Note from the Chair

The Computer Law Section held its Annual Meeting at the Links at Pinewood on Thursday, September 9. After some golf and socializing, we enjoyed speakers Mitch Goodkin of the University of Michigan, Tom Anderson of Automation Alley, and Michael Khoury of Jaffe Raitt, discussing various legal aspects of conducting business abroad. We also held elections and I would like to report that Paul Raine is the Chair-elect, Steve Tupper is our new Secretary and Kim Paulson is our new Treasurer. Look for Officer and Council Member Profiles in future newsletters.

I am happy to serve as this year’s Chairperson of the Computer Law Section of the Michigan Bar. My first action is to thank Fred Schuchman for his gracious and diligent service as our Chairperson last year. I hope to provide such good leadership to the Section this year. To that end, I ask all members of the Section to take a moment and let me know if there are some events or services you would like to see the Section provide this year. I and my fellow Council members are all ears and, with planning still in the works, we can easily accommodate good ideas. Please feel free to email me at: Sandy@TechnologyArbitration.com.

Please also alert me if you have changes in contact information, which can be submitted for our listserve.

Look for confirmed dates, themes and places in future newsletters. Tentative meeting dates for the upcoming year are: Thursday, November 11, 2004, noon at Brooks Kushman in Southfield (lunch will be available), Wednesday, January 19, 2005, and Friday, March 25, 2005.

Please also let me know if you have any news items you would like to place in the newsletter. For example, if you know of any upcoming meetings that our members might be interested in, please pass on the info.

Thank you.

Sandy Franklin
The State of Computer & Internet Law - 2004
By David R. Syrowik

The last year has seen three large damage awards in verdicts for software inventors and their small companies: *Eolas, Inc. v. Microsoft Corp.* ($521 million); *Imagexpo, LLC v. Microsoft* ($62.3 million); and *NTP, Inc. v. Research iMotion, Ltd.* ($53.7 million). In each of the cases, the defendant is a large corporation whose high profile consumer products have been the target of patent enforcement.

As with copyright law, the Internet and electronic commerce continue to generate new law affecting the scope and protection of trademarks in an online environment. Several decisions resolved claims challenging the unauthorized use of a mark in a Web site by focusing on the threat of “initial interest” confusion, that is, the risk that the user will be drawn to the defendant’s site and away from the plaintiff’s.

Another series of conflicting opinions addressed the use of trademarks in Web site “pop-up” ads, leaving that issue in flux for 2004. Use of trademarks in the online context also triggered questions of fair use.

*U-Haul International, Inc. v. WhenU.com Inc.* held that online pop-up ads that cover-up or appear alongside Internet sites do not infringe the Web site owner’s copyrights or trademarks.

*Wells Fargo & Co. v. WhenU.com Inc.* held similarly that the use of a company’s trademarks as keywords to trigger the display of pop-up advertisements on an Internet user’s screen does not constitute a use in commerce of the marks.

*1-800 Contacts Inc. v. WhenU.com Inc.*, however, held that an online contact lens retailer’s use of plaintiff’s trademarks to trigger the display of competing pop-up ads when a user accesses the plaintiff’s Web site was a use in commerce that was likely to lead users to mistakenly assume that the ads are endorsed by the plaintiff.

Two provisions of the Digital Millennium Copyright Act were the source of significant litigation. The first was the provision that prohibits the circumvention of technological copy and use protections. This provision, 17 U.S.C. § 1201(a) states, “No person shall circumvent a technological measure that effectively controls access to a work protected under this title.” The provision was explored in two cases, where manufacturers of aftermarket parts or accessories were accused of violating the anticircumvention provision in order to make their parts compatible with the plaintiffs’ consumer goods.

*Chamberlain Group, Inc. v. Skylink Technologies, Inc.*, a district court in Illinois held that a universal garage door opener that bypassed the original manufacturer’s “rolling code” security technology did not violate the anticircumvention provision. In a later ruling in the same case, the court ruled that the plaintiff in a DMCA anticircumvention suit bore the burden of showing that the defendant had circumvented a technological measure that was protected under the statute. The court said that the burden was not on the defendant to show that it had the authorization to circumvent the technological measure.
In *Arizona Cartridge Remanufacturers Association, Inc. v. Lexmark International, Inc.*, a district court in California held that a single-use restriction appearing on the packaging of a printer toner cartridge amounts to a legitimate condition on sale that does not violate the patent exhaustion doctrine.

The second provision of the DMCA that continues to prove controversial is the subpoena provision, which permits copyright holders to obtain from ISPs information to identify subscribers who are suspected of infringing. This provision is included in 17 U.S.C. § 512, which establishes immunities from infringement liability for service providers. Section 512(h) authorizes a copyright holder to obtain from a court clerk a subpoena identifying suspected infringers. Private ISPs as well as universities objected to mass subpoenas from copyright holders demanding names of dozens or more users of their networks.

In *Recording Industry Association of America, Inc. v. Verizon Internet Services, Inc.*, the D.C. Circuit held that the subpoena provision did not authorize the issuance of a subpoena to an ISP acting solely as a conduit for data transferred between two Internet users. This judgment reversed the district court’s orders enforcing the subpoenas.

The court in *Massachusetts Institute of Technology v. Recording Industry Association of America* ordered the quashing of subpoenas against two Boston universities that had been issued in the District of Columbia, on the basis that they violated federal rules of civil procedure that limited the geographical reach of such subpoenas.

Although the above two provisions of the DMCA generate the most controversy, there has also been litigation regarding other aspects of the statute. One important case affirmed a regulatory ruling on webcasting royalties. The court in *Bonneville International Corp. v. Peters*, ruled that the Copyright Office was correct in interpreting the DMCA to mean that simultaneous streaming webcasts of AM/FM radio programs are subject to a performance right owned by record companies. The copying of works using the latest technologies continued to be a source of litigation. The Digital Millennium Copyright Act was again a bone of contention between content providers and network service providers. ISPs engaged in a drawn-out battle to resist subpoenas to identify subscribers in the face of charges of piracy through peer-to-peer file-sharing software deployed on the Internet.

The court in *In re Aimster Copyright Litigation* ruled that the Aimster music-file-swapping service had been properly enjoined for contributory copyright infringement because Aimster could not produce any evidence that the software had any substantial noninfringing uses.

The court in *United States v. Slater* ruled that distributing unauthorized copies of commercially available computer software on the Internet without a fee was not a non-commercial or educational use for the purposes of fair use analysis.

Although fair use is not a new issue in the copyright infringement field, and litigation over traditional fair use issues continues to arise, emerging technology has generated at least one renewed controversy in this area. For example, in *Kelly v. Arriba Soft Corp.*, the court held that absent a motion for summary judgment on the issue, a district court should not have ruled that an Internet “inline” link on a Web site that allowed a full-sized display of copyrighted images was a fair use. The court withdrew an earlier ruling that reversed a fair use summary judgment as to the inline linking, on procedural grounds. However, the court retained its earlier ruling upholding a fair use defense with respect to thumbnail versions of the images that were used for retrieval of the infringing full-sized image.

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**Tentative meeting dates for the upcoming year**

**Thursday, November 11, 2004**
noon at Brooks Kushman in Southfield  
(lunch will be available)

**Wednesday, January 19, 2005**

**Friday, March 25, 2005**
On October 8, 2003, the U.S. Court of Appeals for the Federal Circuit held that errors in construing key claim limitations such as “uniform resource locator” led to an erroneous summary judgment that Walt Disney Co.’s Enhanced TV system does not literally infringe a set of patents on a system for synchronizing TV programming with the Internet. As defined by the language and the context of the claims, the appellate court says, a URL need not be absolute, and thus the
file names transmitted by the ETV system fall within
the scope of that term.

ReqQNet.com, Inc. v. Lansa, Inc.,
68 BNA's PTCJ 1619
On October 16, 2003, the U.S. Court of Appeals for
the Federal Circuit held that a patent claim that teaches
use of algorithm for computer screen recognition is
properly construed to require use of at least two fields,
as opposed to all fields, of data on screen to determine
screen identification, even though patent in question is
continuation-in-part of prior patent in which every
field is used, since claim refers to use of “plurality of
fields.”

Minton v. National Association of Securities Dealers Inc,
66 BNA's PTCJ 404
The U.S. Court of Appeals for the Federal Circuit
held on July 29, 2003 that a patent holder’s lease of
a system similar to the claimed computerized trading
system was a prior “sale” that invalidated the patent
under the “on-sale” bar at Section 102(b) of Title 35.
The court rejects the patent holder’s reliance on In
re Kollar, reasoning that the license agreement in that
case involved only a transfer of technical know-how
regarding a process that had yet to be developed for
commercialization.

Resonate, Inc. v. Alteon Websystems, Inc.,
67 USPQ2d 1771
On August 5, 2003, the U.S. Court of Appeals for
the Federal Circuit held that a claim for a method of
processing client requests for resources from large
World Wide Web site, in which multi-node Internet
server performs step of “transmitting the requested
resource to the client,” does not require that data
transmission path from selected server to client
bypass “load balancer” used to service incoming client
requests, since requirement that data bypass load
balancer on its return trip to client cannot be inferred
from inventor’s failure to specify transmission path
from server to client.

Microsoft Corp. v. Multi-Tech Systems, Inc.,
69 USPQ2d 1815
The U.S. Court of Appeals for the Federal Circuit held
on February 3, 2004 that language in the specification
of a number of patents regarding voice-over-computer
transmissions limited the claims in another patent to
direct telephone connections, even though the claims
of the patent-in-suit did not clearly include such
limitations. Multi-Tech Systems, Inc. is the owner
of several patents for using a personal computer to
simultaneously transmit voice and/or data over a
telephone line. In a declaratory judgment suit filed
by Microsoft Corp., the district court construed the
patent claims as limited to use of a direct point-to-
point telephone line connection, and that Multi-Tech
disclaimed the transmission of information through a
packet-switched network, such as the Internet. Based
on this claim construction, the district court entered a
finding of noninfringement.

Superguide Corp. v. DirecTV Enterprises, Inc.,
67 BNA's PTCJ 348
The U.S. Court of Appeals for the Federal Circuit
held on February 12, 2004 that patent claims covering
interactive TV program guides extend to devices that
receive digital signals, even though analog signals were
the only signals broadcast at the time of filing the
patent application resulting in the patent.

Bancorp Services, L.L.C. v. Hartford Life Insurance Co.,
69 USPQ2d 1996,
The U.S. Court of Appeals for the Federal Circuit,
in reversing a federal district court, held on March 1,
2004 that a patent claim is not invalid for indefiniteness
if the claim can be construed and is not “insolubly
ambiguous,” even if the claim construction task is
formidable and reasonable persons may disagree
over the conclusion. Bancorp Services L.L.C. owns
a business method patent (5,926,792) on a system
for administering life insurance policies with “stable
value protected investment” components. The system
includes a computerized means for calculating the
“credits” for such components, i.e., for figuring the
amount that must be guaranteed if the policy needs to
be paid prematurely. In Bancorp’s infringement suit
against Hartford Life Ins. Co., the district court issued
a summary judgment that the patent is invalid for
indefiniteness.

Globetrotter Software, Inc. v. Elan Computer Group,
67 BNA's PTCJ 502
The U.S. Court of Appeals for the Federal Circuit held
on March 23, 2004 that a patent holder’s infringement
allegations are actionable under state law as tortious
interference with prospective economic advantage and
unfair competition for alleging patent infringement only if those allegations are objectively baseless. The patent was directed toward a license management system for controlling the number of concurrent copies of a program in use on a computer network.

_In re American Academy of Science Tech Center_, 68 BNA's PTCJ 53
The U.S. Court of Appeals for the Federal Circuit held on May 13, 2004 that as with examination, claims during reexamination should be given their broadest reasonable interpretation consistent with that those skilled in the art would reach based on the specification and the claim language. Affirming obviousness and anticipation rejections by the Board of Patent Appeals and Interferences, the court reasons that the term “user computer” in a patent on a computer network is not limited to single user computers, such as personal computers, and could encompass prior art mainframes since there were no words of restriction in the claim and the specification stated that a “user” can be a “person, another device, or machine.”

_U.S. District Courts_

_Eolas Technologies Inc. v. Microsoft Corp.,_ 66 BNA's PTCJ 452
A jury for the U.S. District Court for the Northern District of Illinois ruled on August 11, 2003 that Microsoft Corp. must pay $520.6 million for infringing U.S. Patent No. 5,838,906 owned by the University of California and licensed to an Illinois technology developer. The jury finds that the patented Web browser technology was improperly bundled by Microsoft into Internet Explorer.

_NTP Inc. v. Research in Motion Ltd.,_ 66 BNA's PTCJ 432
The U.S. District Court for the Eastern District of Virginia held on April 5, 2003 that the manufacturer of the popular Blackberry handheld computers must pay damages of $53.7 million in royalties, attorneys’ fees, interest, and penalties for infringing five patents covering wireless e-mail. The court also permanently enjoins sales of nine Blackberry models and their software, but stays enforcement.

_Eolas Technologies Inc. v. Microsoft Corp.,_ 66 BNA's PTCJ 431
The U.S. District Court for the Northern District of Illinois held on July 31, 2003 that the prohibition against supplying components of a patented invention for off-shore assembly at Section 271(f) of Title 35 applies to Microsoft Windows source code installed in computers assembled abroad that contain the allegedly infringing Windows software and Internet Explorer Web browser. The court says that source code is a made, operational element, which produces results desired by the user.

_Gart v. Logitech Inc.,_ 67 USPQ2d 1263
The U.S. District Court for the Central District of California held on January 24, 2003 that infringement defendant has not met its burden of showing that asserted claim of plaintiff’s patent for an ergonomic computer mouse is anticipated or rendered obvious by prior art “handpieces” for communication device.

_Imagexpo, LLC v. Microsoft Corp.,_ 67 BNA's PTCJ 71
On November 14, 2003, a jury in the Eastern District of Virginia found that the “Whiteboard” feature of Microsoft Corp.’s Net-Meeting software infringes a patent on interactive computer conferencing held by the technology company Imagexpo, LLC. The jury awarded $62.3 million against Microsoft for infringement of the Net Conferencing patent.

_Hyperphrase Tech., LLC v. Microsoft Corp.,_ 66 BNA's PTCJ 613
On September 24, 2003, the U.S. District Court for the Western District of Wisconsin, ruled that information embedded within hidden tags inside Microsoft Word and Excel documents and used to cross-reference key words with other data does not infringe patents on real-time hyperlinking because the embedded codes do not function as true hyperlinks.

_AT&T Corp. v. Microsoft Corp.,_ 67 BNA's PTCJ 52
On November 5, 2003, the U.S. District Court for the Southern District of New York held that merely informational communications that a patentee makes to industry members and third parties regarding a patented product and required licensing are not sufficient to provide an alleged infringer actual notice of infringement under Section 287(a) of Title 35.
Arizona Cartridge Remanufacturers Association, Inc. v. Lexmark International, Inc.,
66 BNA’s PTCJ 637
On September 30, 2003, the U.S. District Court for the Northern District of California held that a single-use restriction appearing on the packaging (i.e., shrink-wrap) of a printer toner cartridge amounts to a legitimate condition on sale that does not violate the patent exhaustion doctrine.

Pfizer, Inc. v. look4generics.com,
67 BNA’s PTCJ 579
On April 12, 2004, in the U.S. District Court for the District of Delaware, drugmaker Pfizer sued a Web pharmacy who allegedly infringed a Lipitor patent and trademark by illegally selling generic versions of that drug.

eSpeed, Inc. v. Brokertec USA LLC,
69 USPQ2d 1466
The U.S. District Court for the District of Delaware held on January 14, 2004 that the public interest does not favor preliminary injunction prohibiting defendants from operating an accused electronic platform that facilitates wholesale trading of U.S. government securities, since shutting down defendants’ system could reduce trading in U.S. Treasury securities indefinitely, and would increase systemic risk to secondary securities market.

AT&T Corp. v. Microsoft Corp.,
67 BNA’s PTCJ 325
The U.S. District Court for the Southern District of New York held on February 2, 2004 that the defense of equitable estoppel cannot be asserted against a patentee of a speech codec software patent if the alleged infringer is unaware of the patent when the alleged infringement takes place.

Eolas Techs, Inc. v. Microsoft Corp.,
67 BNA’s PTCJ 243
The U.S. District Court for the Northern District of Illinois held on January 14, 2004 that a jury’s award of over $500 million in damages against Microsoft was within the realm of reason and will not be set aside merely because the bundled nature of the defendant’s software made it hard to determine the degree to which the infringing technology contributes to the value of the software.

AT&T Corp. v. Microsoft Corp.,
70 USPQ2d 1141
The U.S. District Court for the Southern District of New York held on February 2, 2004 that a defendant software company that was not aware of plaintiff’s speech codec patent at the time it incorporated accused codecs in its computer software cannot assert equitable estoppel as affirmative infringement defense. The same court then held on March 5, 2004 that foreign software copies are “components” under Section 271(f) assembly prohibition.

Xerox Corp. v. 3Com Corp.,
68 BNA’s PTCJ 102
The U.S. District Court for the Western District of New York recently held that a 1983 journal article by a researcher at Bell Labs anticipated and made obvious single-stroke character recognition software so as to render invalid Xerox’s 1997 patent for a handwriting interpretation system. The ruling on invalidity is a win for the maker of Palm handhelds, 3Com Corp., which has fought Xerox since 1997 over claims that Palm’s handwriting software infringes Xerox’s patent.

U.S. Patent and Trademark Office
Eolas Technologies, Inc. v. Microsoft Corp.,
67 BNA’s PTCJ 28
On October 30, 2003, the U.S. Patent and Trademark Office said it would reexamine U.S. Patent No. 5,838,906 on Web browser plug-ins that Microsoft Corp. was found to have infringed, according to a director-initiated order by Stephen G. Kunin, deputy commissioner for patent examination policy. The order is issued pursuant to a request submitted by the World Wide Web Consortium regarding a patent owned by Eolas Technologies, Inc. and the University of California, which was found in August 2003 to be infringed by Microsoft’s Internet Explorer. The verdict ordered Microsoft to pay $520 million in damages.

Eolas Technologies, Inc. v. Microsoft Corp.,
67 BNA’s PTCJ 417
On February 25, 2004, the U.S. Patent and Trademark Office in an ex parte reexamination “office action” rejected all 10 challenged claims in a University of California patent on Web browser technology that Microsoft was found last August to have infringed with its Internet Explorer browser platform. Although preliminary, the PTO ruling may free Microsoft from
a $520.6 million damages obligation in the patent infringement lawsuit.

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**U.S. Court of Appeals**

*In re Aimster Copyright Litigation*, 66 BNA's PTCJ 285

The U.S. Court of Appeals for the Seventh Circuit held on June 30, 2003 that the Aimster music file swapping service was properly enjoined for contributory copyright infringement because it could not produce any evidence that it has substantial noninfringing uses.

*Assessment Technologies of WI, LLC v. WIREdata, Inc.*, 67 BNA's PTCJ 99

The U.S. Court of Appeals for the Seventh Circuit on November 25, 2003 held that the “intermediate copying” of a database in order to extract raw unprotected data was a fair use. The court ruled that the developer of a copyrighted program for compiling property tax data cannot use its copyright to block access to the data for use by real estate brokers.

*Kelly v. Arriba Soft Corp.*, 66 BNA's PTCJ 287

The U.S. Court of Appeals for the Ninth Circuit on July 7, 2003 withdrew its February 2002 opinion and held that absent a motion for summary judgment on the issue, a district court should not have held that an Internet “inline” link on a Web site that allows a full-sized display of copyrighted images was a fair use. The court withdraws its earlier ruling reversing a fair use summary judgment as to the inline linking because the parties did not seek summary judgment as to whether display of the images was a fair use, but retains its earlier ruling upholding a fair use defense as to thumbnail versions of the images used for retrieval of the infringing full-sized image.

*Video Pipeline, Inc. v. Buena Vista Home Entertainment, Inc.*, 66 BNA's PTCJ 530

On August 26, 2003, the U.S. Court of Appeals for the Third Circuit held that the equitable misuse doctrine applies to copyright cases where the copyright holder is seeking to enforce anticompetitive licensing agreements that seek to suppress criticism. Upholding an injunction against the distribution of clip previews of copyrighted movies, the court extends the patent misuse doctrine to copyright cases, but finds no misuse by the movie producer who sought to control Internet distribution of the clips.

*United States v. Slater*, 67 BNA's PTCJ 97

The U.S. Court of Appeals for the Seventh Circuit held on December 5, 2003 that distributing unauthorized copies of commercially available computer software on the Internet without a fee was not a noncommercial or educational use for the purposes of fair use analysis. Affirming the trial court’s refusal to instruct the jury on fair use in a criminal conspiracy case, the court says that it “strains credulity” to argue that the use was noncommercial because members did not pay for downloaded software and educational because a professor operated the Internet site.

*Ellison v. America Online*, 67 BNA's PTCJ 341

The U.S. Court of Appeals for the Ninth Circuit held on February 10, 2004 that America Online may be liable for contributory infringement based on the unauthorized posting for 14 days of author Harlan Ellison's works on a Usenet service available to its subscribers. Reversing in part a summary judgment for AOL, the court is not satisfied that the Internet service provider reasonably implemented a policy for terminating repeat infringers as required under 17 U.S.C. § 512(a) for the DMCA's safe harbor liability limitations.

*In re Aimster Copyright Litigation*, 67 BNA's PTCJ 352

The U.S. Court of Appeals for the Seventh Circuit affirmed on January 29, 2004 a $5,000 fine and $100,000 attorneys’ fee award levied against the owner of the Aimster file-sharing service for violating an earlier injunction.

*Murray Hill Publications, Inc. v. Twentieth Century Fox Film Corp.*, 67 BNA's PTCJ 481

The U.S. Court of Appeals for the Sixth Circuit, in a matter of first impression, held on March 19, 2004 that just as the unprotectable elements common to two works must be filtered out when analyzing the works for substantial similarity in a copyright infringement action, the protectable elements of the defendant's work that were independently created prior to access
to the plaintiff’s work must be disregarded as well. In other words, elements of allegedly infringing work that were independently created before alleged infringer had access to copyrighted work are properly discounted in performing substantial-similarity analysis, and thus must be filtered out at the first stage of that analysis. The court cited Apple Computer v. Microsoft Corp., 35 F.3d 1435 (9th Cir. 1994) for the proposition that even protectable elements may be filtered out at the first stage of the substantial similarity analysis.

CoStar Group, Inc. v. Loopnet, Inc.,
68 BNA's PTCJ 190
The U.S. Court of Appeals for the Fourth Circuit recently held that Internet service providers are not liable as direct infringers when they passively copy and store copyrighted material at the direction of users in order to make that material available to other users upon their request. Affirming a summary judgment in favor of the ISP, the court holds that under the 1995 decision in Religious Technology Center v. Netcom Online Communications Services, Inc., the automatic copying, storing, and transmission of copyrighted materials, when instigated by others, does not render the ISP liable under Sections 501 and 106 of the Copyright Act.

InvesSys, Inc. v. McGraw-Hill Cos,
70 USPQ 1715
The U.S. Court of Appeals for the First Circuit held on May 21, 2004 that the district court properly awarded attorneys’ fees and costs under Section 505 of the Copyright Act to prevailing defendants in action alleging copyright infringement and various state law claims, even though the only issue decided by jury was ownership of computer software that is subject of suit, since plaintiffs asserted copyright claim, thereby permitting Copyright Act remedies, and issue actually litigated was necessary to assertion of that claim.

U.S. District Courts
September 9, 2003 issue of the Wall Street Journal
Music companies filed 261 lawsuits against individuals in courts across the country in a crackdown on users of Internet file-sharing software such as KaZaA.

United States v. St. John,
67 BNA's PTCJ 103
A federal grand jury has indicted an Arizona man in connection with his alleged involvement in an international computer piracy organization.

66 BNA's PTCJ 561
On September 5, 2003, the U.S. District Court for the Eastern District of Virginia held that online pop-up ads that cover-up or appear alongside Internet sites do not infringe the Website owner’s copyrights or trademarks. Granting a defense summary judgment motion, the court concludes that computer software that triggers the display of pop-up ads when an Internet user browses a trademark holder’s Web page is not a “use in commerce” under the Lanham Act because the software, which incorporates them, does not copy or use any of the owner’s trademark or copyright material.

Krause d/b/a Special-T-Software v. Titleserv, Inc.,
67 BNA's PTCJ 35
On October 30, 2003, the U.S. District Court for the Eastern District of New York ruled that a software program modification did not infringe because modification was an essential step.

Country Road Music, Inc. v. MP3.com, Inc.,
68 USPQ2d 1295
On August 28, 2003, the U.S. District Court for the Southern District of New York held that collateral estoppel bars defendant from relitigating issue of whether it willfully infringed plaintiff’s copyrights in musical compositions when it created “server copies” of music compact discs, since, in previous cases, identical issues of defendant’s liability and intent were raised and resolved against defendant on multiple occasions.

Audio Systems of Florida, Inc. v. Simplexgrinnell LP,
68 USPQ2d 1681
The U.S. District Court of the Middle District of Florida held on July 14, 2003 that the copyright law preempts unfair competition claim on which defendant premised removal of action from state court, since computer programs at issue are within subject matter of 17 U.S.C. § 102, and plaintiff has pled garden variety claim of improper use, copying, and retention of its software that contains no “extra element” sufficient to
take claim outside Copyright Act.

Hendrickson v. Amazon.com Inc.,
67 BNA’s PTCJ 155
The U.S. District Court for the Central District of California recently held that a notice of alleged copyright infringement sent to the Web site owner nine months prior to the incident giving rise to the current claim of infringement is no longer viable and cannot be used to prove the Web site owner had actual knowledge of subsequent infringing activity.

Nautical Solutions Marketing, Inc. v. Boats.com,
67 BNA’s PTCJ 590
The U.S. District Court for the Middle District of Florida recently held that an Internet company that extracted and posted sales listing information on yachts from a competitor’s Web site did not infringe the original site’s copyright. Granting a declaratory judgment of noninfringement, the court says that the momentary copying of the Web site to extract uncopyrightable facts was fair use. It also holds that a “valet service” that moved pictures and descriptions of boats listed for sale onto the competing Web site is not a copyright infringement because any copyrights on those listings are owned by the yacht brokers, not the Web site operator.

ILOG, Inc. v. Bell Logic LLC,
69 USPQ2d 1059
The U.S. District Court for the District of Massachusetts held on January 9, 2002 that “rule editors” in defendant’s software, which are interactive program sequences, are not copyrightable, since editors are mechanisms through which software is controlled, and thus constitute a method of operation rather than expression; any expressive choices defendant made in developing editors cannot be protected, in that they are bound up in the software’s method of operation.

Shady Records, Inc. v. Source Enterprises, Inc.,
68 BNA’s PTCJ 175
The U.S. District Court for the Southern District of New York recently held that an award of attorneys’ fees is appropriate against a defendant found in contempt of an earlier court order, even though the failure to remove allegedly infringing content from its Website was not willful.

TRADEMARKS
U.S. Court of Appeals
DeGidio v. West Group Corp.,
355 F.3d 506
The U.S. Court of Appeals for the Sixth Circuit held on January 14, 2004 that the mark “Lawoffices” in a lawyer’s domain name, “lawoffices.net”, is unprotectable because it is merely descriptive of an online database of attorneys and the electronic publication via a global network of computers. The court accordingly affirmed a summary judgment that the mark was not infringed by West Group’s use of the domain name lawoffice.com for its online resource for various legal information. The plaintiff had registered the domain name lawoffices.net, but did not own either a federal or state registration for the lawoffices.net designation. The plaintiff used the registered domain name in association with a Website that included a directory of forty lawyers, legal information about cyberlaw issues, a vanity e-mail service, a listing of domain names for sale, and a hosting service for legal-related Websites. The defendants used the domain name lawoffice.com to market West’s online directory of legal information. The court also found that the plaintiff had not offered evidence sufficient to show that the mark had acquired “secondary meaning” to the effect of associating the mark with a specific source of services. Consequently, the court found that plaintiff’s mark was neither inherently distinctive nor had the descriptive mark acquired distinctiveness through “secondary meaning” due to the wide use of the phrase “lawoffice(s).”

Playboy Enterprises, Inc. v. Netscape Communications Corp.,
67 BNA’s PTCJ 237
The U.S. Court of Appeals for the Ninth Circuit held on January 14, 2004 that users who enter the term “playboy” into a search engine may be initially confused into thinking that unlabeled banner advertisements triggered by the search terms are connected to the publisher of Playboy magazine. Reversing a district court’s award of summary judgment for the defendants, the court says that evidence presented by the mark owner established a strong likelihood of initial interest confusion.
Retail Services, Inc. v. Freebies Publishing,
70 USPQ2d 1603
The U.S. Court of Appeals for the Fourth Circuit held on April 13, 2004 that declaratory plaintiffs’ evidence that defendants’ “freebies” mark is generic is sufficient to rebut presumption of validity raised by registration of the mark for use in connection with “magazines and newspapers with information about mail order offerings,” since evidence shows that defendants use the term in generic sense, to refer to things provided without charge, on their “freebies.com” Website, and since the term “freebie site” is commonly used to refer to sites with offers similar to those on defendants’ site.

In re Oppedahl & Larson LLP,
68 BNA’s PTCJ 236
The U.S. Court of Appeals for the Federal Circuit recently held that the trademark “patents.com” is merely descriptive and thus not registrable for a law firm’s Internet-based software for tracking patents. Affirming the Trademark Trial and Appeal Board’s decision upholding the refusal to register the mark, the court agrees that the term “patents” merely describes a feature of the goods. Adding the top level domain indicator “.com” lends no more source-identifying significance to the term than adding “Corp.” to an otherwise unregisterable mark. However, the court declines to adopt a per se rule that TLDs can never render a descriptive term sufficiently distinctive for trademark registration.

U.S. District Courts
Flow Control Industries Inc. v. AMHI Inc.,
66 BNA’s PTCJ 267
The U.S. District Court for the Western District of Washington ruled on March 12, 2003 that a valve manufacturer infringed the trademark “Sko Ho” of a competitor by including the competitor’s trademark in metatags coded into its own Web site and by registering a domain name containing the competitor’s mark.

Barcelona.com Inc. v. Excelentíssimo Ayuntamiento de Barcelona,
66 BNA’s PTCJ 442
The U.S. District Court for the Eastern District of Virginia on July 16, 2003 ordered the City of Barcelona to return the domain name barcelona.com to the original American owner.

24 Hour Fitness USA Inc. v. 24/7 Tribeca Fitness LLC,
66 BNA’s PTCJ 519
The U.S. District Court for the Southern District of New York on August 14, 2003 held that an Internet search was not probative of likely confusion.

Wells Fargo & Co. v. WhenU.com, Inc.,
67 BNA’s PTCJ 68
On November 20, 2003, the U.S. District Court for the Eastern District of Michigan held that the use of a company’s trademarks as keywords to trigger the display of pop-up advertisements on an Internet user’s screen does not constitute a “use in commerce” of the marks. The court also rules that the display of pop-up ads did not constitute the preparation of derivative works in violation of the plaintiffs’ copyright interests. Judge Edmunds made only passing reference to U-Haul Int’l v. WhenU.com, Inc., 279 F.Supp2d 723, wherein the defendant prevailed on the same grounds (i.e., that defendant’s pop-up ads were not a use in commerce of plaintiff’s trademarks and that the pop-up ads were not infringing derivative works).

Gateway, Inc. v. Companion Products, Inc.,
66 BNA’s PTCJ 591
On August 19, 2003, the U.S. District Court for the District of South Dakota held that Gateway’s mark is infringed by black/white spotted cow computer monitor wrap.

1-800-Contacts, Inc. v. WhenU.com,
69 USPQ2d 1337
The U.S. District Court for the Southern District of New York held on December 22, 2003 that the use of the plaintiff’s trademarks to trigger the display of competing pop-up ads when a user accesses the plaintiff’s Web site is a use in commerce that is likely to lead users to mistakenly assume that the ads are endorsed by the plaintiff. In a trademark infringement action pitting an online contact lens retailer against its competitor and the developer of the pop-up ad software, the court preliminarily enjoins the ads for initial interest confusion under the Lanham Act.

Avlon Industries, Inc. v. Robinson,
69 USPQ2d 1254
The U.S. District Court for the Northern District of Illinois held on August 21, 2003 that a defendant who owns registrations for “keracare.com” and many similar
Internet domain names, and who advertises on the Web under the name “Avlon Affirm Hair Products,” is diverting plaintiff’s customers to his Web site, and thus may be liable for dilution of plaintiff’s “KeraCare,” “Affirm,” and “Avlon” trademarks, even though defendant is selling genuine goods.

Microsoft Corp. v. Lindows.com, Inc.,
67 BNA's PTCJ 352
The U.S. District Court for the Western District of Washington held on February 10, 2004 that whether a mark is generic should be measured at the time the user entered the marketplace (i.e. November, 1985), even if the mark is no longer generic. Microsoft Corp. sued Lindows.com for infringing its “Windows” trademark. Microsoft filed a motion pursuant to 28 U.S.C. § 1292(b) to certify as a controlling question of law the proper time to measure whether the Windows trademark is generic.

In re Software Publishers Association,
69 USPQ2d 2009
The Trademark Trial and Appeal Board held on April 2, 2004 that registration of “Certified Software Manager” as certification mark for software asset and licensing management is refused on ground that designation merely indicates that holder of certificate issued by applicant has passed examination and been awarded title or degree of “Certified Software Manager,” and that designation thus is not likely to be perceived by relevant purchasers as certifying characteristics of services rendered by that individual.

TRADE SECRETS
U.S. District Court
Physicians Interactive v. Lathian Systems, Inc.,
69 USPQ2d 1981
The U.S. District Court for the Eastern District of Virginia held on December 5, 2003 that plaintiff has demonstrated likelihood of success on merits of its claim that defendants violated Virginia Uniform Trade Secret Act (VUTSA) by secretly “hacking” plaintiff’s interactive Web site and misappropriating confidential customer lists and computer software code, since customer lists and proprietary software qualify as trade secrets, since plaintiff created significant electronic safeguards to protect this information, and since use of software “robot” to hack into computer system and take or copy proprietary information constitutes misappropriation under VUTSA.

TELECOMMUNICATIONS
U.S. Supreme Court
Nixon v. Missouri Municipal League,
2004 WL 573799 (U.S.)
The U.S. Supreme Court held on March 24, 2004 that the states can block cities and towns from getting into the phone business. However, this ruling does not cover cable-television and Internet services offered by many local governments that have built their own high-speed data networks that compete against private providers. The decision might have implications for...
new telephone voice services offered over broadband networks, often called voice over Internet protocol. Some states have defined those services as traditional telephone offerings, which means they might be subject to the ruling. But the Federal Communications Commission is considering the question of how to define voice-over-data-network services, as are several courts.

**U.S. Court of Appeals**

*United States Telecom Association v. Federal Communications Commission*, 2004 WL 374262

The U.S. Court of Appeals for the District of Columbia on March 2, 2004 rejected Federal Communication Commission (FCC) rules that force the Baby Bells to open their phone networks to rivals at regulated prices. Also, the court struck down as unreasonable the agency's February, 2002 decision to give to the 50 states the responsibility for determining which parts of a local phone network should be available to rivals at low prices. The court chastised the agency for failing to develop lawful unbundling rules since the 1996 Telecommunications Act and for failing to adhere to prior judicial rulings of the courts.

*KingVision Pay-Per-View Corp. v. 898 Belmont, Inc.*, 70 USPQ2d 1786

The U.S. Court of Appeals for the Third Circuit held on April 27, 2004 that the two-year statute of limitations for claim under Pennsylvania's cable piracy statute, rather than three-year limitations period of federal Copyright Act, applies to claim brought under anti-piracy provisions of Federal Communications Act, which is silent as to limitations period, since Pennsylvania statute is closely analogous to anti-piracy provisions of FCA, and two-year limitations period does not frustrate purpose or implementations of FCA.

**DIGITAL MILLENNIUM COPYRIGHT ACT**

**U.S. Court of Appeals**

*Bonneville International Corp. v. Peters*, 66 BNA's PTCJ 688

On October 17, 2003, the U.S. Court of Appeals for the Third Circuit held that the Copyright Office was correct in interpreting the Digital Millennium Copyright Act to mean that simultaneous streaming webcasts of AM/FM radio programs are subject to a performance right owned by record companies. The court affirms a district court's summary judgment but on different grounds. Where the district court held that Chevron requires deference to the Copyright Office's interpretation of the DMCA, the appeals court holds that the Copyright Office's interpretation of the statute was correct.

*Recording Industry Association of America, Inc. v. Verizon Internet Services, Inc.*, 351 F.3d 1229 (CADC 2003)

On December 19, 2003 the U.S. Court of Appeals for the District of Columbia held that the subpoena provisions of the DMCA only apply to Internet service providers that store on their servers material that is infringing or the subject of infringing activity, and do not apply to ISPs acting only as a conduit for data transferred between Internet users.

**U.S. District Courts**

*Chamberlain Group, Inc. v. Skylink Technologies, Inc.*, 66 BNA's PTCJ 565

On August 29, 2003, the U.S. District Court for the Northern District of Illinois held that a universal garage door opener that bypasses a manufacturer's “rolling code” security feature does not violate the anti-circumvention provisions of the Digital Millennium Copyright Act. As later reported at 67 BNA's PTCJ 56, the same court ruled that the plaintiff in a Digital Millennium Copyright Act suit has the burden of showing that the defendant circumvented a technological measure protected under the Act.

*Massachusetts Institute of Technology v. Recording Industry Association of America*, 66 BNA's PTCJ 458

The U.S. District Court for the District of Massachusetts ruled on August 7, 2003 that DMCA subpoenas issued in the District of Columbia against two Boston universities violate federal rules of civil procedure that limit the geographic reach of subpoenas and are therefore quashed.

*Rossi v. Motion Picture Association of America Inc.*, 67 USPQ2d 1047

The U.S. District Court for the District of Hawaii held on April 29, 2003 that the Digital Millennium Copyright Act requires only that copyright holder
form good faith belief of alleged infringement before requesting that Internet service provider shut down allegedly infringing site. Statements on party’s site, strongly suggesting that copyrighted movies were available for downloading there, provided more than sufficient basis to form good faith belief.

I.M.S. Inquiry Management Systems Ltd. v. Berkshire Information Systems,
70 USPQ2d 1105
The U.S. District Court for the Southern District of New York held on February 23, 2004, in a matter of first impression, that accessing and copying from a competitor’s Internet service by the unauthorized use of a password did not violate the anti-circumvention provisions of the Digital Millennium Copyright Act. “Circumvention,” as used in Digital Millennium Copyright Act, requires descrambling, decryption, avoidance, bypassing, removal, deactivation or impairment of “technological measure that effectively controls access” to protected work; in present case, cause of action for “circumvention” did not accrue when defendant merely used password, without authorization, to access plaintiff’s Web-based service.

Fatwallet, Inc. v. Best Buy Enterprises Services, Inc.,
67 BNA’s PTCJ 617
The U.S. District Court for the Northern District of Illinois held on April 12, 2004 that an Internet service provider that receives a takedown notice under the Digital Millennium Copyright Act lacks standing to challenge the constitutionality of that notice procedure.

321 Studios v. Metro Goldwyn Mayer Studios, Inc.,
67 BNA’s PTCJ 363
The U.S. District Court for the Northern District of California held on February 19, 2004 that the manufacture and sale of software used for copying DVDs violates the Digital Millennium Copyright Act’s provisions against trafficking in and using technologies to circumvent copyright protection measures. The court rejected arguments that the DMCA restrictions unconstitutionally interfere with the First Amendment rights of the software provider or the fair use rights of its customers.

Paramount Pictures Corp. v. 321 Studios,
67 BNA’s PTCJ 420
The U.S. District Court for the Southern District of New York held on March 3, 2004 that the manufacture and sale of computer software that decrypts the content scrambling technology protecting motion pictures on DVDs violates the anti-trafficking provisions of the Digital Millennium Copyright Act. The court preliminarily enjoined further manufacture and sale of the defendant’s software, and characterized the defendant’s conduct as “essentially identical” to conduct already found in violation of the DMCA’s anti-trafficking provisions in several other cases.

U.S. International Trade Commission
In the Matter of Certain Universal Transmitters for Garage Door Openers
67 BNA’s PTCJ 295
The U.S. International Trade Commission ruled on January 14, 2004 that a notice barring consumers from using third party garage door openers – inserted after a court held that use of authorized replacement transmitters does not violate the Digital Millennium Copyright Act – does not amount to a “new fact” sufficient to defeat application of res judicata to this DMCA-related proceeding.

U.S. Copyright Office
As reported at 67 BNA’s PTCJ 8, on October 31, 2003, the Copyright Office, in its 200-page report recommending exemptions from the Digital Millennium Copyright Act’s prohibitions against circumvention of technological copyright protection measures, rejected a request by a supplier for printer cartridge remanufactures that exemptions be established allowing it to make components for after-market cartridges that are compatible with Lexmark printers. The Copyright Office rejected an exemption for computer programs embedded in computer printers and toner cartridges that control the interoperability and functions of the printer and toner cartridges. The agency pointed out that an existing exemption in Section 1201(f) addresses the concerns of remanufacturers, which makes an exemption under section 1201(a)(1)(D) unnecessary. The four classes approved for the exemption are as follows:

(1) Compilations consisting of lists of Internet locations blocked by commercially marketed
filtering software applications that are intended to prevent access to domains, websites or portions of websites. This does not include lists of Internet locations blocked by software applications that operate exclusively to protect against damage to a computer or computer network or lists of Internet locations blocked by software applications that operate exclusively to prevent receipt of email.

(2) Computer programs protected by dongles that prevent access due to malfunction or damage and which are obsolete.

(3) Computer programs and video games distributed in formats that have become obsolete and which require the original media or hardware as a condition of access. A format shall be considered obsolete if the machine or system necessary to render perceptible a work stored in that format is no longer manufactured or is no longer reasonably available in the commercial marketplace.

(4) Literary works distributed in ebook format when all existing ebook editions of the work (including digital text editions made available by authorized entities) contain access controls that prevent the enabling of the ebook’s read-aloud function and that prevent the enabling of screen readers to render the text into a specialized format.

**JURISDICTION, RIGHT OF PUBLICITY, FIRST AMENDMENT**

**U.S. Supreme Court**


The Supreme Court ruled that Congress’s latest effort to regulate Internet-based pornography likely violates the First Amendment’s right to free speech. The court’s 5-4 decision left in place an injunction barring the law’s enforcement and ordered a lower court to determine whether the Child Online Protection Act violates the Constitution. The high court had found an earlier version of the law unconstitutional. Justice Anthony Kennedy wrote for the majority. He said the law, which imposed a $50,000 fine and six months in prison for posting content for commercial purposes on the Internet that is harmful to children, would have a chilling effect on speech.

**U.S. Court of Appeals**

*Carefirst of Maryland Inc. v. Carefirst Pregnancy Centers Inc.*, 66 BNA’s PTCJ 354

The U.S. Court of Appeals for the Fourth Circuit held on July 2, 2003 that a Chicago-based organization is not subject to personal jurisdiction in Maryland by operating an Internet Web site that can be accessed from Maryland and by using a Web hosting company based in Maryland.

*Bosley v. WildWeet.com*, 70 USPQ2d 1537

The U.S. Court of Appeals for the Sixth Circuit held on April 21, 2004 that a preliminary injunction issued in action for violation of right of publicity, which prohibits defendant from using images of plaintiff on Web sites, DVDs, and other media, is stayed pending disposition of appeal, since defendant has shown strong likelihood of demonstrating that injunction is unconstitutional prior restraint on speech. Earlier, the U.S. District Court for the Northern District of Ohio had held that a plaintiff asserting claims for right of publicity and appropriation, based on defendants’ unauthorized, commercial use of images showing plaintiff participating in “wet T-shirt” contest, is entitled to preliminary injunction prohibiting such use, since injunction is necessary to prevent further erosion of plaintiff’s professional and personal “personas.” The court noted that other circuits had stated that even if the website is viewed as purely commercial, the requirement of procedural safeguards in the context of a prior restraint applies to commercial speech.

**U.S. District Courts**

*Hy Cite Corp. v. Badbusinessbureau.com*, 67 BNA’s PTCJ 223

The U.S. District Court for the Western District of Wisconsin held on January 8, 2004 that an interactive Web site, the sale of one book, and an exchange of e-mail between a West Indies-based Web site operator and a Wisconsin resident, did not amount to sufficient contacts to support personal jurisdiction there.

*Edelman v. N2H2 Inc.*, 67 USPQ2d 1382

The U.S. District Court for the District of Massachusetts held on April 7, 2003 that a researcher who plans to reverse engineer defendant’s software lacks standing to bring action to confirm his right to
engage in and publish such research, since claimed injury, which is based on conjecture as to defendant’s intention to bring suit, is not “imminent”; in absence of details concerning plaintiff’s research plans and ensuing publication, advisory opinion would not guide or protect plaintiff.

UNFAIR COMPETITION
U.S. Court of Appeals
Register.com, Inc. v. Verio, Inc.,
67 BNA's PTCJ 266
The U.S. Court of Appeals for the Second Circuit held on January 23, 2004 that a restriction on use of Whois data that appears only after it is received is enforceable when the querying party returns to the site to gather data. The dispute stemmed from a third party’s use of a registrar’s Whois data to market related services to recent registrants. To become a registrar of domain names, Register.com entered into a Registrar Accreditation Agreement with the Internet Corporation for Assigned Names and Numbers. That agreement required Register.com to maintain a public database of contact information regarding each registrant – known as Whois data – and to permit use of that data “for any lawful purposes except to: . . . support the transmission of mass, unsolicited commercial solicitations via email.”

ANTICYBERSQUATTING CONSUMERS PROTECTION ACT
U.S. Court of Appeals
Hawes v. Network Solutions Inc.,
66 BNA's PTCJ 349
The U.S. Court of Appeals for the Fourth Circuit held on July 9, 2003 that a domain name holder has no claim against a domain name registrar for cybersquatting or reverse hijacking under the Anticybersquatting Consumer Protection Act based on the registrar’s transfer of the domain name to a French court.

dover v. Cello Holdings, LLC,
66 BNA's PTCJ 670
On October 9, 2003, the U.S. Court of Appeals for the Second Circuit held that dismissal with prejudice of an earlier cybersquatting action does not prevent a trademark owner from asserting rights to a domain name under the Anticybersquatting Consumer Protection Act, or bringing a UDRP action.

Ford Motor Co. v. Catalanotte,
66 BNA's PTCJ 563
On August 28, 2003, the U.S. Court of Appeals for the Sixth Circuit held that registering a famous trademark as a domain name prior to the ACPA’s enactment does not absolve a registrant from liability for post-enactment trafficking of the domain name in violation of mark were registered and used in bad faith, since respondents’ domain names use same naming convention as complainant’s World Wide Web addresses by appending country or region name to “cnn,” which indicates that respondents employed the mark deliberately to confuse users and misappropriate good will inherent in “cnn” mark.
Effective date provisions of Anticybersquatting Consumer Protection Act states “all domain names registered before, on, or after the date of enactment,” and the fact that the Internet domain name containing the famous mark was registered before enactment of ACPA thus does not absolve registrant of liability for post-enactment trafficking in or use of domain name.

Consorzio Del Prosciutto di Parma v. Domain Name Clearing Co., 68 USPQ2d 1639
On October 16, 2003, the U.S. Court of Appeals for the Ninth Circuit held that defendant in action for violation of Anticybersquatting Consumer Protection Act may not appeal after entry of default judgment and raise issue of sufficiency of service without having moved to set aside default under Fed. R. Civ. P. 55(c), or for relief from judgment under Rule 60(b). The fact that defendant never appeared in district court does not excuse him from following proper procedure.

Lucas Nursery and Landscaping, Inc. v. Grosse, 67 BNA’s PTCJ 430
The U.S. Court of Appeals for the Sixth Circuit held on March 5, 2004 that defendant did not act in “bad faith” under the ACPA by registering a domain name and creating a Web site utilizing plaintiff’s mark and on which the defendant detailed her complaints against the plaintiff for its alleged bad service in landscaping her front yard. Therefore, the defendant was not liable under the ACPA. The web page was titled, “My Lucas Landscaping Experience.” The court noted that to find liability under the ACPA, a court must consider a defendant’s “bad faith intent to profit” from the use of a mark held by another party. The court reviewed the nine factors for determining such intent listed in the ACPA in finding that there was no such “bad faith.” The court found that the Web site was established by the defendant for informing fellow consumers about the practices of the landscaping company that she believed had performed inferior work on her yard and not for trading on the goodwill of the plaintiff’s mark.

TMI, Inc. v. Maxwell, 70 USPQ2d 1630
The U.S. Court of Appeals for the Fifth Circuit held on April 21, 2004 that defendant in action for violation of antidilution and anticybersquatting provisions of the Lanham Act did not make commercial use of plaintiff’s “TrendMaker Homes” trademark in operating his “trendmakerhomes.com” Web site, since a section of the site addressing defendant’s complaints about plaintiff home builder was non-commercial, and defendant’s inclusion of “Treasure Chest” section in order to draw more visitors to the site did not make the site commercial.

U.S. District Courts

Argas v. Orthotec LLC, 67 BNA’s PTCJ 267
The U.S. District Court for the District of Delaware held on January 9, 2004 that a non-profit French corporation has standing to maintain its cybersquatting claim against a defendant whose Internet domain name may infringe its trademark because the corporation’s operation of a Web site to provide information about a spinal surgery satisfies the Lanham Act’s “use in commerce” provision.

FieldTurf, Inc. v. Triexe Management Group, Inc., 69 USPQ2d 1861
The U.S. District Court for the Northern District of Illinois held on December 10, 2003 that a party seeking recovery for cybersquatting may elect award of statutory damages for each violation, instead of actual damages, pursuant to 15 U.S.C. § 1117(d); cybersquatting claims will not be dismissed on grounds that statutory damages will be de minimis compared to litigation costs.

Mayflower Transit v. Prince, 67 BNA’s PTCJ 618
The U.S. District Court for the District of New Jersey held on March 30, 2004 that a dissatisfied customer who posted critical remarks about a moving company on his Web sites did not have the “bad faith intent to profit” required for violation of the Anticybersquatting Consumer Protection Act.

Faegre & Benson LLP v. Purdy, 70 USPQ2d 1315
The U.S. District Court for the District of Minnesota held on January 5, 2004 that plaintiffs are likely to succeed on merits of their claims for trademark infringement and cybersquatting in action in which defendants knowingly, intentionally, and with bad-faith intent to profit registered Internet domain names that
incorporate and are identical or confusingly similar to plaintiffs’ distinctive marks for law firm.

STATE COURTS

Supreme Courts

**DVD Copy Control Association Inc. v. Bunner,**
66 BNA’s PTCJ 504

The California Supreme Court held on August 25, 2003 that a preliminary injunction preventing publication of a code that permits descrambling of DVDs does not violate free speech rights. Reversing an appellate court decision that set aside the injunction, the court stresses that its ruling is limited to the First Amendment issue. On remand, the court of appeals must decide whether the information posted by the defendant on the Internet constitutes a trade secret, the court says.

**State v. Nelson,**
70 USPQ2d 1254

The New Hampshire Supreme Court held on February 20, 2004 that defendant who took possession of several photographs without permission and scanned them into his computer committed crime of receiving stolen property, even though he returned original photographs to their owner, since images retained by defendant constitute “property of another” under state’s theft statute, and defendant acted with “purpose to deprive” photographs’ owner of scanned images.

Court of Appeals

**City of Warren v. City of Detroit,**
2004 WL 434292

In a case of first impression within Michigan, the Michigan Court of Appeals held on March 9, 2004 that a formula used to generate water and sewer fees was not “software” as defined in Michigan’s Freedom of Information Act (FOIA) and therefore was discoverable through the FOIA. The FOIA provides a disclosure exemption for “software” under MCL 15.232(f). The FOIA defines software as:

- [a] set of statements or instructions that when incorporated in a machine usable medium is capable of causing a machine or device having information processing capabilities to indicate, perform, or achieve a particular function, task, or result. Software does not include computer-stored information or data, or a field name if disclosure of that field name does not violate a software license.

MCL 15.232(f).

The court rejected defendant’s argument that because the formula was contained only in a software program and nowhere else, the formula was inextricable and thus exempt from FOIA disclosure. The court agreed with the trial court that the formula was not software, but rather was “computer-stored information and data” under the statute. The court also found that the formula, together with software, was contained on a computer disk and that portion of the disk containing the formula was a “public record” under MCL 15.232(e) and therefore subject to disclosure.

**DVD Copy Control Association, Inc. v. Bunner,**
67 BNA’s PTCJ 393

The California Court of Appeals held on February 27, 2004 that evidence is lacking that a preliminary injunction preventing Internet publication of a code that permits descrambling of DVDs was warranted under the Uniform Trade Secrets Act. The court, noting that hundreds of Web sites had posted the descrambling program by the time the lawsuit was filed, finds that there was no evidence that the proprietary scrambling technology was still a secret when the descrambling code was posted by the defendant on his Web site.

**Long v. Walt Disney Co.,**
67 BNA’s PTCJ 514

The California Court of Appeals held on March 9, 2004 that the Uniform Single Publication Act applies to tort claims brought against an entertainment company, alleging that photographs of the plaintiffs as sixth graders had been altered by computer and turned into fictional cartoon-like characters, rendering the claims untimely under the statute of limitations.
FEDERAL LEGISLATION
As reported in the December 17, 2003 Wall Street Journal, on December 16 President Bush signed legislation to curb unsolicited commercial e-mails. 15 U.S.C.A. § 7703. The legislation also calls on the FTC to set up a don’t-spam list similar to that for telemarketers.

FEDERAL STATUTES
On December 16, 2003, President Bush signed into law the Controlling the Assault of Non-Solicited Pornography and Marketing Act (CAN-SPAM Act of 2003 [15 U.S.C. § 7701 et seq.]). The CAN-SPAM Act is considered the first federal law to regulate spam. It went into effect on January 1, 2004. The preamble of the CAN-SPAM Act states that its purpose is to “regulate interstate commerce by imposing limitations and penalties on the transmission of unsolicited commercial electronic mail via the Internet. The Act makes it unlawful for spammers to send an unsolicited commercial e-mail to another unless certain requirements are followed. Specifically, a spammer’s e-mail must provide:

1. Clear and conspicuous identification that the e-mail is an advertisement or solicitation;
2. Clear and conspicuous notice of the opportunity to decline to receive further commercial e-mail messages from the sender (i.e., an opt-out provision); and
3. A valid physical postal address of the sender. Spammers can avoid these requirements if a recipient provides valid affirmative consent to receive commercial e-mail messages. However, if a recipient chooses to opt-out of receiving commercial e-mail and the spammer does not honor the request, the spammer will be subject to civil penalties.

FEDERAL COMMUNICATIONS COMMISSION
As reported at 67 BNA’s PTCJ 7, on November 4, 2003, the Federal Communications Commission adopted a new rule intended to prevent the mass unauthorized distribution of digital broadcasts over the Internet, giving equipment manufacturers until July 1, 2005, to comply with the new requirements.

FOREIGN
As reported in the March 25, 2004 Wall Street Journal, EU regulators slapped Microsoft with tough sanctions and a record $612.7 million fine for allegedly abusing its market power for technology that links computers and plays music and video. The software titan was ordered to disclose code from its Windows operating system and to offer PC makers a version of Windows that doesn’t include Media Player. The European Commission concluded a five-year investigation by ruling Microsoft violated European Union antitrust law. The Commission found that “Microsoft abused its market power by deliberately restricting interoperability between Windows PCs and non-Microsoft work group servers, and by tying its Windows Media Player, a product where it faced competition, with its ubiquitous Windows operating system.” Within 120 days, Microsoft must disclose information that will allow non-Microsoft servers to achieve full interoperability with Windows PCs and servers. Within 90 days, Microsoft must offer CP manufacturers a version of Windows without Media Player. It also must refrain from making such versions less attractive. Microsoft has 70 days to appeal the order.

WORLD TRADE ORGANIZATION
As reported in the March 25, 2004 issued of the Wall Street Journal, the WTO ruled that U.S. laws restricting Internet gambling violate trade pacts, setting the stage for access by offshore Web firms. In a decision on a case brought against the U.S. by the Caribbean nation of Antigua and Barbuda, the WTO ruled that gambling was covered under global service-sector agreements and that the U.S. must stop trying to thwart gambling companies’ business. Though the scope of the decision is limited to companies based in Antigua, U.S. gambling-industry officials said it could open the door for other nations to seek similar access for their Internet gambling businesses.
Computer Law Section
Annual Meeting and Golf Outing

FORE!!!

Group shot of individuals participating in the golf outing at the Computer Law Section Annual Meeting held on September 9, 2004 at Links at Pinewood.