

# Michigan COMPUTER LAWYER

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## Recent Developments in Computer & Internet Law

By David R. Synowik, Brooks & Kushman P.C.

### U.S. SUPREME COURT

#### Patents

As reported at 63 BNA's PTCJ 132, the U.S. Supreme Court held on December 10, 2001 that utility patents may be issued for plants under 35 U.S.C. § 101, despite the distinct protections available under the Plant Patent Act (*i.e.* PPA) and the Plant Variety Protection Act (*i.e.* PVPA). Affirming the Federal Circuit's ruling by a 6-2 vote, the court explains that the broad scope of Section 101 was established in *Diamond v. Chakrabarty*, and that nothing in the PPA or PVPA precludes granting utility patents for plants. *J.E.M. AG Supply, Inc. v. Pioneer H-Bred International, Inc.*

As reported at 62 USPQ2d 1705, the U.S. Supreme Court held on May 28, 2002 that an action for patent infringement under the doctrine of equivalents is not completely barred for elements of a patent claim that were amended during the patent application process. The court vacates and remands a controversial "bright line" ruling of the Federal Circuit that had abandoned a "flexible rule" on the issue and

cut off all equivalents infringement for any claim that was amended in order to obtain the patent. However, the decision affirms the Federal Circuit ruling that prosecution history estoppel may arise from amendments made to satisfy any requirement under the Patent Act, not simply from those made to avoid prior art. The Court held that while making a narrowing amendment to a claim element creates a presumption that the doctrine of equivalents cannot be applied, this presumption can be rebutted with a showing that the equivalent at issue was not in fact surrendered. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*

#### Copyright

As reported at 63 BNA's PTCJ 350, on February 19, 2002 the U.S. Supreme Court agreed to decide whether the statute extending the term of copyright by 20 years exceeds the authority of Congress under the Constitution's copyright clause and violates the First Amendment. The petitioner argues that the new statute, in granting existing copyrights an additional period of exclusivity, ignores the copyright clause's limitation that legislation enacted under this authority must "promote" the progress of science and the useful arts, and must be for "limited times." The government's brief in opposition contends that review should be denied because there is no split of authority on the power of Congress to extend the term of copyright, explaining that review based on an inferred conflict is unsound. *Eldred v. Ashcroft*.





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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.

*Trademark*

As reported at 63 BNA's PTCJ 524, on April 15, 2002 the U.S. Supreme Court agreed to decide whether a trademark dilution case under Section 43(c) of the Lanham Act requires proof of actual rather than likely injury to the economic value of the famous mark. The court will review a ruling of the Sixth Circuit that proof of actual harm is not required to establish a need for injunctive relief before dilution has actually occurred. The Sixth Circuit concluded that requiring proof of actual injury would generally permit a plaintiff to be injured from dilution without compensation since the statute provides only injunctive relief unless willfulness is proved. *Moseley v. V. Secrets Catalogue, Inc.*

*Sovereign Immunity*

As reported at 64 BNA's PTCJ 108, the U.S. Supreme Court held on May 28, 2002 that state sovereign immunity covers private actions against states in federal agency proceedings. *Federal Maritime Commission v. South Carolina State Ports Authority.*

As reported at 64 BNA's PTCJ 69, the U.S. Supreme Court held that a state that removes a suit involving state law claims as to which it has explicitly waived immunity thereby waives its 11<sup>th</sup> Amendment immunity from suit in federal court. *Lapides v. Board of Regents of the University System of Georgia.*

*Jurisdiction*

As reported at 64 BNA's PTCJ 124, the U.S. Supreme Court held on June 3, 2002 that a patent counterclaim to a complaint asserting declaratory judgment and state law claims does not create Federal Circuit appellate jurisdiction. Vacating and remanding a Federal Circuit order, the court points out that

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the “well-pleaded-complaint” rule preserves the plaintiff’s control over his choice of forum, limits the class of cases that can be removed to federal court, and eases the administration of jurisdictional conflicts. The court refuses to adapt its “arising under” jurisprudence to the special mandate of the Federal Circuit to preserve the uniformity of patent law. Justice John Paul Stevens agrees, but suggests that the mandate of the Federal Circuit is due some consideration. In her concurring opinion, Justice Ruth Bader Ginsburg says that patent counterclaims should go to the Federal Circuit only if they have been adjudicated on the merits. *Holmes Group, Inc. v. Vornado Air Circulation Systems Inc.*

#### First Amendment

As reported at 3 BNA’s Computer Technology Law 175, the U.S. Supreme Court held on May 13, 2002 that the Child Online Protection Act of 1998 is not unconstitutionally overbroad just because it uses a “community standards” test like that from *Miller v. California* to regular speech on the World Wide Web. The court, however, is deeply divided on how Congress may regulate speech on the Web, and the fate of the statute is still unresolved. The statute does not suffer from the flaw that killed the Communications Decency Act of 1996, says a plurality of the court, because COPA uses the language of obscenity rather than a harmful-to-minors standard. *Ashcroft v. American Civil Liberties Union.*

## U.S. COURT OF APPEALS

### Patents

As reported at 62 BNA’s PTCJ 403, the U.S. Court of Appeals for the Federal Circuit recently held that the consistent use of a claim term throughout the specification and prosecution history may qualify as an implicit limiting definition. Affirming a summary judgment of non-infringement, the court finds an Internet communications patent limited by definitions of terms implied by the consistent use of the terms in the specification and prosecution history. The rule that permits a patentee to be his own lexicographer is not confined to occasions where the patent uses an explicit definitional format, according to the court. *Bell Atlantic Network Services, Inc. v. Covad Communications Group, Inc.*

As reported at 62 BNA’s PTCJ 250, the U.S. Court of Appeals for the Federal Circuit recently held that the doctrine of waiver does not bar new claim construction arguments on appeal, if they are in support of an existing claim construction and are based on a specification in evidence. Granting an accused infringer’s petition for panel rehearing, the court does not budge from its previous broad claim construction of a patent as covering the on-line sale of “material objects” embodying information. The court’s rehearing opinion includes new material which addresses the accused infringer’s contention that the patentee’s claim construction arguments on appeal were waived because they were not advanced at trial. *Interactive Gift Express, Inc. v. Compuserve, Inc.*

As reported at 62 BNA’s PTCJ 479, the U.S. Court of Appeals for the Federal Circuit held on September 17, 2001 that tests performed on accused products by a defendant’s expert did not prove non-infringement because they were not performed under normal operating conditions. In a case involving computer virus software, the court pointed out that an accused device may be found to infringe if it is reasonably capable of satisfying the claim limitations, even though it may also be capable of non-infringing modes of operation. The court vacated a summary judgment of non-infringement, but affirmed a summary judgment that the accused infringer was not licensed to use the claimed invention. *Hilgraeve Corp. v. Symantec Corp.*

As reported at 59 USPQ2d 1676, the U.S. Court of Appeals for the Federal Circuit held on August 6, 2001 that defendants’ hand-held computers, which are equipped with keypads but are capable of automatically dialing preprogrammed telephone numbers, do not infringe plaintiffs’ patent for programmable telephone dialer system, either literally or under doctrine of equivalents. *Innovad, Inc. v. Microsoft Corp.*

As reported at 59 USPQ2d 1693, the U.S. Court of Appeals for the Federal Circuit held on August 2, 2001 that a decision of the Board of Patent Appeals and Interferences sustaining obviousness rejection of patent application for method of improving security in computer system is reversed, even though Board’s factual findings underlying its determination are reviewed under “substantial evidence” standard. *In re Zurko.*

As reported at 62 BNA’s PTCJ 501, the U.S. Court of Appeals for the Federal Circuit recently held that a patent claim that presented three alternative formats for a Year 2000 computer conversion was anticipated by a prior art system that uses one of those formats. The court, reciting the maxim of “That which infringes if later anticipates if earlier,” notes that the claim as written would be infringed by the prior art system with only one of the three alternative formats. *Brown v. Air Products and Chemicals Inc.*

As reported at 63 BNA’s PTCJ 50, the U.S. Court of Appeals for the Federal Circuit held on November 7, 2001 that an expert opinion that an accused device meets patent claim limitations will not defeat a summary judgment motion of non-infringement if the basis for that opinion is not apparent from the record. The court agrees that the computer model relied upon by the expert fails to raise genuine issues of fact because the source code does not reveal either the basic theoretical framework or the derivation of the necessary inputs. *Novartis Corp. v. Ben Venue Laboratories, Inc.*

As reported at 60 USPQ2d 1375, the U.S. Court of Appeals for the Federal Circuit held on September 18, 2001 that a patent claim that teaches remediation of “Y2K” problem using mechanism for converting year-date data representations in database file is anticipated by system that offsets year dates only in two-digit formats, even though prior art system cannot duplicate larger capability of claimed system to conduct three- and/or





four-digit date conversion, since asserted claim is written in the alternative. *Brown v. 3M*.

As reported at 62 BNA's PTCJ 541, the U.S. Court of Appeals for the Federal Circuit held on October 5, 2001 that defective factual predicates led to an erroneous ruling that the handwriting recognition system in the popular "Palm Pilot" computers does not infringe a patent on "unistroke" text recognition. Consequently, the summary judgment of non-infringement is reversed. *Xerox Corp. v. 3Com Corp.*

As reported at 63 BNA's PTCJ 504, the U.S. Court of Appeals for the Federal Circuit held on April 3, 2002 that the terms "computer" and "computer system" in a patent on an apparatus for preventing software piracy are synonymous and thus can include connected peripherals. Reversing a summary judgment of non-infringement, the court holds that the accused computer "dongles," as peripherals to a computer, satisfy the claim term "located in the computer." The Federal Circuit also holds the district court may have had authority under its inherent powers to grant attorneys' fees to the *pro se* plaintiff for discovery misconduct, even though Fed. R. Civ. P. 37 precludes such awards. *Pickholtz v. Rainbow Technologies, Inc.*

As reported at 64 BNA's PTCJ 10, the U.S. Court of Appeals for the Federal Circuit held on April 24, 2002 that an accused fantasy football game played on computer does not infringe plaintiff's patent as matter of law, since accused game does not satisfy "bonus points" limitation for scoring, even though it awards "miscellaneous points" when kicker scores touchdown. *Fantasy Sports Properties Inc. v. SportsLine.com Inc.*

As reported at 63 BNA's PTCJ 546, the U.S. Court of Appeals for the Federal Circuit held on April 17, 2002 that the claim term "coupling" in a patent for a computer graphics semiconductor chip was properly construed to exclude capacitive coupling between the logic gates and the substrate. Affirming in part a summary judgment of non-infringement, the court adopts the claim construction proposed by the defendant, but vacates the summary judgment as to another patent after concluding that the claim term "power supply" was construed with reference to the accused device. *NeoMagic Corp. v. Trident Microsystems Inc.*

As reported at 62 USPQ2d 1449, the U.S. Court of Appeals for the Federal Circuit held on April 11, 2002 that the federal district court, in granting summary judgment of non-infringement in complex patent action involving computer microprocessors, did not abuse its discretion in appointment and use of technical advisor, since court established sufficient protective measures to ensure that advisor did not influence its consideration of evidence, and record does not suggest that advisor conducted independent experiments or research that could have been used to resolve disputed issues of fact. *TechSearch LLC v. Intel Corp.*

### Copyright

As reported at 256 F.3d 446, the U.S. Court of Appeals for the Sixth Circuit held on July 6, 2001 that an implied-in-fact state law contract claim involving use of plaintiff's Chihuahua character in an advertising campaign for defendant's fast food

chain is not preempted by the Copyright Act because the plaintiff's expectation of payment under the contract is an "extra element" that makes the claim qualitatively different from a copyright claim. Reversing a summary judgment for Taco Bell in an idea-submission case, the court reasoned that the plaintiff had an expectation of being paid for the creative advertising it provided, which is not a right granted under Section 106 of the Copyright Act. The court also held that Michigan law does not require a showing of novelty to sustain a breach of contract claim concerning ideas. *Wrench LLC v. Taco Bell Corp.*

As reported at 63 BNA's PTCJ 304, the U.S. Court of Appeals for the Ninth Circuit held on January 31, 2002 that the 1976 Copyright Act does not permit an exclusive copyright license to transfer those rights without the consent of the licensor. Affirming a summary judgment, the court acknowledges that grants of exclusive rights can be regarded as a transfer of ownership under Section 101 and that such ownership may be freely transferred in whole or in part under Section 201(d)(1). However, Section 201(d)(2) limits the rights of an exclusive licensee to only those "protections and remedies" afforded the copyright owner by the Copyright Act. *Gardner v. Nike, Inc.*

As reported at 63 BNA's PTCJ 324, the U.S. Court of Appeals for the Ninth Circuit held on February 6, 2002 that an Internet "inline" link on a Web site that allows the unauthorized display of a copyrighted image is a direct infringement. The court reversed a fair use summary judgment and rules that it was enough that the defendant allowed the capability of display even without proof that anyone ever saw the images, pointing to a variety of affirmative acts by the defendant that facilitated the display. However, the court sustains a fair use defense with respect to thumbnail versions of the images that were used for retrieval of the infringing full-sized image. *Kelly v. Ariba Soft Corp.*

As reported at 63 BNA's PTCJ 408, the U.S. Court of Appeals for the Second Circuit held on March 8, 2002 that a district court did not abuse its discretion by denying a publisher's motion for a preliminary injunction against the sale of "e-book" versions of novels, despite the publisher's exclusive license to produce the novels "in book form." Although the court acknowledged that an e-book could simply be regarded as a form of book, it notes that the applicable state law has adopted a restrictive view of what "new uses" are covered by publishing licenses. The scope of those licenses will depend on a review of the "evolving" technology and the parties' expectations, the court said. *Random House, Inc. v. Rosetta Books LLC.*

As reported at 63 BNA's PTCJ 454, the U.S. Court of Appeals for the Ninth Circuit held on March 25, 2002 that the district court did not err or abuse its discretion in modifying preliminary injunction to require plaintiffs to give notice of specific infringing files on defendant's peer-to-peer music file sharing service, or in shutting down that service until defendant fully complies with terms of injunction. *A&M Records, Inc. v. Napster.*

As reported at 63 BNA's PTCJ 456, the U.S. Court of Appeals for the Sixth Circuit held on March 20, 2002 that the deposit requirement for copyright registration is not satisfied



by the recreation of a work from memory without reference to the original. Affirming a summary judgment for the defendant based on an invalid registration, the court adopted the Ninth Circuit's rule in *Kodadek v. MTV Networks, Inc.* that any copy deposited must be virtually identical and produced by directly referring to the original. This rule, according to the court, avoids factual disputes about a work's creation date, encourages copyright enforcement for artists who retain copies of their works, and protects against meritless infringement suits. *Coles v. Wonder*.

As reported at 61 USPQ2d 1761, the U.S. Court of Appeals for the Second Circuit held on February 21, 2002 that the district court, after considering materials outside complaint without converting defendants' dismissal motion to one for summary judgment, improperly dismissed recording artists' claim seeking determination that their contracts with record company defendants did not authorize defendants to sell digitized versions of plaintiffs' performances. *Chambers v. Time Warner, Inc.*

As reported at 62 BNA's PTCJ 278, the U.S. Court of Appeals for the Third Circuit recently held that part numbers used to identify fasteners by reflecting the line of the products and their physical characteristics lack the originality necessary for copyright protection. Reversing a preliminary injunction, the court points out that the work sought to be protected was the part numbers themselves, which are determined mechanically according to the products characteristics with no room for creativity. *Southco, Inc. v. Kanebridge Corp.*

As reported at 63 BNA's PTCJ 252, the U.S. Court of Appeals for the Eighth Circuit held on January 4, 2002 that a website's use of tables with topics similar to those used in a magazine's table of school information did not infringe the magazine's copyright in the selection and arrangement of those topics. Relying on a Second Circuit case involving competing business directories, the court faults the plaintiff's reliance on the ratio of topics that the two works had in common, rather than looking at all the topics in the plaintiff's work. *Schoolhouse, Inc. v. Anderson*.

As reported at 61 USPQ2d 1265, the U.S. Court of Appeals for the Tenth Circuit held on December 26, 2001 that commercial insurance policies that require insurers to defend and indemnify insured for claims of "advertising injury" do not provide coverage to insured as defendant in suit for infringement of copyright in computer software, since copyright claimant's alleged injury arose from insured's copying and sale of software, not from promotional activities. *IDG, Inc. v. Continental Casualty Co.*

As reported at 63 BNA's PTCJ 108, the U.S. Court of Appeals for the Second Circuit held on November 28, 2001 that an injunction barring the posting of and linking to DVD decryption code on Internet web sites did not violate First Amendment free speech rights. Affirming a district court ruling in a 70-page opinion, the appellate court agrees that the First Amendment rights are available for computer code, but finds that the injunction merely addressed the non-speech, functional aspect of the code that instructs the operation of the computer. The court distinguishes the free speech issues arising out of

electronic publication from those arising out of print publication, emphasizing the instant, worldwide availability of unauthorized copies that result from publication on the Internet. *Universal City Studios, Inc. v. Corley*.

As reported at 240 F.3d 116, the U.S. Court of Appeals for the Second Circuit recently vacated the award of attorney's fees to the alleged infringer in an action to determine the validity of copyrights in published judicial opinions. The Second Circuit held that the district court exceeded its discretion by awarding attorney's fees based on its determinations that West Publishing Co. violated Section 403 of the Copyright Act and conducted itself in bad faith. As to the alleged violation of Section 403, the Second Circuit found that the district court incorrectly interpreted the section to prohibit the assertion of copyright in a work primarily consisting of federal government materials unless the copyright notice identified the uncopyrightable portions of the work. Instead, the Second Circuit interpreted the section to provide that the consequence of a copyright holder providing insufficient notice is that an alleged infringer may assert the innocent infringer defense, and thereby mitigate actual or statutory damages. *Matthew Bender & Company, Inc. v. West Publishing Co.*

As reported at 60 USPQ2d 1080, the U.S. Court of Appeals for the Sixth Circuit held on August 30, 2001 that subject matter jurisdiction for a copyright claim over an unregistered derivative work may not be satisfied by the registration of the underlying work. Affirming a district court's dismissal, the court finds that the Copyright Act indicates that a derivative work is distinct from the preexisting work and, therefore, must be registered before an infringement suit may be brought. Since a derivative work is cumulative of the earlier work, the court reasons, it is logical that the registration of the derivative work would relate back to include the original work, while registration of the original material would not carry forward to new, derivative material. Consequently, a copyright owner must formally register a derivative work as a prerequisite for filing suit for infringement of that work. The court distinguished the case from precedent such as *Creations Unlimited, Inc. v. McCain*, 112 F.3d 814 (5th Cir. 1997), where the registration of a derivative work was found to relate back to include the original work because a derivative work is cumulative of the earlier work. *Murray Hill Publications, Inc. v. ABC Communications, Inc.*

As reported at 63 BNA's PTCJ 526, the U.S. Court of Appeals for the Ninth Circuit held on April 8, 2002 that the validity of a copyright registration raised in a declaratory judgment suit is an administrative issue for the Copyright Office under the doctrine of "primary jurisdiction." Vacating a decision upholding the registration, the appellate court rules that the declaratory judgment claim must be disposed of through the Office's cancellation process, even if that process is "ill-defined." The court thus declines to decide if a software registration was invalid because the deposit consisted of source code decompiled





from object code rather than original source code. *Syntek Semiconductor Co. v. Microchip Technology, Inc.*

As reported at 64 BNA's PTCJ 62, the U.S. Court of Appeals for the Federal Circuit held on May 7, 2002 that lack of originality defeated a claim of copyright authorship in computer software, despite the presumption of validity from copyright registrations. Refusing to overturn a jury verdict of non-infringement, the court says the evidence was sufficient for the jury to find that the programmer who obtained the registration worked under the specific direction of his supervisor and did not contribute sufficient originality to support the copyright claim. *Medforms Inc. v. Healthcare Management Solutions Inc.*

### Copyrights - Personal Jurisdiction

As reported at 64 BNA's PTCJ 178, the U.S. Court of Appeals for the Fourth Circuit held, in a case of first impression, a Georgia Internet service provider was not subject to personal jurisdiction in Maryland based on the services it provided a Maryland Web site operator charged with copyright infringement. *ALS Scan, Inc. v. Digital Service Consultants, Inc.*

### Trademarks

As reported at 59 USPQ2d 1894, the U.S. Court of Appeals for the Eleventh Circuit held on August 16, 2001 that the free distribution of software over the Internet was a sufficient "use in commerce" under the Lanham Act to establish rights in the trademark "Coolmail." Affirming a summary judgment of infringement, the court finds that the distribution of the software "in commerce" was sufficiently widespread for members of the public to associate the "Coolmail" mark with the software to which it was affixed. *Planetary Motion, Inc. v. Techplosion, Inc.*

As reported at 63 BNA's PTCJ 306, the U.S. Court of Appeals for the Ninth Circuit held on February 1, 2002 that a former Playboy Playmate of the Year did not infringe or dilute the famed "Playboy" trademarks by using those marks to identify herself on her personal website and in its metatags. Affirming in part a summary judgment, the court finds that the uses were permissible, "nominative" uses, and adds that nominative uses by definition are exempt under the anti-dilution statute. However, the court remands the trademark and dilution issue concerning the use of "PMOY '81" throughout the "wallpaper" of the website, explaining that the use is not nominative and that the trademark rights in the term need to be explored. *Playboy Enterprises, Inc. v. Welles.*

As reported at 63 BNA's PTCJ 375, the U.S. Court of Appeals for the Ninth Circuit held that the incontestable mark "entrepreneur" for a magazine and computer products directed at small businesses is only entitled to limited protection. *Entrepreneur Media, Inc. v. Smith.*

As reported at 63 BNA's PTCJ 136, the U.S. Court of Appeals for the First Circuit held on December 5, 2001 that Federal District courts have declaratory judgment jurisdiction to review a ruling by a World Intellectual Property Organization panel against a domain name registrant even if no violation of the Anticybersquatting Consumer Protection Act is alleged. *Sallen v. Corinthians Lienciamentos LTDA.*

As reported at 64 BNA's PTCJ 101, the U.S. Court of Appeals for the Sixth Circuit held on May 21, 2002 that the registration of a domain name or its placement on an Internet auction site does not constitute trademark "use" for purposes of the Lanham Act. Affirming a dismissal for failure to state a claim, the court finds that the defendant's use was directed to the non-trademark technical purpose of designating computers on the Internet. The court also found that the actions of a domain name registrar and Internet auction site operator failed to create liability for trademark dilution or cybersquatting. The court relied in great part on the reasoning contained in *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F.Supp. 949 (C.D. Cal. 1997). *Bird v. Parson.*

As reported at 63 BNA's PTCJ 9, the U.S. Court of Appeals for the Third Circuit held on October 19, 2001 that limited "initial interest" confusion (*i.e.*, creates initial customer interest that does not result in an actual sale) did not suggest likely confusion where the parties did not compete and were not strongly interrelated. *Checkpoint Systems, Inc. v. Check Point Software Technologies, Inc.*

As reported at 60 USPQ2d 1109, the U.S. Court of Appeals for the Fourth Circuit held on August 23, 2001 that defendant's use of plaintiff's "PETA" mark in domain name "peta.org" does not qualify as parody, even though content of World Wide Web site at this address clearly shows that it is not related to plaintiff organization, since "message" from Web site indicating parody is not simultaneous with "message" from domain name indicating its relationship with plaintiff. *People for the Ethical Treatment of Animals v. Doughney.*

As reported at 63 BNA's PTCJ 505, the U.S. Court of Appeals for the Fifth Circuit held on April 3, 2002 that using the domain name "ernestandjuliogallo.com" to criticize the famous wine maker violated the provisions of the Anticybersquatting Consumer Protection Act since the registrant knew the mark was famous and hoped to profit by selling the domain name to the mark owner. *E. & J. Gallo Winery v. Spider Webs, Ltd.*

### Trademarks - Service of Process

As reported at 63 BNA's PTCJ 459, the U.S. Court of Appeals for the Ninth Circuit held on March 20, 2002 that the use of e-mail for service of process on a foreign defendant in a trademark infringement action was properly authorized under Fed. R. Civ. P. 4(f)(3). *Rio Properties, Inc. v. Rio International Interlink.*

### Trademarks - Personal Jurisdiction

As reported at 59 USPQ2d 1545, the U.S. Court of Appeals for the Fourth Circuit held on July 28, 2001 that prospective defendants need not initiate relevant minimum contacts with forum state for purposes of satisfying "purposeful availment" requirement for specific personal jurisdiction. Non-resident defendants met that requirement despite their contention and co-defendant volunteered to develop and maintain World Wide Web site in forum on which defendants posted infringing content. *Christian Science Board of Directors of the First Church of Christ, Scientist v. Nolan.*



As reported at 63 BNA's PTCJ 409, the U.S. Court of Appeals for the Sixth Circuit held on March 6, 2002 that a non-resident company that provides its blood testing services to Michigan residents through advertising on its website is subject to personal jurisdiction under the state's "long-arm" statute. Although the website consisted primarily of "passive" posted information, the trademark infringement defendant purposefully availed itself of the forum by providing residents with passwords for accessing their test results, the court finds. Even if the website was not a sufficient basis for jurisdiction, the court added, the defendant's sale of 14 tests in one year constituted a sufficiently "continuous and systematic" part of its business to make jurisdiction reasonable. *Neogen Corp. v. Neo Gen Screening, Inc.*

#### *Trademarks - Dilution*

As reported at 259 F.3d 464, the U.S. Court of Appeals for the Sixth Circuit decided on July 30, 2001 what type of harm must be shown for a federal dilution cause of action under Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c). The Sixth Circuit joined the Second and Seventh Circuits in deciding that a dilution plaintiff may establish his claim with proof only of likely harm rather than actual harm. If plaintiffs could not proceed before suffering actual harm, the court explained, they might never be compensated for that harm since the statute, absent willfulness, provides only injunctive relief. *V. Secrets Catalogue, Inc. v. Moseley.*

#### *Right of Publicity*

As reported at 62 BNA's PTCJ 254, the U.S. Court of Appeals for the Ninth Circuit recently held that a magazine's use of a computer-modified picture showing Dustin Hoffman's head on the body of a male model wearing a silk gown is non-commercial speech protected by the First Amendment. *Hoffman v. Capital Cities/ABC, Inc.*

#### *Freedom of Speech*

As reported at 2001 U.S. App. Lexis 1597, the U.S. Court of Appeals for the Sixth Circuit held on July 2, 2001 that a task force investigating online obscenity did not violate the First Amendment when its members seized computers pursuant to a warrant and a prior determination of obscenity by a magistrate. Officers of the task force downloaded sample images from a Bulletin Board after complaints about obscenity on the bulletin board were lodged. A detective presented such images to a municipal court judge, who determined that a substantial number of them were obscene. Another municipal court judge then signed a warrant that identified the obscene images, and authorized the search and seizure of computer hardware, software, financial and computer records, and personal communications, limiting the items searched to those that had been used in the offense. Executing the warrant, officers requested that the bulletin board's operator locate the obscene images on his system so that

they could seize only those files. When technical difficulties prohibited them from doing so, the officers seized the operator's file servers. *Guest v. Leis.*

#### *e-Commerce*

As reported at 2001 U.S. LEXIS 19185, the U.S. Court of Appeals for the Fifth Circuit held on August 27, 2001 that a Texas law prohibiting car manufacturers from selling autos within the state – even over the Internet – is constitutional. *Ford Motor Co. v. Texas Department of Transportation.*

#### *Trade Secrets*

As reported at 62 USPQ2d 1278, the U.S. Court of Appeals for the Seventh Circuit held on April 1, 2002 that a forty-three page document that describes plaintiff's software for use in medical practice, but does not separate alleged trade secrets from other information contained in any software package, fails to establish that information embodied in software is protectable as trade secret. *IDX Systems Corp. v. Epic Systems Corp.*

#### *Trade Secrets - Economic Espionage Act*

As reported at 63 BNA's PTCJ 377, the U.S. Court of Appeals for the Sixth Circuit held on February 20, 2002 that legal impossibility is not defense to charge of attempted theft of trade secrets in violation of Economic Espionage Act, 18 U.S.C. § 1832(a)(4), since "attempt" crimes require only intent to engage in criminal activity and commission of an overt act constituting substantial step toward commission of substantive offense, and it is thus irrelevant whether information that defendant intends to steal is actual trade secret. Pin-Yen Yang, the owner of a Taiwanese adhesive company, paid a competitor's employee to provide him with confidential information. The FBI learned of the employee's industrial espionage and persuaded him to take part in a sting operation targeting Yang. The competitor's employee provided Yang with documents that he claimed were the competitor's confidential property. The "confidential" documents were provided by the FBI, however, which was surreptitiously videotaping the meeting. Yang was arrested after leaving the meeting with the documents in his possession and charged under the Economic Espionage Act, 18 U.S.C. § 1832. *United States v. Yang.*

#### *Patents - Advertising Injury*

As reported at 63 BNA's PTCJ 460, the U.S. Court of Appeals for the Sixth Circuit held on March 18, 2002 that patent infringement is not "advertising injury." Mor-Flo Industries, Inc. was found liable for patent infringement for its line of foam insulated water heaters. Mor-Flo requested that its insurer, St. Paul Fire and Marine Insurance Co., defend and indemnify it under the advertising injury provision of its comprehensive general liability policy. St. Paul denied coverage. Mor-Flo's chairman, Walter Abt, then purchased the rights to Mor-Flo's duty to defend claims against St. Paul and filed a declaratory judgment action. *Weiss v. St. Paul Fire and Marine Insurance Co.*





### Computer Fraud and Abuse Act

As reported at 2001 WL 157920, the U.S. Court of Appeals for the First Circuit on December 17, 2001 affirmed a preliminary injunction prohibiting an upstart student tour company from using a "scraper" software program to systematically gather tour pricing information from the website of a well-established competitor under the Computer Fraud and Abuse Act (CFAA) 18 U.S.C. § 1030(a)(4). *EF Cultural Travel BV v. Explorica, Inc.*

### Search and Seizure

As reported at 3 BNA's Computer Technology Law 158, the full bench of the U.S. Court of Appeals for the Fourth Circuit declines to review whether FBI agents acted unconstitutionally when they relied on the consent of an individual's roommate to search his password-protected computer files. The denial of a petition for a rehearing and rehearing *en banc* leaves intact a December 28 decision of a three-judge panel, which decided FBI agents breached the Fourth Amendment when they conducted a warrantless search of the plaintiff's computer files after his roommate consented to the search. *Trulock v. Freeh*.

## U.S. DISTRICT COURTS

### Patents

As reported at 63 BNA's PTCJ 184, the U.S. District Court for the Western District of New York recently held that the handwriting recognition system in the popular "Palm Pilot" computers infringes a patent on "unistroke" text recognition. *Xerox Corp. v. 3Com Corp.*

As reported at 63 BNA's PTCJ 488, the U.S. District Court for the Southern District of New York recently held that patent claims to a central computer are limited to a single central computer in one location, accessible by remote terminals. *British Telecommunications PLC v. Prodigy Communications Corp.*

As reported at 62 USPQ2d 1773, the U.S. District Court of the Eastern District of Virginia held on April 4, 2002 that claim language, specifications, and prosecution histories of patents for computer security systems all support finding that term "boot program," as used in asserted claims, is properly construed to mean computer's basic input/output system boot program. *Digital Privacy Inc. v. RSA Security Inc.*

As reported at 64 BNA's PTCJ 158, the U.S. District Court for the Southern District of New York held on May 24, 2002 that the term "Web site" means a particular location on the World Wide Web, rather than the equivalent of the entire Internet, in patent claims describing a system synchronizing television programming with related Internet programming. *ACTV Inc. v. Walt Disney Co.*

### Patents - Discovery

As reported at 63 BNA's PTCJ 436, the U.S. District Court for the District of Minnesota held that discovery requests for patent applications related to the patents in suit failed to satisfy

the heightened discovery standard. *Microsoft Corp. v. Multi-Tech Systems, Inc.*

### Copyright

As reported at 59 USPQ2d 1622, the U.S. District Court for the Eastern District of Pennsylvania held on August 1, 2001 that the Copyright Office properly determined that broadcasters who simultaneously "stream" their radio broadcasts on the Internet are subject to the public performance "by digital audio transmission" right granted sound recording copyright owners under 17 U.S.C. §106(6). The court sustains a December rule-making by the Copyright Office that AM/FM radio "streaming" over the Internet does not qualify as an exempt "nonsubscription broadcast transmission" under 17 U.S.C. § 114(d)(1)(A). The court determines that Congress implicitly delegated this type of statutory interpretation to the Copyright Office, and that the interpretation was not only due to judicial deference but was also well supported by the statute and legislative history. *Bonneville International Corp. v. Peters*.

As reported at 64 BNA's PTCJ 58, the U.S. District Court for the Northern District of California held on May 8, 2002 that the anti-circumvention provisions of the Digital Millennium Copyright Act do not violate free speech and due process rights under the First and Fifth Amendments. Even though the blanket ban on circumvention tools makes fair use of works in electronic form more difficult, the court concedes, it does not bar access to works or remove them from the public domain. The court finds that the statute is not unconstitutionally vague, that it is a permissible non-content based regulation of speech, and that it was enacted within the limited congressional authority of the Constitution's intellectual property clause. *United States v. Elcom Ltd.*

As reported at 64 BNA's PTCJ 86, the U.S. District Court for the Western District of Wisconsin held that a Web site's "FAQ" page was uncopyrightable and not infringed. *Mist-On Systems Inc. v. Gilley's European Tan Spa*.

As reported at 59 USPQ2d 1660, the U.S. District Court for the Southern District of New York held on July 11, 2001 that a grant of rights from an author to a publisher that includes the right to publish a work "in book form" does not under New York contract law include the right to publish the work in an interactive, electronic "e-book" format. The court placed particular emphasis on the novel, interactive features of so-called e-books in concluding that an author's grant to the publisher of rights to publish the author's work "in book form" could not be stretched beyond bound volumes of ink on paper. *Random House, Inc. v. Rosetta Books LLC*.

As reported at 62 BNA's PTCJ 502, the U.S. District Court for the Central District of California on September 4, 2001 held that the safe harbor provisions of the Digital Millennium Copyright Act protect Internet auction house eBay from infringement liability for unauthorized sales of DVDs on its Web site. *Hendrickson v. eBay Inc.*

As reported at 60 USPQ2d 1354, the U.S. District Court for the Southern District of New York held on September 26, 2001 that negotiated licenses obtained by defendants for manu-





facture and distribution of phonorecords were not “compulsory” licenses under 17 U.S.C. § 115, and did not authorize defendants to copy plaintiffs’ copyrighted musical compositions onto computer servers in order to enable users of defendants’ “streaming” music service to listen to recordings over the Internet. *Rodgers and Hammerstein Organization v. UMG Recordings, Inc.*

As reported at 60 USPQ2d 1879, the U.S. District Court for the Central District of California held on September 26, 2001 that plaintiff has sufficiently alleged claim for copyright infringement against defendant World Wide Web site service provider, even though complaint does not specifically identify every copyright relied on, every allegedly infringing image, or every date of infringement, since copyright claims need not be pled with particularity, and plaintiff has provided defendant with sufficient notice by identifying copyrights involved with its magazines, ownership of photographs in magazines, and web sites where infringing conduct can be found. *Perfect 10, Inc. v. Cybernet Ventures, Inc.*

As reported at 63 BNA’s PTCJ 115, the U.S. District Court for the District of New Jersey on December 7, 2001 dismissed a Princeton University professor’s lawsuit claiming that the Digital Millennium Copyright Act violated his First Amendment rights to publish research exposing the weaknesses of a copy-protection technology. *Felten v. Recording Industry Association of America.*

As reported at 63 BNA’s PTCJ 29, the U.S. District Court for the Central District of California recently held that the first sale doctrine entitles a software distributor to unbundle copyrighted software to sell separately. *Softman Products Co. v. Adobe Systems, Inc.*

As reported at 62 BNA’s PTCJ 506, in a case pending in the U.S. District Court for the Northern District of California, the parties announced on September 24, 2001 that embattled song-swapping service Napster Inc. will pay \$26 million to music creators and owners under a settlement of a class-action lawsuit. *In re Napster Inc. Copyright Litigation.*

As reported at 63 BNA’s PTCJ 266, the U.S. District Court for the District of Massachusetts recently ruled that software that added features to a computer program designed to help implement business policies amounted to ideas and methods of operation and not original expression protected by copyright. Granting a summary judgment of non-infringement, the court holds that the literal copying of non-literal elements of the copyrighted program involved software mechanisms that are unprotectable under 17 U.S.C. § 102(b). Any expressive choices made in developing the enhancement software, according to the court, were wholly embraced in the operation of the program itself and thus were unprotectable. *ILOG, Inc. v. Bell Logic, L.L.C.*

As reported at 62 BNA’s PTCJ 543, the U.S. District Court for the District of Maryland held that material issues of fact, such as whether the removal of allegedly infringing photographs was sufficiently expeditious and whether the ISP’s termination policy was reasonable and effective, prevent a sum-

mary ruling on a defendant’s eligibility for a safe harbor defense under the Digital Millennium Copyright Act. *CoStar Group Inc. v. Loopnet Inc.*

As reported at 63 BNA’s PTCJ 369, the U.S. District Court for the Northern District of California held on February 21, 2002 that the music sharing service Napster is entitled to seek discovery as to whether the plaintiff record companies actually own the copyrights alleged to be infringed and whether their joint ventures for licensing their works constitute copyright misuse and antitrust violations. Granting Napster’s motion to stay a summary judgment under Fed. R. Civ. P. 56(f), the court finds substantial questions raised on the record companies’ claims of work-for-hire and assignment ownership based on copyright registrations. The court is also satisfied that discovery was warranted on the complaint that the plaintiffs have licensed their catalog of works for digital distribution in what could be described as an overreaching manner. *In re Napster, Inc. Copyright Litigation.*

As reported at 63 BNA’s PTCJ 400, the U.S. District Court for the Southern District of New York held on February 28, 2002 that plaintiff’s posting of its World Wide Web site constituted “publication” of site within the meaning of the Copyright Act, since Internet user acquires ability to make copy of website merely by accessing that site. *Getaped.com, Inc. v. Cangemi.*

As reported at 61 USPQ2d 1589, the U.S. District Court for the Middle District of Florida held on December 6, 2001 that infringement plaintiff has established that it is sole owner of copyrighted computer module designed to enhance performance of automobile engine, and that defendant is not joint author; plaintiff’s proof of ownership and infringement warrants issuance of permanent injunction. *Superhips, Inc. v. Street & Performance Electronics, Inc.*

As reported at 61 USPQ2d 1692, U.S. District Court for the Northern District of Illinois held on September 18, 2001 that registration for plaintiff’s computer software products is not invalid for plaintiff’s failure to list, in applications, earlier works on which software is based, since instructions for registration of computer programs state that only published, public domain, or registered preexisting works need be listed. *DBT Group, Inc. v. FMC Corp.*

As reported at 63 BNA’s PTCJ 485, the U.S. District Court for the Central District of California ruled on March 13, 2002 that copyrighted material posted on a Usenet service for 14 days qualified as a transitory digital network communication under the safe harbor provisions (*i.e.*, 17 U.S.C. § 512(a)) of the Digital Millennium Copyright Act as a matter of first impression. *Ellison v. Robertson.*

### Copyright - Criminal

As reported at 62 USPQ2d 1156, the U.S. District Court for the Northern District of Illinois held on February 1, 2002 that the value of infringing computer software programs, for purposes of setting criminal penalty for conspiracy to commit





copyright infringement, is properly based on number of fully functioning programs that were found on defendants' file transfer protocol site at time of seizure, even though government asserts that considerably more files had been uploaded to site during relevant time period. *United States v. Rothberg*.

### Trademarks

As reported at 62 BNA's PTCJ 388, the U.S. District Court for the Eastern District of Pennsylvania recently held that a manufacturer of coffee makers under the trademark "Chambord" did not violate the Anticybersquatting Consumer Protection Act by registering the "chambord.com" domain name. *Chatam International, Inc. v. Bodum, Inc.*

As reported at 64 BNA's PTCJ 86, the U.S. District Court for the Southern District of New York held that a single disparaging e-mail does not constitute "commercial advertising or promotion" under the Lanham Act. *ACTV Inc. v. Walt Disney Co.*

As reported at 60 USPQ2d 1446, the U.S. District Court for the Eastern District of Michigan on September 25, 2001 denied defendant's motion to dismiss and stated that the Communications Decency Act (*i.e.* CDA) 47 U.S.C. § 230, does not immunize defendant from liability for violation of the Anticybersquatting Consumer Protection Act, even if defendant is considered to be provider of "interactive computer service" within the meaning of the statute, since Section 230(e)(2) expressly states that CDA shall not "be construed to limit or expand any law pertaining to intellectual property," and since Section 230 therefore cannot be construed to limit adjudication of federal trademark laws. Later, on December 20, 2001, as reported at 63 BNA's PTCJ 230, the same court held that application of the Anticybersquatting Consumer Protection Act is limited to persons directly transferring or receiving a property interest in a domain name and does not apply to a website that auctions Internet domain names. The court also held that registering, warehousing, or trafficking in domain names are not uses of trademarks in connection with goods or services within the meaning of the Federal Trademark Dilution Act. In addition, the court dismissed a claim for contributory liability for an auction website under the ACPA, holding that such liability cannot exist without evidence that the auction site knew or should have known that the registrants had no legitimate reason for registering the names. *Ford Motor Co. v. GreatDomains.Com, Inc.*

As reported at 63 BNA's PTCJ 232, the U.S. District Court for the Eastern District of Michigan held on December 20, 2001 that the creation of an unseen, programmatic link to a trademark owner's website was not a commercial use" or a use "in connection with goods or services" of the mark actionable as dilution or infringement under the Lanham Act. Defendants Eric Corley, a/k/a Emmanuel Goldstein, and 2600 Enterprises (collectively, Corley) registered the domain name "fuckgeneralmotors.com." An Internet user who enters this domain name into a Web browser is automatically linked to plaintiff Ford Motor Co.'s official website at ford.com. The court held that defendants disparaging use of "ford" was not a

commercial use, wasn't "use in commerce" and wasn't used "in connection with . . . goods or services." *Ford Motor Co. v. 2600 Enterprises*.

As reported at 60 USPQ2d 1889, the U.S. District Court for the Eastern District of Pennsylvania held on August 27, 2001 that defendant's use of "strick.com" Internet domain name for his computer consultant and software development services is not likely to cause confusion with plaintiff's "Strick" mark for transportation equipment, since plaintiff's goods are not similar to defendant's services, and any "initial interest confusion" resulting from defendant's use of domain name is not substantial enough to be legally cognizable. *Strick Corp. v. Strickland*.

As reported at 59 USPQ2d 1051, the U.S. District Court for the Eastern District of Virginia held on May 10, 2001 that restrictions imposed by the Federal Arbitration Act on judicial review of arbitration awards do not apply to civil actions challenging panel decisions resolving domain name disputes pursuant to Uniform Domain-Name Dispute Resolution Policy. *Parisi v. Netlearning, Inc.*

As reported at 59 USPQ2d 1453, the U.S. District Court for the Northern District of California held on April 20, 2001 that mere reservation of Internet domain name, without use in connection with commercial enterprise, is not use of mark "in commerce" that triggers infringement by confusion under the Lanham Act. *555-1212.com, Inc. v. Communication House International, Inc.*

As reported at 59 USPQ2d 1460, the U.S. District Court for the Eastern District of Virginia held on April 7, 2001 that the owner of the "Tropicana" mark for casino and gambling services is granted default judgment against defendant on claims for infringement, dilution, and cyberpiracy, based on defendant's registration of "tropicancasino.com" Internet domain name, and its operation of "Tropicana Casino" World Wide Web site. *Azstar Corp. v. MGM Casino*.

As reported at 60 USPQ2d 1145, the U.S. District Court for the Eastern District of Virginia held on June 27, 2001 that preponderance of evidence is correct standard of proof for *in rem* action brought under Anticybersquatting Consumer Protection Act. *Harrods Ltd. v. Sixty Internet Domain Names*.

As reported at 62 BNA's PTCJ 507, the U.S. District Court for the Eastern District of Virginia held on September 8, 2001 that an *in rem* action against an allegedly infringing Internet domain name comports with due process. As reported at 63 BNA's PTCJ 229, the same court held on December 21, 2001 that a Chinese website that uses the domain name "cnnews.com" to provide a news service directed solely at users outside the United States is making a use in U.S. commerce for purposes of the Lanham Act. Granting summary judgment to CNN in an *in rem* lawsuit, the court also held that a showing of bad faith was required and satisfied for the *in rem* action, but it rejected a claim for trademark dilution because the evidence did not establish actual harm. *Cable News Network LP v. cnnews.com*.

As reported at 62 BNA's PTCJ 526, the U.S. District Court for the Southern District of Florida recently held that Internet domain names that contained the "Victoria's Secret" mark but



inserted the words “sex” or “sexy” were confusingly similar to the famous mark. *Victoria’s Cyber Secret LP v. V Secret Catalogue Inc.*

As reported at 63 BNA’s PTCJ 310, the U.S. District Court for the Southern District of New York held that a federal district court’s dismissal “with prejudice” of a trademark dilution case serves as an adjudication on the merits in the defendant’s favor, barring the plaintiff from asserting future Uniform Domain Name Dispute Resolution claims. *Storey v. Cello Holdings LLC.*

As reported at 63 BNA’s PTCJ 358, the U.S. District Court for the Central District of California held on January 7, 2002 that Nissan Motor Co. Ltd. failed to establish that a computer firm’s use of the domain name “nissan.com” was in bad faith for purposes of a cybersquatting violation under the Lanham Act. *Nissan Motor Co. Ltd. v. Nissan Computer Corp.*

As reported at 63 BNA’s PTCJ 394, the U.S. District Court for the Eastern District of Virginia held that the owner of a foreign trademark for “Barcelona” may obtain relief against the registrant of the domain name barcelona.com under the Anticybersquatting Consumer Protection Act. *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona.*

As reported at 63 BNA’s PTCJ 458, the U.S. District Court for the Eastern District of Virginia held on March 6, 2002 that the *Noerr-Pennington* doctrine confers immunity on those seeking to protect their trademarks under the World Intellectual Property Organization’s Uniform Dispute Resolution Policy. *Eurotech, Inc. v. Cosmos European Travels AG.*

As reported at 61 USPQ2d 1700, the U.S. District Court for the Western District of Texas held on November 7, 2002 that plaintiff university has established as a matter of law that defendant infringed and diluted its “Baylor” trademarks, and that defendant engaged in cyberpiracy in violation of 15 U.S.C. § 1125(d) by registering “baylorbears.com” domain name for his World Wide Web site. *Baylor University v. International Star, Inc.*

As reported at 63 BNA’s PTCJ 490, the U.S. District Court for the Eastern District of Virginia held on March 25, 2002 that inclusion of a famous casino’s trademark in domain names for Internet gambling constituted trademark infringement and violated the Anticybersquatting Consumer Protection Act. *International Bancorp LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco.*

As reported at 62 USPQ2d 1603, the U.S. District Court for the District of Minnesota on February 21, 2002 granted defendant summary judgment that its “boo.com” Internet domain name does not infringe plaintiff’s “Boo” trademark, since plaintiff has not shown that its business was known outside limited geographic area, and plaintiff ceased doing business well before defendant’s Internet site was launched. *Boo Inc. v. Boo.com Group Ltd.*

### Contracts

As reported at 6 BNA’s Electronic Commerce and Law 747, the U.S. District Court for the Southern District of New York held on July 3, 2001 that an offer of a software license agreement, made independently of a freely offered software program

and not expressly accepted by a user of that software, does not bind the user to an arbitration clause contained in the license agreement. The court finds that the fact that plaintiffs were not required to assent to the software license agreement as a precondition to downloading the software thwarts the defendants’ argument that a contract with an arbitration provision had been formed. *Specht v. Netscape Communications Corp.*

As reported at 63 BNA’s PTCJ 268, the U.S. District Court for the District of Massachusetts recently held that a clickwrap license, limiting a software manufacturer’s damages liability to a licensee for license fees paid to use the software, is an enforceable agreement under the Article 2 of the Uniform Commercial Code. The court holds that the defendant expressly agreed to the clickwrap license when it clicked “I agree” upon installation of the disputed software. *i.LAN Systems, Inc. v. NetScout Service Level Corp.*

### Insurance

As reported at 6 BNA’s Electronic Commerce and Law 748, the U.S. District Court for the Western District of Oklahoma held on June 26, 2001 that an insurance policy that covered the loss of use of tangible property would cover the loss of data, even though data is intangible, to the extent that such a loss resulted in the loss of use of the computers on which those data were stored. *State Auto Property and Casualty Insurance Co. v. Midwest Computers & More.*

### Internet – First Amendment

As reported at 63 BNA’s PTCJ 90, the U.S. District Court for the Northern District of California held on November 7, 2001 that a French court’s order directing U.S.-based Internet service provider and auction site Yahoo! Inc. to block French citizens’ access to Nazi-related items and information linked to its auction side at yahoo.com would, if enforced in the United States, be inconsistent with the First Amendment. *Yahoo! Inc. v. La Ligue Contre le Racisme et l’Antisemitisme.*

## U.S. PATENT OFFICE

### Patents

As reported at 61 USPQ 2d 1669, in an unpublished opinion, the Board of Patent Appeals and Interferences ruled on June 12, 2002 that a patent application that discloses a method of evaluating intangible asset of interest by calculating scores based on performance criteria and plotting scores on chart does not disclose “technological art,” and thus does not claim patentable subject matter under 35 U.S.C. § 101. *Ex parte Bowman.*

### Trademarks

As reported at 59 USPQ2d 1084, the Trademark Trial and Appeal Board ruled on March 28, 2001 that the term “Agentbeans” is merely descriptive of computer software for use in development and deployment of application programs on a global computer network. *In re Sun Microsystems, Inc.*



As reported at 59 USPQ2d 1300, the Trademark Trial and Appeal Board ruled on April 30, 2001 that registration of "iTOOL" mark for World Wide Web site services and software for creating web pages was properly refused on ground that mark is merely descriptive of applicant's services. *In re Zanova, Inc.*

As reported at 62 USPQ2d 1799, the U.S. Commissioner of Patents ruled on February 28, 2002 that post-registration examination properly refused to accept amendment that would change identification of goods in trademark registration from "minicomputer" to "workstations, personal computers and servers," since minicomputers are by no means equivalents to workstations, personal computers and servers. *In re Intergraph Corp.*

### STATE LAW

#### *Trade Secrets*

As reported at 62 BNA's PTCJ 329, the California Court of Appeals recently held that California courts have jurisdiction in a trade secret action against an out-of-state computer programmer who posted technology for decrypting copyrighted DVD movies on the Internet. *Pavlovich v. Superior Court of Santa Clara County.*

As reported at 60 USPQ2d 1803, the California Court of Appeals held on November 1, 2001 that digital video disc decryption software containing plaintiff's trade secret, which was published by defendant on the Internet, is "pure" speech within the scope of the First Amendment, and preliminary injunction prohibiting defendant's future disclosures of this "DeCSS" software was unconstitutional prior restraint. *DVD Copy Control Association v. Bunner.*

### Jurisdiction

As reported at 5 Intellectual Property and Technology Law Journal 25, in an effort to attract high tech businesses, Michigan Governor John Engler signed legislation in January 2002 to establish the first cybercourt in the United States. The virtual court is expected to begin operation in October 2002 and is designed to expedite business litigation in a cost-effective manner. The legislature created the court to meet the dispute resolution needs of industries that are increasingly involved in electronic transactions. For more information, visit the Michigan cybercourt Web site at [www.michigancybercourt.net](http://www.michigancybercourt.net).

### FEDERAL LEGISLATION

On October 24, 2001, the USA Patriot Act (Pub. L. No. 107-56) was passed. This Act amended a number of statutes including the Electronic Communications Privacy Act of 1986 (ECPA), 18 U.S.C. § 2801 and the Computer Fraud and Abuse Act (CFAA), 18 U.S.C. § 1030 to expand the obligations of service providers to comply with surveillance requests. For example, ECPA's pen register and trap and trace provisions have been expanded significantly to give the government access to Internet address information (excluding content).

### INTERNATIONAL

As reported at 63 BNA's PTCJ 140, on December 6, 2001, Gabon became the 30th nation to accede to the WIPO Copyright Treaty (WCT). The United States previously acceded to the WCT. The WCT includes Anti-Circumvention provisions as well as other provisions designed for the Internet.



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