Recent Developments in Computer and Internet Law

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U.S. Supreme Court

Patents

As reported at 71 BNA's PTCJ 83, the U.S. Supreme Court heard oral arguments on November 29, 2005, in a case considering whether courts should presume that a patent confers market power for purposes of a tying claim under Section 1 of the Sherman Act. At least 30 briefs have been filed in the case by the parties and various amici, including the U.S. and state governments, the principal intellectual property advocacy groups, academicians, and industry representatives. Illinois Tool Works v Independent Ink, Inc.

As reported at 71 BNA's PTCJ 122, the U.S. Supreme Court agreed on November 28, 2005 to review a Federal Circuit ruling involving patents asserted against the online auction sites eBay and Half.com. Rather than take up the patent validity and infringement issues decided below, however, the court will address whether, upon a finding of patent infringement, a court must issue a permanent injunction unless it finds exceptional circumstances. The court also asks the parties to address whether the court should reconsider precedents. eBay, Inc v MercExchange LLC.

As reported at 71 BNA's PTCJ 309, the U.S. Supreme Court on January 23, 2006, denied review in a patent infringement challenge involving the popular BlackBerry e-mail device. With this refusal to hear the BlackBerry manufacturer’s appeal, it remains the law that a patent’s “system” claims can be infringed where only some components of the accused system are used in the United States, and other components are used abroad. Use of a claimed system under 35 U.S.C. § 271(a) “is the place at which the system as a whole is put into service, i.e., the place where control of the system is exercised and beneficial use of the system is obtained,” the Federal Circuit previously held.
Recent Developments
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The case remains in the Eastern District of Virginia, where a ruling is expected on an injunction that could shut down BlackBerry sales. Research in Motion, Ltd v NTP, Inc.

U.S. Courts of Appeal

Patents

As reported at 71 BNA’s PTCJ 90, the U.S. Court of Appeals for the Federal Circuit held on November 21, 2005, in a matter of first impression, that a patent asserted against Amazon.com’s “1-Click” system for ordering merchandise is invalid for indefiniteness since the claim recites both the system disclosed in prior claim and method of using that system, and thus is not sufficiently precise to provide competitors with accurate determination of “metes and bounds” of protection claimed. IPXL Holdings LLC v Amazon.com, Inc

As reported at 71 BNA’s PTCJ 266, the U.S. Court of Appeals for the Federal Circuit held on January 9, 2006 that a patent on a method and apparatus for multimedia data networking is not limited to the specification’s mention of routing data messages using logical addresses because the claims intend a broader scope. Affirming a judgment that the patent is willfully infringed through literal and induced infringement, the court rejects the infringer’s contention that she was merely sampling music on a try-before-you-buy basis or that the downloads are merely a form of time-shifting permitted under a 1984 Supreme Court ruling. BMG Music v Gonzalez.

Trademarks

As reported at 71 BNA’s PTCJ 408, the U.S. Court of Appeals for the Tenth Circuit held on February 7, 2006 that the use of a trademark in the text of websites that offer competing goods, in the metatags of those sites, and to purchase a listing posi-
tation in a search engine, constitutes sufficient evidence on which to base a finding of initial interest confusion for the purposes of establishing trademark infringement. *Australian Gold, Inc v Hatfield.*

**U.S. District Courts**

**Patents**

As reported at 71 BNA's PTCJ 228, the U.S. District Court for the District of Delaware ruled on December 14, 2005, that websites that incorporate patented software are “tangible items” that must be marked to give constructive notice to potential infringers under the patent marking statute at 35 U.S.C. § 287. Granting the defendant's summary judgment motion to limit its damages under the patent marking statute, the court rejected the patentee's claim that its website was not a “patented article” under the statute and thus obviated its duty to mark. *IMX, Inc v LendingTree LLC.*

As reported at 71 BNA's PTCJ 186, the U.S. District Court for the District of Delaware ruled on December 5, 2005, that a jury verdict that a business method patent for trading U.S. Treasury securities failed the written description requirement of 35 U.S.C. § 112 was supported by substantial evidence. Denying the plaintiff's motion for a judgment as a matter of law, the court agrees that there is clear and convincing evidence that the patent is invalid for lack of sufficient written description. *eSpeed, Inc v Brokertec USA L.L.C.*

As reported at 71 BNA's PTCJ 124, the U.S. District Court for the Eastern District of Virginia on November 30, 2005, refused to enforce a settlement between the parties in a patent infringement action against the manufacturer of the BlackBerry wireless e-mail system. The court also refused to stay the proceedings pending reexamination of a number of patents in the U.S. Patent and Trademark Office since it is unlikely that the U.S. Patent and Trademark Office, will issue final actions in the near future, and appellate court's mandate directs trial court to proceed on remand so that litigation may be quickly resolved. This clears the way for the potential reconfirmation of an injunction. *NTP, Inc v Research in Motion, Ltd.*

**Copyright**

As reported at 71 BNA's PTCJ 232, the U.S. District Court for the Southern District of New York ruled on November 28, 2005, that a claim of continuous downloading suffices for a file-sharing infringement complaint. *Elektra Entertainment Group, Inc v Santangelo.*

As reported at 77 USPQ2d 1424, the U.S. District Court for the Northern District of Illinois held on July 12, 2005, that defendant, which distributes software that permits typeface designs to be displayed and printed on a computer that does not have those typefaces installed, is not liable for infringement of plaintiffs' copyrighted computer code “fonts” for typeface designs under theory of “intentional inducement,” since the record is devoid of evidence of “purposeful, culpable expression and conduct” required for finding of intentional inducement. *Monotype Imaging, Inc v Bitstream, Inc.*

As reported at 71 BNA's PTCJ 247, the U.S. District Court for the Northern District of California held on January 3, 2006 that copyright protection may properly be applied to computer source code. Dismissing an action for declaratory judgment by a computer programmer seeking to incorporate copyrighted software into his patent search database, the court rejects the assertion that such statutory terms as “idea,” “expression,” and “computer program” are unconstitutionally vague. *Aharonian v Gonzales.*

As reported at 71 BNA's PTCJ 350, the U.S. District Court for the District of Nevada ruled on January 19, 2006, that Google, Inc. had an implied license to temporarily copy web pages where the website operator is aware of and chooses not to use tagging that would have stopped the archiving. The court also holds that Google's web page caching is a fair use and would qualify as “intermediate and temporary storage” of material under the Digital Millennium Copyright Act. *Field v Google, Inc.*

As reported at 76 USPQ2d 1848, the U.S. District Court for the District of Columbia held on September 27, 2005, that a complaint alleging that defendants made copyrighted materials on plaintiff's web site avail-
able to users of defendants’ search engines fails to state claim for contributory infringement, since such claim requires identification of allegedly infringed materials, whereas plaintiff’s complaint contains only vague references to “copyrighted material,” which is insufficient to put defendants on notice of claims. Newborn v Yahoo! Inc.

As reported at 76 USPQ2d 1880, the U.S. District Court for the Southern District of New York held on November 3, 2005, that infringement defendant is not entitled to summary judgment that lack of originality precludes protection for elements of plaintiff’s “data model” for database, since plaintiff arguably ordered and processed preexisting data in a novel manner, and used selection criteria that were not so “firmly rooted in tradition” as to be unoriginal as a matter of law. eScholar LLC v Otis Educational Systems, Inc.

Copyright/DMCA

As reported at 71 BNA’s PTCJ 129, the U.S. District Court for the District of Columbia held on November 10, 2005, that the unauthorized use of a username/password combination to gain access to a personal website is not “circumvention” prohibited by the Digital Millennium Copyright Act since username and password were validly created by plaintiff, and provisions do not target unauthorized use of password intentionally issued by plaintiff to another entity. Egilman v Keller & Heckman LLP.

As reported at 77 USPQ2d 1182, the U.S. District Court for the Western District of Washington held on December 21, 2005, that plaintiff has failed to demonstrate that defendant Internet service provider has knowledge that material on its network is infringing, since plaintiff did not inform defendant of alleged infringement by its vendors pursuant to notice provisions of the Digital Millennium Copyright Act, since third-party notices of infringement are not sufficient to raise “red flag” of blatant infringement, and since plaintiff has failed to show that vendor sites themselves contained type of blatant infringement that would have raised “red flag” for defendant. Corbis Corp v Amazon.com, Inc.

As reported at 71 BNA’s PTCJ 266, the U.S. District Court for the District of New Jersey held on January 10, 2006, that a copyright owner’s graphic logo containing a hyperlink to its online copyright notice is not “copyright management information” as that term is used in the DMCA. The decision appears to be the first judicial interpretation of the key statutory term “copyright management information.” IQ Group Ltd dba Insurance IQ v Wiesner Publishing LLC.

As reported at 76 USPQ2d 1924, the U.S. District Court for the Northern District of Illinois held on January 13, 2006, that “embedding bits” associated with plaintiffs’ copyrighted fonts for electronic documents do not “effectively control access” to copyrighted work within the meaning of the Digital Millennium Copyright Act, since embedding bits are not encrypted, scrambled, or authenticated, and software applications need not enter password or authorization sequence in order to obtain access to bits or fonts. Agfa Monotype Corp v Adobe Systems, Inc.

As reported at 77 USPQ2d 1147, the U.S. District Court for the Northern District of Illinois held on January 3, 2006, that plaintiff digital satellite television broadcaster is entitled to summary judgment on claim that defendant violated the “anticircumvention” provision of the Digital Millennium Copyright Act, since defendant has purchased devices used to emulate plaintiff’s satellite signals, and defendant’s computer contained software commonly used to “pirate” satellite television, and since defendant has openly admitted, on Internet forum sites, to pirating transmissions from plaintiff. DirecTV, Inc v Borow.

Trademarks

As reported at 71 BNA’s PTCJ 319, the U.S. District Court for the Middle District of Florida held on January 11, 2006, that a web hosting service provider is immune from a trademark infringement action and defamation under a safe harbor created by the Communications Decency Act of 1996. Whitney Information Network, Inc v Verio, Inc.

As reported at 76 USPQ2d 1609, the U.S. District Court for the Eastern District of Virginia held on July 28, 2005, that owners of the Internet domain name “VenetianGold.com.” and six other domain names containing terms “venetian,” “venician,” and “venice”
violated the Anticybersquatting Consumer Protection Act by registering domain names with bad faith intent to profit from plaintiff’s various “Venetian” marks for casino and hotel services, since evidence shows that registrants intended to divert consumers from plaintiff’s online location to defendant domain names, which are linked to web site offering casino-type gaming services. *Venetian Casino Resort LLC v VenetianGold.com*

As reported at 71 BNA’s PTCJ 318, the U.S. District Court for the Southern District of Ohio ruled on January 9, 2006, that an employee benefits services company’s adaptation of a competitor’s 28-page Request for Proposal document, which mistakenly caused bids to be sent to the e-mail address of the competitor, was not likely to confuse purchasers of those services. Any person reading an electronic version of defendant’s document would see a reference to plaintiff. When a computer user viewing the electronic version points the cursor at the e-mail address provided for defendant’s president, Joseph Concheck, the user will see a highlighted box providing the e-mail address of a plaintiff principal instead. Furthermore, clicking on Joseph Concheck’s e-mail address will prompt an e-mail message to be sent to plaintiff. Plaintiff contended that this may lead to “a false suggestion of affiliation, connection, or association” between defendant and plaintiff. The court granted summary judgment in the defendant’s favor in a claim under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). The court said that companies seeking such services would be sufficiently sophisticated to apply a standard of care that would not result in their believing that the services were being offered by the competitor merely on the basis of one erroneous embedded e-mail link. However, the court did grant summary judgment in the plaintiff’s favor on its claim for copyright infringement based on a finding that the defendant copied the plaintiff’s Request for Proposal document. *Curcio Webb LLC v National Benefit Programs Agency, Inc.*

As reported at 76 USPQ2d 1686, on August 2, 2005, the U.S. District Court for the Southern District of Ohio ruled that plaintiffs are not likely to succeed on merits of claim that defendants’ use of “CurrentTV” mark for cable television network infringes plaintiffs’ various “Current” marks for broadband Internet and voiceover Internet protocol services, since parties do not offer related goods and services, and are not likely to offer same products or services in the future. *Current Communications Group LLC v Current Media LLC.*

As reported at 77 USPQ2d 1015, the U.S. District Court for the District of New Jersey held on December 14, 2005, that declaratory judgment plaintiff is entitled to summary judgement that defendants acquired “NetBank” trademark through invalid assignment in gross, since record suggests that defendants’ only interest in assignor’s business was in purchasing its domain name, and it is unclear that domain name constitutes “tangible asset” representing transfer of goodwill associated with assignor’s business. *interState Net Bank v NetB@nk, Inc.*

As reported at 77 USPQ2d 1375, the U.S. District Court for the Southern District of New York held on December 28, 2005, that plaintiff has failed to show that its use of plain, unadorned letter “S” is distinctive of its sound recording equipment business, since plaintiff has made no effort to use letter in distinctive manner such that the customer would notice it and associate it with plaintiff, and since plaintiff does not use the letter in any advertising or promotional materials, or on its website. *Professional Sound Services, Inc. v. Guzi.*

As reported at 71 BNA’s PTCJ 401, the U.S. District Court for the Southern District of Ohio held on January 23, 2006 that drawing customers to a web site through metatags based upon another’s trademark is initial interest confusion. The decision extrapolates the Sixth Circuit’s application of the initial interest confusion doctrine from domain names, such as in *PACCAR, Inc v Telescan Technologies LLC*, to metatags, citing with favor *Brookfield Communications*, a Ninth Circuit case. Aircraft Technical Publishers alleged that Tdata, Inc., a developer of software for managing aircraft maintenance and repair, infringed its trademarks by using its “ATP” mark in metatags on Tdata’s websites. While finding that this metatag use did constitute initial interest confusion, the court went on to consider the traditional likelihood of confusion factors. The role of initial interest confusion is to act as a substitute for the actual confusion factor, the court said. The most pertinent factor, beyond initial interest confusion, turned out to be Tdata’s intent in selecting the mark. This Continued on page 6
factor is “notable,” the court concluded, because circumstantial evidence shows that Tdata had knowledge of the infringed-upon mark when it used it in metatags to attract Internet search engines. Tdata asserted its use was a nominative fair use of the mark. But the court rejected this argument, observing that “Tdata’s use of ATP’s mark in metatags is not in a good faith, descriptive sense, but is in a bad faith, bait-and-switch, create-initial-interest-confusion sense.” Tdata, Inc v Aircraft Technical Publishers.

Trade Secrets

As reported at 71 BNA’s PTCJ 351, the U.S. District Court for the Northern District of California ruled on January 24, 2006, that Google Inc. is not liable to a licensor of geolocation technology for damages flowing from alleged misappropriation of trade secrets. Digital Envoy, Inc v Google Inc.

U.S. Patent and Trademark Office

Patents

As reported at 71 BNA’s PTCJ 156, the U.S. Patent and Trademark Office found on December 1, 2005 that one of the patents asserted against the manufacturer of the BlackBerry wireless e-mail system is invalid. Because the PTO’s action is only preliminary, the possibility remains that a court-ordered injunction could shut down the sale, use, or import into the United States of the popular BlackBerry devices. However, the agency stresses that the patent at issue is likely to be struck down in a final action. As reported at 71 BNA’s PTCJ 224, the Patent and Trademark Office issued non-final rejections on December 30, 2005 of two wireless e-mail patents owned by NTP, Inc., including one of the five patents at issue in the long-running litigation battle between NTP and Research in Motion, the Canadian company that makes the popular BlackBerry device.

Trademarks

As reported at 71 BNA’s PTCJ 254, the Trademark Trial and Appeal Board on December 15, 2005 denied “Lawyers.com” registration for genericness. In re Reed Elsevier Properties, Inc.

As reported at 76 USPQ2d 1472, the Trademark Trial and Appeal Board found on August 5, 2005, that placement of opposers’ and applicants’ respective goods and services in different classes by U.S. Patent and Trademark Office does not support finding that applicant’s “Computer Superheroes” mark is not likely to be confused with opposers’ various “Super Heroes” marks, since classification of goods and services is merely an administrative tool having no bearing on confusion issue. DC Comics v Onetch Computer Consulting, Inc.

As reported at 77 USPQ2d 1435, the Trademark Trial and Appeal Board ruled on December 6, 2005 that trademark applicant, in listing services offered under proposed mark, cannot carve out what are arguably its core services in order to avoid finding of genericness; relevant genus of services for determining whether proposed “Sportsbetting.com” mark is generic includes wagering on sporting events, even though recitation of services excludes wagering. In re DNI Holdings, Ltd.

As reported at 71 BNA’s PTCJ 409, the Trademark Trial and Appeal Board ruled on January 18, 2006 that the term “Instant Messenger” as used by AOL’s real-time online messaging service is not a generic term. In re America Online, Inc.

State Courts

Illinois

As reported at 77 USPQ2d 1346, the Illinois Appeals Court held on April 5, 2005 that plaintiffs’ customer contact lists for their computer network protection equipment business are not protectable as trade secrets under Illinois Trade Secrets Act, even though plaintiffs restricted access to lists by assigning passwords, since plaintiffs did not inform employees that lists were confidential or require employees to sign confidentiality agreements. Liebert Corp v Mazur.
Computer Law Section Presentation And Council Meeting Reminder

When: March 15, 2006

Time: 6:30 p.m.-7:30 p.m.

Who: Guest Speaker
Matt Roush
Technology Editor, WWJ Newsradio and
Editor of the Great Lakes IT Report

Subject: Michigan Technology Update

Place: Lear Auditorium at
Lawrence Technological University
21000 West Ten Mile Road
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Council meeting to immediately follow Mr. Roush’s presentation.

The council invites all section members to attend the presentation and council meeting.