniform State Laws, gives greater protections to software publishers by creating a legal presumption that software transactions are licenses, rather than sales, absent a specific agreement to the

contrary. Treating the transaction as a license allows software publishers to dictate the terms of use, such as the number of users and subsequent distribution. The same is not necessarily true if the software transaction were treated as the sale of a product. For example, many legal experts believe that used software can be sold legitimately to another person under existing law of consumer goods, provided that the original purchaser uninstalls the software from his or her computer.

FEDERAL LEGISLATION

68 BNA's U.S. Law Week 2761

As reported at 68 BNA's U.S. Law Week 2761, both the House and the Senate approved by overwhelming margins the conference report of a bill that gave electronic signatures and records the same weight as those completed on paper. The Electronic Signatures in Global and National Commerce Act (S. 761) passed the House on June 14 by a 426-4 vote. Two days later, the measure gained Senate approval by an 87-0 vote. President Clinton signed the measure into law on June 30, 2000. Bipartisan approval for the report occurred after each house addressed concerns of some Republicans that the report's consumer protection provisions could be interpreted too broadly and expose online merchants to lawsuits in which consumers claim that they did not consent to certain transaction terms. In a series of floor colloquies, House and Senate conference committee members emphasized that the measure, by requiring a "reasonable demonstration" that consumers are capable of conducting business electronically, is not intended to overly burden businesses or consumers.

FIRST AMENDMENT, PRIVACY & RIGHT OF PUBLICITY

U.S. Court of Appeals

Junger v. Daley, 2000 WL 343566

As reported at 2000 WL 343566, the U.S. Court of Appeals for the Sixth Circuit held on April 4, 2000 that source code is protected by the First Amendment of the U.S. Constitution and, consequently, reversed a lower court's decision that encryption software in source code format is subject to U.S. Export Administration Regulations. The plaintiff, a professor at Case Western University School of Law, wished to post encryption source code on his web site to demonstrate how computers work. Such a posting was defined as an export under the Regulations. Junger filed suit to make a challenge to the Regulations on First Amendment grounds. The Appeals Court stated that "because source code is an expressive means for the exchange of information and ideas about computer programming" it held that source code is protected by the First Amendment. The court stated that "the record does not resolve whether the exercise of presidential power in furtherance of



national security interests should overrule the interests in allowing the free exchange of encryption source code.”

State Courts

Felsher v. University of Evansville,
2 E-Commerce Law Weekly 536

As reported at 2 E-Commerce Law Weekly 536, the Indiana Court of Appeals, Fourth District, ruled on May 3, 2000 that a former professor of a university was properly enjoined from setting up e-mail addresses and websites that gave the appearance of belonging to university employees. The University, as a corporation, may be party to an invasion of privacy action.

KNB Enterprises v. Matthews, 53 USPQ2d 1885

As reported at 53 USPQ2d 1885, the California Court of Appeals ruled on February 17, 2000 that a claim for misappropriation of right of publicity under California law, based on alleged unauthorized use of photographs of models on World Wide Web site, is not preempted by Copyright Act, since subjects of claims are models' likenesses, which are not copyrightable even though embodied in copyrightable work such as photographs, and since right of publicity asserted under statute does not fall within subject matter of copyright.

CRIMINAL LAW

U.S. Court of Appeals

U.S. v. Mohrbacher,
August 1999 issue of the *Computer Law Strategist*

As reported in the August 1999 issue of the *COMPUTER LAW STRATEGIST*, on June 29, 1999 the U.S. Court of Appeals for the Ninth Circuit reversed two counts of conviction for transporting child pornography because downloading images from an electronic bulletin board is not “transporting” under 18 U.S.C. § 2252(a)(1).

State Courts

People v. World Interactive Gaming Corp., No. 404428/98

As reported in the August 1999 issue of the *Computer Law Strategist*, on July 29, 1999, the New York Supreme Court in New York County has ruled that a company incorporated in Antigua and licensed in Antigua to operate a casino violated New York and federal law by promoting and operating an Internet gambling site and by selling unregistered shares in the company.

People v. Foley, 68 BNA's U.S. Law Week 1663

As reported at 68 BNA's U.S. Law Week 1663, the New York Court of Appeals rejects a variety of constitutional attacks

on a state law that makes it a crime to use a computer to disseminate indecent material to minors.

People v. Christopher Thousand,
Case No. 220283, LC No. 99-000798

In Case No. 220283, LC No. 99-000798, the Court of Appeals for the State of Michigan reversed a trial court decision by holding on May 12, 2000 that defendant may be guilty of a child sexually abusive activity statute MCLA 750.145c; MSA 28.342a even though a child was not involved. The court stated that the statute only required that the defendant prepare to arrange for child sexually abusive activity and did not require that those preparations actually proceed to the point of involving a child. The defendant made sexual comments to a Sheriff's Deputy who was posing as a fourteen-year-old girl in a chat room over the Internet.

State Legislation

June 2000 issue of the *Michigan Bar Journal* 657

As reported in the June 2000 issue of the *Michigan Bar Journal* 657, effective March 10, 2000 the Michigan Legislature amended MCL 750.145d to prohibit using a computer to communicate with any person for the purpose of committing, attempting to commit, conspiring to commit, or soliciting another person to commit, without regard to whether the victim is a minor, stalking, aggravated stalking, and various explosives and gambling violations. In the summer of 1999, the Michigan Legislature enacted MCL 750.145d to enhance the penalties for crimes involving both minors and the use of computers. MCL 750.145d makes it a crime to use a computer to communicate with any person for the purpose of committing, attempting to commit, conspiring to commit, or soliciting another person to commit certain specified crimes where the victim or intended victim is a minor.

JURISDICTION, IMMUNITY, EVIDENCE & DUE PROCESS

U.S. Supreme Court

Nelson v. Adams USA, Inc., 59 BNA's PTCJ 878

In a patent infringement case, as reported at 59 BNA's PTCJ 878 on April 25, 2000, the U.S. Supreme Court held that a district court violated due process by amending a judgment against a company to make its owner liable for attorney fees without giving him an opportunity to respond. The court reversed a decision by the Federal Circuit that the identity between the corporation and its owner sufficed to bind the owner to the judgment against the company. Even though the owner knew he might be subjected to personal liability, the court explained, the law requires a “more orderly and reliable course” than amending a pleading and a judgment with a single stroke.



U.S. Court of Appeals

Mink v. AAAA Development, L.L.C.,
52 USPQ2d 1218

As reported at 52 USPQ2d 1218, the U.S. Court of Appeals for the Fifth Circuit held on September 17, 1999 that maintenance of a World Wide Web site that merely posts information about defendant's products and services is insufficient to subject non-resident defendant to personal jurisdiction in forum state.

U.S. District Courts

VP Intellectual Properties, L.L.C. v. Imtec Corp.,
59 BNA's PTCJ 399

As reported at 59 BNA's PTCJ 399, the U.S. District Court for the District of New Jersey held on December 18, 1999 that for "offers to sell" an infringing product to create specific personal jurisdiction in a patent infringement action, specific product descriptions and pricing information must be purposefully circulated to residents of the forum state. Under that standard, the court ruled that, as to certain of the infringing products, jurisdiction over an Oklahoma defendant was not established through its mailing of one catalog to a New Jersey dentist or through maintaining an Internet site accessible in New Jersey. Neither the catalog nor the Internet site is an "offer to sell" because each lacks specific descriptions or pricing information about the products at issue, the court charged.

CoolSavings.com, Inc. v. IQ Commerce Corp.,
51 USPQ2d 1136

As reported at 51 USPQ2d 1136, the U.S. District Court for the Northern District of Illinois on June 10, 1999 held that nationwide access to an interactive web site that allegedly uses a patented system of issuing coupons is sufficient for specific personal jurisdiction over a defendant who resides in a state with access to the web site. Denying a motion to dismiss, the court ruled that when the defendant set up a web site accessible to all states, and thus accessible to the plaintiff's specific state, it purposefully established minimum contacts with the plaintiff's state. While it may seem unfair to subject the defendant to personal jurisdiction almost anywhere in the country, according to the court, it is even more unfair to allow the defendant to introduce its program to the entire country while remaining subject to personal jurisdiction only in its home state.

CIVIX-DDI, L.L.C. v. Microsoft Corp., 52 USPQ2d 1501

As reported at 52 USPQ2d 1501, the U.S. District Court for the District of Colorado held on October 1, 1999 that a non-resident defendant's operation of "passive" World Wide Web

site is insufficient to support personal jurisdiction; specific personal jurisdiction cannot be based on interactive Web site, controlled by defendant subsidiary, which allows a user to exchange information with host computer, since site is not highly interactive with users in forum state and is not significantly commercial, and in any event is controlled by entity legally separate from defendant.

Innovative Truck Storage, Inc. v. W.N.S., Inc.,
51 USPQ2d 1223

As reported at 51 USPQ2d 1223, the U.S. District Court for the Central District of California on February 22, 1999 held that it lacked specific personal jurisdiction over defendants who advertised allegedly infringing truck storage cabinets on Internet web site.

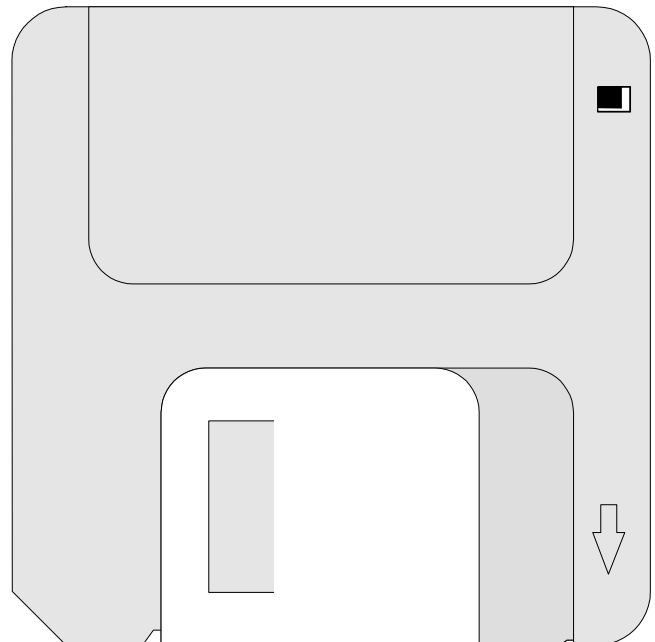
Bochan v. LaFontaine, 67 BNA's U.S. Law Week 1757

As reported at 67 BNA's U.S. Law Week 1757, the U.S. District Court for the Eastern District of Virginia recently held that the Virginia long-arm statute reaches Texas residents who posted allegedly defamatory statements to a Virginia-based USENET server.

State Courts

Melvin v. Doe, No. 21942 (Va. Cir. Ct., Loudoun Cty.),
August 1999 issue of the *Computer Law Strategist*

As reported in the August 1999 issue of the *Computer Law Strategist*, on June 29, 1999 a Virginia state judge has dismissed a claim for defamation based on Internet postings for lack of personal jurisdiction, even though posting a statement





to an AOL web site satisfied Virginia's long-arm statute.

Y2K ISSUES

FEDERAL LEGISLATION

The Year 2000 (Y2k) Act

On July 20, 1999 President Clinton signed the Y2K Act. Its major provisions are:

Advance notice and a 90-day waiting period before a Y2K lawsuit can be filed;

A cap on punitive damages for small businesses (the lesser of \$250,000 or three times the compensatory damages for businesses with 50 or fewer employees or worth less than \$500,000);

Proportional liability that apportions the total amount of damages among defendants based on their share of the responsibility.

Additionally, the Act exempts municipalities and governmental entities from punitive damages and provides that state laws are controlling when they provide stricter limits on damages and liabilities.

ETHICS

STATE ETHIC'S PANELS

Ohio

As reported at 68 BNA's U.S. Law Week 2005, an Ohio ethics panel says that a law firm's selection of an Internet domain name is not subject to the rules that apply to selection of a firm name, but the domain name must comply with rules prohibiting false communications and limiting specialization claims. The panel also decides that the ethics rules restricting referrals are not triggered by a lawyer's listing in a professional association's online membership directory with links that enable Internet users to e-mail the lawyer or jump directly to the lawyer's web site.

As reported at 68 BNA's U.S. Law Week 2388, the Ohio Supreme Court's ethics panel advises that Ohio's ethics rules permit lawyers to provide online legal advice via Web sites and e-mail for a fee, subject to the same constraints that govern other methods of delivering legal services to clients.

South Carolina

As reported at 68 BNA's U.S. Law Week 2149, the South Carolina bar's ethics committee advises lawyers that they have an ethical duty to review a client Internet site that publicizes his pending tort lawsuit and seeks additional plaintiffs.

North Dakota

As reported at 68 BNA's U.S. Law Week 2149, law firms may subscribe to an online data backup service for firm records as long as they take appropriate care to ensure that the files are transmitted and stored securely, say North Dakota ethics authorities.

Florida

As reported at 68 BNA's U.S. Law Week 2387, the Florida Supreme Court revised the state's ethics rules on lawyer advertising and solicitation but declined to subject out-of-state attorneys to coverage under the amended rules. The revisions include a new rule on law firm Web sites and uninvited e-mail by lawyers to prospective clients.

Utah

As reported at 68 BNA's U.S. Law Week 2664, Utah lawyers may in most circumstances use unencrypted Internet e-mail to transmit client information without violating the ethical duty of confidentiality, the state bar's ethics panel advises. But lawyers must be certain to comply with any client policy on use of e-mail, the panel cautions.



Computer Law Section
Michael Franck Building
State Bar of Michigan
306 Townsend Street
Lansing, Michigan 48933

**Presorted
First Class Mail
U.S. Postage Paid
Lansing, MI 48933
Permit No. 191**