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Bright Ideas

A publication of the Intellectual Property Law Section
of the New York State Bar Association

Message from the Chair

What an exciting time to be an intellectual property attorney! Intellectual property law is changing rapidly with, for example, the introduction of the Madrid Protocol, the European Design Protection Act, and the recent Supreme Court decisions in the *Eldred* and Victoria's Secret cases (discussed in this issue). The mission of the Intellectual Property Law Section is to make sure our members know about these recent legal developments. This edition of *Bright Ideas* is just one of the many devices the Section uses to accomplish its mission.

The Section's programs provide another way to educate members on recent developments. January's Annual Meeting, "An IP Concerto in Six Parts," was a great success, with one highlight being the "View from the Bench" the Section received from Honorable William H. Pauley, III, Honorable Loretta A. Preska, and Honorable Andrew J. Peck, judges from the Southern District Court of New York. The Section thanks its Annual Meeting Program Co-Chairs, Ray Mantle of Reitler Brown and Paul Fakler of Baker Botts, for a job well done.

Enclosed in this issue of *Bright Ideas* is the Section's 2003 Schedule of Events. As you can see, the Section is preparing to present timely quality educational programming in a variety of settings. In addition to the Section's Annual and Fall Meetings, four Bridge-the-Gap CLE programs will be presented throughout New York State (New York City, Long Island, Albany, and Syracuse). This should help newly admitted attorneys acquire their requisite CLE credits.

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Also, for the first time, the Section is organizing three Roundtables on important intellectual property topics such as ethics and opinions, expert testimony, and determining royalty rates. These more advanced CLE programs should provide more opportunities for attorneys to network and satisfy their CLE obligations as well.

As always, the Section's Committees—Copyright Law, Internet Law, Patent Law, Technology Transfer and Licensing Law, Trademark Law, Trade Secrets Law, and Young Lawyers—are planning more specific programs in their respective practice areas as well.

In the spirit of diversification, the Section is also planning a Women in Intellectual Property event for the summer. This program should kick off a series of programs geared to encouraging more diversity in the practice of intellectual property law. Stay tuned for further developments.

The Section congratulates the winners of the Section's Annual Law Student Intellectual Property Writing Contest, sponsored by Thomson & Thomson. First Prize went to Deborah Salzberg of Fordham Law School for a paper entitled "TrademarkSucks.com: Free Speech, Confusion, and the Right to Cybergripe" (which appears in this issue); Second Prize went to David V. Lampman, II of Albany Law School for a paper entitled "A Prologue to a Farce or a Tragedy? A Paradox, a Potential Clash: Digital Pirates, the Digital Millennium Copyright Act, the First Amendment & Fair Use"; and Honorable Mention went to Larry Coury of Fordham Law School for a paper entitled "A Comparison of Patent Infringement Civil Remedies Among the G7 Economic Nations."

And last, special thanks the Section's staff in Albany and Executive Committee members and officers for all the hard work they've done to enable the creation of the 2003 Schedule of Events.

Please visit the Section's Web site at www.nysba.org/ipl. We will be posting the Section's Schedule of Events for 2003. I urge you to consider joining the Intellectual Property Law Section, if you have not already done so, and hope to see you at upcoming Intellectual Property Law Section events.

Marc A. Lieberstein

Thank You

The Intellectual Property Law Section extends its gratitude to the following firms for their significant sponsorship over the past year:

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Widening the Debate Over the Digital Millennium Copyright Act: Can Representative Boucher Save Fair Use from the DMCA—and Does It Really Need Saving?

By Kevin S. Bankston

I. Introduction

Since its passage in 1998, the Digital Millennium Copyright Act, or DMCA, has prompted vigorous debate over how to address the threat of media piracy without unduly interfering with the legitimate needs of media consumers and technology developers. Civil liberties and consumer advocates, consumer electronics manufacturers, software developers, and encryption researchers fear that the DMCA, which regulates technologies that can be used to pirate digital media, has abridged consumers' traditional right to make fair use of copyrighted works and has hindered innovation and competition in information technology. Representative Rick Boucher (D-VA) has, in response, recently introduced legislation to mitigate these alleged negative impacts of the DMCA and reaffirm fair-use rights.

Copyrighted works fixed in digital media are by their nature easily copied. Such copies can be made quickly and repeatedly without degradation in quality and can be promiscuously distributed via the Internet with relative speed and ease. Media companies, especially those represented by the Motion Picture and Recording Industry Associations of America (the MPAA and RIAA, respectively), have therefore been reluctant to release their products in unprotected digital formats for fear of piracy and have been developing technologies to prevent unauthorized access to or copying of their digital media. These same companies made clear to Congress their intention to withhold digital publication of their vast libraries of content until Congress provided legal safeguards against circumvention of their copy- and access-control technologies. Persuaded by the media companies' arguments, and in order to satisfy international copyright treaty obligations,[1] Congress passed the DMCA in 1998.[2]

The DMCA prohibits manufacturing or trafficking in media piracy tools, and those who violate this prohibition may be subject to both civil and criminal liability. Specifically, it prohibits any technology that is primarily designed or marketed for the purpose of "circumventing [i.e., "avoiding, bypassing, removing, deactivating, or otherwise impairing"—17 U.S.C. § 1201(b)(2)(A)] protection afforded by a technological measure that effectively protects a right of a copyright owner."[3] In other words, it prohibits tools that can overcome copy-protection technologies. Thus, a CD player or a software program that can defeat the new copy-protection measures now appearing on music CDs and thereby allow copying of the copyrighted songs on those copy-protected CDs will likely violate this provision.

The DMCA also prohibits the manufacture or sale of any technology that is intended to circumvent a technological measure that "effectively controls access" to a copyrighted work. A technology measure "effectively controls access" to a work if, "in the ordinary course of its operation, [it] requires the application of information, or a process or treatment, with the authority of the copyright owner, to gain access to the work."[4] This provision prohibits tools that can be used to access a copyrighted work one has not been authorized to access. Thus, an unauthorized cable descrambler or "black box" that allows users to receive copyrighted premium and pay-per-view television programming without paying would violate this provision.[5] The act of circumventing access controls with such tools is also prohibited.[6] (The DMCA does not, however, prohibit the act of circumventing copy controls, since such circumvention by definition would involve copying and is therefore already actionable as copyright infringement.)

The DMCA has been sharply criticized by consumer advocates, technology developers, and computer security researchers for threatening the public's right to make fair uses of copyrighted digital media. The "fair-use" doctrine is a crucial element in the American copyright bargain. In exchange for their limited monopoly over the use of their works, copyright owners cannot prohibit "fair" uses of those works. The public is therefore entitled, without having to ask the copyright owner's permission, to use copyrighted works insofar as their use does not unreasonably interfere with the owner's market for the work. By statute, these fair uses include reproduction of a work "for purposes such as criticism, comment, news reporting, teaching . . . , scholarship, or research"; such a use "is not an infringement of copyright."[7]

The Supreme Court, in *Sony Corp. of Am. v. Universal City Studios, Inc.*,[8] expanded the definition of "fair use" to include personal, noncommercial copying of entire works, e.g., by using a VCR to record a television program for later viewing. The *Sony* court also established a test for determining whether a copying technology can be enjoined for contributing to copyright infringement: such technology is not infringing if it is "capable of commercially significant noninfringing uses."[9] Similarly, noncommercial copying of music by consumers, e.g., creating a "mix tape" compilation of favorite songs from different albums owned by the consumer, is a fair use allowed by the Audio Home Recording Act.[10] Finally, copying copyrighted software for the purpose of "reverse engineering" that software—picking it apart to see how it ticks—in order to enable interoperability between that software and another product has also been approved as a fair use by the courts.[11]

II. The DMCA in the Courts

The DMCA appears to have radically altered the copyright bargain by effectively eliminating the public's ability to engage in fair uses that require duplicating digital media either in whole or in part, if that media is protected by access or copy controls. For example, absent the DMCA, consumers could legally create back-up copies of their DVD movies in case of loss or damage. Under the DMCA, however, the act of distributing or using the circumvention tool necessary to access an unencrypted copy of the movie for this fair-use purpose would subject the consumer to civil and criminal liability.

This issue was litigated in *Universal City Studios, Inc. v. Reimerdes*.[12] A number of Web publishers had published hyperlinks on their Web pages via which Internet users could download copies of the software program DeCSS. DeCSS was designed to circumvent CSS, the "Content Scrambling System" which encrypts DVD content and thereby requires consumers to use only authorized DVD players when viewing their movies. Only authorized DVD players and software are equipped to decrypt CSS-protected movies and allow viewing of those movies while simultaneously disallowing any recordable, decrypted output of the movies played using them.

DeCSS could therefore enable the copying of DVD movies; it could also allow the development of unauthorized DVD players. Such development was in fact the stated purpose of DeCSS's authors—they were allegedly attempting to write their own DVD-playing software because, at the time, none of the authorized DVD software would run on LINUX, their computer operating system of choice. Despite the fact that without tools such as DeCSS the public can neither copy DVDs for fair-use purposes nor independently develop its own, home-grown DVD players and software, the court granted the injunction against linking to DeCSS that was requested by the movie studios threatened with piracy.[13] The Second Circuit Court of Appeals affirmed the injunction in *Universal City Studios, Inc. v. Corley*.[14]

The Second Circuit was unconvinced that DeCSS's capacity for noninfringing uses excused it under the DMCA, agreeing with the lower court's holding that "the alleged importance of DeCSS to certain fair uses of encrypted copyrighted material [is] immaterial to [Defendants'] statutory liability."[15] The court was also skeptical of the argument that the First Amendment compelled application of the fair-use doctrine in order to balance the monopoly that copyright owners hold over their copyrighted expression. After noting that the Supreme Court has never held fair use to be constitutionally required,[16] the court decided it was unnecessary to "explore the extent to which fair use might have constitutional protection. . . . Such matters are far beyond the scope of this lawsuit,"[17] primarily because, in the court's opinion, fair-use rights would not be substantially affected by the injunction:

> [T]he DMCA does not impose even an arguable limitation on the opportunity to make a variety of traditional fair uses of DVD movies, such as commenting on their content, quoting excerpts from their screenplays, and even recording portions of the video images and sounds on film or tape by pointing a camera, a camcorder, or a microphone at a monitor as it displays the DVD movie. The fact that the resulting copy will not be as perfect or as manipulable as a digital copy obtained by having direct access to the DVD movie in its digital form, provides no basis for a claim of unconstitutional limitation of fair use. A film critic making fair use of a movie by quoting selected lines of dialogue has no constitutionally valid claim that the review (in print or on television) would be technologically superior if the reviewer had not been prevented from using a movie camera in the theater, nor has an art student a valid constitutional claim to fair use of a painting by photographing it in a museum.[18]

"Fair use," the court concluded, "has never been held to be a guarantee of access to copyrighted material in order to copy it by the fair user's preferred technique or in the format of the original."[19]

A U.S. District Court in California came to similar conclusions in *United States v. Elcom, Ltd*.[20] Elcom, a Russian software company, developed and sold a software program that could remove all copy and use restrictions attached to electronic books published using the Adobe PDF file format (restrictions preventing, e.g., copying or printing of the work, or preventing the e-book from being read audibly for the sight-impaired by a speech synthesizer program).[21] Elcom was prosecuted after one of its programmers, Dmitry Sklyarov, was arrested and jailed after traveling from Russia to the United States to speak at a technology conference about the deficiencies of the encryption used by Adobe to protect its e-books.

Ruling on Elcom's motion to dismiss, the court agreed with the *Corley* court that the defense of fair use was irrelevant to liability under the DMCA. "Congress sought to ban all circumvention tools because most of the time those tools would be used to infringe a copyright."[22] So, although tools enabling fair use may be banned, "that is part of the sacrifice Congress was willing to make in order to protect against unlawful piracy. . . ."[23] Assuming, *arguendo*, that fair-use rights are protected by the First Amendment, the court held that the DMCA would not unduly burden speech because "nothing in the DMCA prevents anyone from quoting from a work or comparing texts for the purpose of study or criticism. The fair user may find it more difficult to engage in certain fair uses with regards to electronic books," but this difficulty is not cognizable under the law.[24]

The decisions in *Corley* and *Elcom* may appear rational, but their practical results are highly irrational. Under these decisions, the fair-use rights of the public are dependent on what medium the work they seek to make use of appears in, rather than on the substantiality, purpose, or market effect of that use. The leap to digital technology may be the greatest advance in the power of human expression since the printing press, and the most effective enabler of fair use in the history of copyright. Yet, ironically, using the most powerful expressive technology available leads to greater restriction under the law as compared to older, less sophisticated media. Consequently, tools enabling duplication of passages from a copy-protected e-book violate the DMCA, even though when it comes to paper texts the public has long been allowed access to tools, like photocopiers, that allow copying and enable fair use.

Similarly, tools allowing consumers to copy songs from their copy-protected CDs for personal, non-commercial use are prohibited by law, even though copying—or providing tools to copy—a garden-variety CD, record album, or audio tape for the same purpose is, and has long been, perfectly legal. Additionally, CD copy protection often functions by simply not allowing the CD to be played in a computer's CD-ROM player (often with the side effect of not working in certain car stereos and home CD players)—users are only authorized to "access" the music they bought on a standard CD player. So, merely using a piece of software that allows you to listen to a copy-protected CD on your own PC would be criminal, regardless of whether you had legally acquired that CD.

In addition to curtailing traditional fair-use rights, the DMCA has proven to be a potent weapon for stifling research and competition in the technology sector. In one representative conflict, Professor Edward Felten of Princeton University succeeded in defeating a music copy-protection measure developed by the Secure Digital Music Initiative (SDMI) after that organization issued a public challenge encouraging researchers to identify weaknesses in their technology. However, when Felten tried to present his results at an academic conference, he received a letter threatening liability under the DMCA. The threat was ultimately withdrawn, but only after Felten sued for a declaratory judgment that publication of his research would not violate the law. Since the threat was withdrawn, however, the court found there was no longer a case or controversy, and the suit was dismissed.[25]

In another case involving stifled research, Benjamin Edelman, a Harvard law student who is also a computer researcher at Harvard's Berkmen Center for Internet and Society, has, like Felten, been forced to file for a declaratory judgment, in this case against the software company N2H2, to insure that his research will not violate the DMCA.[26] Edelman wants to study a list of Web sites used by the company N2H2 in its software. N2H2 sells Internet "filtering" software, which purportedly blocks only offensive or otherwise undesirable Web content. Since N2H2's software is widely used in public schools and libraries, however, some free speech activists are concerned that inoffensive, constitutionally protected speech may be blocked by mistake. Edelman would therefore like to analyze the N2H2 program's list of blocked Web sites in order to evaluate its accuracy. However, that list is a copyrighted compilation that N2H2 will not release to the public. Therefore, in order to access the list, Edelman would have to decrypt the file in N2H2's program containing the list, a potential DMCA violation. Hence his current lawsuit, which is currently facing a motion to dismiss from N2H2.

In addition to chilling academic research, the DMCA has been used to stifle competition in ways Congress never contemplated. The Lexmark case is representative. Lexmark is the second-largest printer vendor in the United States. Lexmark prevents customers from using cartridges manufactured by other companies with its printers by having software in its printer require a secret encryption handshake from corresponding software in its cartridges. However, the company Static Control Components was able to reverse-engineer this handshake routine and create a chip that could duplicate it. Static Control proceeded to market the chip, enabling owners of Lexmark printers to purchase and use non-Lexmark toner cartridges. Unhappy with this new competition, Lexmark invoked the DMCA in moving for a preliminary injunction to stop sale of the Static Control chip. That injunction was granted in February 2003.[27]

In a similar case, the Chamberlain Group, which manufactures garage door openers and the remote controls that communicate with them, has brought a DMCA suit against Skylink Technologies. Skylink makes a "universal" garage door opener remote control that can interoperate with Chamberlain systems, i.e., if you have a Chamberlain opener, you can operate it with a Skylink remote. According to Chamberlain, its systems use a special security code designed to prevent burglars from recording the system's signals and playing them back later to trick the door into opening. Chamberlain says that the security code system is a technological measure that effectively controls access to the software in its door-opening device and that Skylink is therefore circumventing that system in violation of the DMCA. Chamberlain has, therefore, sued seeking an injunction against the sale of the Skylink remote control.[28] Based on the result in the Lexmark case, it may very well succeed. Based on these facts, however, it would not be unreasonable to conclude that Chamberlain's goal, like Lexmark's, is not the protection of any copyrighted material but the protection of its technology-enforced monopoly over peripherals and accessories for its primary product.

Sadly, according to Peter Jaszi, an American University law professor who filed a brief on behalf of Static Control, this new brand of anticompetitive behavior "is just the entering wedge. So much stuff in our environment is computer-enabled in one way or another." For example, Jaszi wonders, what is to stop auto companies from installing a chip in their tires to make sure that consumers cannot use any other brand when they catch a flat?[29]

III. The Proposed Amendment: The Boucher Bill

To address concerns such as these over the DMCA's impact on fair-use rights and technological innovation and competition, Representative Rick Boucher (D-VA)—with the endorsement of companies and organizations like the Consumer Electronics Association, Bellsouth, Verizon, Intel, Sun Microsystems, the American Library Association, various civil liberties and consumer rights groups, and a host of others—recently introduced a bill entitled "The Digital Media Consumers' Rights Act of 2003" (DMCRA).[30] The DMCRA is intended to reassert the *Sony* standard by allowing distribution of technologies capable of substantial non-infringing uses and to protect fair-use rights, including the *Sony*-derived right to create copies for personal use, against the DMCA's alleged depredations. As Rep. Boucher explains, the DMCRA "will assure that consumers who purchase digital media can enjoy a broad range of uses of the media for their own convenience in a way that does not infringe the copyright of the work."[31] The bill is necessary because "without a change in the law, individuals will be less willing to purchase digital media if their use of the media within the home is severely circumscribed[,] and the manufacturers of equipment and software that enables circumvention for legitimate purposes will be reluctant to introduce the products into the market."[32]

The DMCRA would, accordingly, insert the following language into the DMCA: "It is not a violation of this section to circumvent a technological measure in connection with access to, or use of, a work if such circumvention does not result in an infringement of the copyright in the work," i.e., if the result is a fair use. Furthermore, and following the language of *Sony*, "it shall not be a violation of this title to manufacture, distribute, or make noninfringing use of a hardware or software product capable of enabling significant noninfringing use of a copyrighted work," i.e., capable of enabling fair use.[33]

For insight into whether and why the DMCA should be amended in such a manner, I sought out the opinions of two experts on the DMCA who represent opposite sides of the debate. First, for the "copyright maximalist" position, i.e., pro-DMCA and anti-Boucher bill, I solicited comments from Charles S. Sims. Chuck is a partner in the New York office of Proskauer Rose LLP, specializing in First Amendment and intellectual property matters; he represented the movie studio plaintiffs in the DeCSS cases, *Universal v. Reimerdes* and *Corley*. Here is what he had to say (via e-mail):

> Representative Boucher's bill is ill-considered and highly deceptive, a true Trojan horse. Its title uses phrases like "fair use restoration" to mask its true purposes—to enormously expand fair use, divorce it from its historic application to use but not access, and facilitate Internet piracy of copyrighted works.
>
> While fair use has always heretofore been limited to "use" of a copyrighted work, Representative Boucher would wrench that concept from its accepted meaning to create a new right of access—and access not just to view or play the work (which the copyright owner has already afforded) but to the free-flowing, unprotected digital copy of a work so that that signal can be

> pirated. Fair use has *never* had that function. What Representative Boucher deceptively calls "fair use restoration" is in fact a revolutionary new right to obtain access to works for which copyright owners had limited access, and to obtain the means to make perfect digital copies even where the copyright owner had attempted to defend its rights by blocking access to the unencrypted digital text.
>
> Mr. Boucher knows—although his bill coyly does not explicitly say—that the purpose of his bill and its effect would be to gut the Digital Millennium Copyright Act. The new right he would afford to "manufacture, distribute, or make noninfringing use of a hardware or software product capable of enabling significant noninfringing use of a copyrighted work" is simply the green light for providing to the marketplace the tools to Napsterize films created at enormous expense by the motion picture industry. Blocking the manufacture and distribution of such Napsterization-prevention tools was precisely the purpose of the DMCA. [For the benefit of those unfamiliar with the term, "Napster" was the first popular "peer-to-peer" software program. Such programs can allow millions of Internet users to "share" the files residing on the hard drives of their computers—including unauthorized copies of copyrighted music and movies.]
>
> The DMCA sought to protect copyright owners and the benefits (including to the economy and balance of trade) they bring to our nation by keeping piracy tools broadly unavailable. Representative Boucher has a different approach—put them in the hands of every hacker, teenager, college student, and pirate in the world who has a computer and a modem or broadband connection. It is bad policy, and unlikely to be enacted.

I then asked Fred von Lohmann of the Electronic Frontier Foundation for his opinion, as a representative fair-use proponent or "copyright minimalist." Fred is the senior intellectual property attorney at the EFF, which is the non-profit civil liberties foundation that represented the Web publisher defendants in the same DeCSS cases in which Mr. Sims represented the Hollywood studios. These are his comments (via e-mail):

> Nothing in Rep. Boucher's bill "expands" fair use—the bill leaves 17 U.S.C. § 107 [the section of the Copyright Act that defines fair use] untouched. It does not create a new "right of access." . . . What the bill does is ameliorate the DMCA's unprecedented and unwise copyright land grab.
>
> In fact, if left intact, the DMCA could well supplant the Copyright Act altogether. After all, if you can "protect" a work and condition access to it on any terms you like, backed up by the DMCA's legally enforceable circumvention ban, why would you ever rely on the Copyright Act, with all of its messy exceptions (including fair use)?
>
> In 1998, Congress was told that the DMCA would stem "digital piracy." Instead, it has been used to threaten researchers, attack the aftermarket for toner cartridges, sue makers of universal garage door openers, chill computer security research and stifle journalists. At the same time, it has done nothing to stem unauthorized Internet redistribution of content. (Witness the abject failure of CSS on DVDs [Despite the studios' success in getting an injunction against linking to DeCSS, copies of the program are still easily found on the Internet, as are copies of movies "ripped" from CSS-protected DVDs]). Boucher's bill comes not a moment too soon—it is high time for reform.

In response to Mr. Sim's assertion that "the new right [that the DMCRA] would afford . . . simply the green light for providing to the marketplace the tools to Napsterize films," Mr. von Lohmann argues:

> Last time I checked, the DMCA has been an abject failure in preventing the distribution of circumvention tools to protect films from "napsterization." Witness the widespread availability of DVD copying tools in retail outlets like Fry's and J&R Music World, as well as the continued availability of free tools like DeCSS on the Internet. Nevertheless, the movie industry is having enormous financial success. The sky is plainly not falling on Hollywood. The DMCA has been successful, however, in impairing fair uses of DVDs and blocking innovators from providing toner

> cartridges for Lexmark printers. So, the sky may be falling on the American consumer.
>
> The future of copyright owners is, DMCA notwithstanding, irrevocably in the hands of today's teens and college students, who are Hollywood's present and future customers. Rep. Boucher's bill simply recognizes that treating customers like criminals is neither good business for America's entertainment industries, nor consistent with the spirit of a balanced copyright law.

Both Mr. Sims and Mr. von Lohmann, and the copyright maximalists versus minimalists generally, make valid points. Mr. Sims is likely correct when he says that the existing content industries will face a digital Götterdämmerung—mass "Napsterization" of all commercial media—if digital copying and distribution are left unregulated, or if the DMCA is neutered by the DMCRA. Mr. von Lohmann, however, is also correct when he asserts that regulation of digital copying and distribution necessarily abridges traditional concepts of fair use as well as consumers' expectations regarding personal-use copying—and will at the same time likely fail to prevent a significant amount of piracy. Yet, neither side of the debate will acknowledge the validity of the other's fears, and both provide solutions—the DMCA enforced as written versus a DMCA liberalized by an amendment like Rep. Boucher's—that leave critical issues unresolved and critical threats unaddressed.

The copyright minimalists will not acknowledge the clear and imminent economic threat of mass copyright infringement on an unprecedented scale. In this regard, a Boucher-amended DMCA would be practically equivalent to no DMCA at all. It would allow the commercial distribution of, e.g., DVD decryption software and tools to defeat music CD copy controls by virtue of their substantial non-infringing uses, such as creating backup copies or allowing excerpting for purposes of criticism or comment. Yet the copyright minimalists refuse to admit that the widespread availability of such tools is likely to radically alter the status quo in the entertainment and software industries, with potentially dire economic effects, and will, in particular, threaten the continued economic viability of high-cost entertainments such as blockbuster movies and video games with multi-million dollar budgets.

Alternatively, some fair-use proponents acknowledge but refuse to care or worry about these possibilities, instead placing their faith in the miracle of markets. Of course, they argue, the current media dinosaurs will collapse, but they will be overtaken and consumed by the new and stealthy mammals of the media ecosystem, brash start-ups with fresh, innovative, dynamic, and efficient business models that we in the present cannot even imagine and which we should not presume to stifle with our premature meddling. Although there is some merit to this argument, it is unrealistic to expect Congress to throw today's media industry to the wolves, and it is disingenuous to pretend that the collapse of the media economy as we know it will not have some negative consequences.

The copyright maximalists are equally disingenuous. The DMCA as written and applied clearly stifles fair use, competition, and technological innovation, at least to some extent, yet the MPAA/RIAA axis will never admit it. They refuse to acknowledge the enormity of what they are demanding of the public. Piracy tools are necessarily fair-use tools, and vice versa. They are both and always *copying* tools, as, in the final analysis, are all digital technologies. Effective regulation of piracy-enabling technology is therefore the regulation of the entire field of information technology and of every computer and consumer electronics product capable of storing copyrighted media. Accordingly, in addition to limiting traditional fair uses and preventing innovative new fair uses that take full advantage of digital media's promise, the DMCA as written will necessarily stifle technological competition and interoperability, as the Lexmark toner cartridge case and the Chamberlain garage door opener case make clear. It will also, as the experiences of Dr. Felten, Mr. Edelman, and Mr. Sklyarov demonstrate, hinder technological research and development.

IV. A Survey of Alternatives

Both sides refuse to honestly grapple with the pros and cons of the available solutions (blamelessly and necessarily so, of course, as they have their respective clients and constituencies to serve). They also fail to consider that the digital pirates' paradise feared by the maximalists and the no-fair-use future feared by the minimalists are not the only possible scenarios. There is at the very least a third way—and, most likely, a few more ways than that. I myself have brainstormed four scenarios, though these should be considered only as potentially useful guideposts to future debate rather than as a definitive list.

First is the copyright minimalist scenario, a world where enforcement of the DMCA fails, or is rendered ineffective by an amendment such as the DMCRA. This is the MPAA/RIAA axis' nightmare. In this world, circumvention tools are freely available, and unauthorized reproduction of copyrighted digital media is rampant. Consumers can make full use of the media they purchase, as well as all of the media that they have not purchased.

There are clear benefits to this scenario. Fair-use rights are left unmolested. A cultural economy unhindered by limitations on copying could flower in ways heretofore unimagined, richly enhancing cultural innovation. Researchers would be free to conduct their work without fear of liability, and the consumer electronics and computer sectors could create new and innovative methods of consuming, manipulating, and creating digital media without the content industries dictating the pace of technological innovation.

However, this scenario also carries with it great risks. Although content providers would likely continue to expend resources on copy and access controls for their works, hackers, researchers, and commercial opportunists would continually be working to defeat those technologies, most likely with great success. The entertainment industry as it exists today, as well as the current dominant software companies, would likely collapse under the weight of widespread piracy (or, as Mr. Sims would call it, "Napsterization"). Some experimental new business models may succeed to some extent, e.g., online subscription music services that can compete against free peer-to-peer networks based on premium service, convenience, and content of guaranteed high quality; ventures that rely on live performances and ancillary merchandise for income rather than the sale of discrete copies; businesses supported by direct payment to creators made before publication of a work from fans eager to ensure continued creative output from their favorite artists, etc. However, the overall economic blow to the existing media and software sectors would likely be severe, with serious implications for the U.S. economy as a whole. Furthermore, the production and availability of new content would diminish as the economic incentive for creating it diminished, to the culture's detriment. It is possible that the economic capacity to produce high-cost entertainments, such as blockbuster films and video games or complex computer software products, would never recover.

Second is the copyright maximalist scenario, where the DMCA is left unamended and is vigorously enforced. This is the dream of the MPAA/RIAA axis and the nightmare of fair-use proponents. The benefit of such a scenario is that it maintains the status quo in the content industries, preserving their ability to profit from their copyrighted works, as well as the economic incentive to continue to create new works, by strictly limiting the public's ability to copy without authorization. However, any meaningful right to fair-use copying would be reduced to a fiction. As Mr. von Lohmann points out, if access can be conditioned on any terms the copyright owner chooses, and those conditions are backed up by the DMCA's legally enforceable circumvention ban, copyright owners will have no incentive to allow any fair—i.e., unpaid for—uses. Furthermore, the example of the Lexmark and Chamberlain cases bears out Professor Jaszi's frightening but reasonable prediction that if the DMCA is not amended, essentially any product that can be made proprietary will be made so, and competition and innovation will suffer unprecedented harm.

Even worse, strict enforcement of an unamended DMCA could inflict all of these costs while still failing to stop widespread piracy. As already mentioned, DVD decryption tools are easily available on the Internet despite the MPAA's successful efforts in court. Such a result—success in court but failure in reality—may prove to be the rule rather than the exception; the courts and law enforcement may simply fail to effectively staunch the flow of contraband technology. The content industries' and federal prosecutors' continued vigorous attempts to keep up the legal attack, however, would create a new and very large class of nonviolent criminal, yet the problem of piracy would continue—somewhat like the current war on drugs.

Scenario Three would do away with the DMCA and instead rely on a system of compulsory licensing or taxation, e.g., taxing Internet access or requiring royalties from manufacturers of digital storage media such as hard drives, MP3 players, and recordable CD-ROMs and DVDs (such levies already exist for digital audio recording devices like DAT recorders and digital audio recording media like recordable audio CDs).[34] The proceeds could, perhaps, be distributed to copyright owners based on the usage statistics of the peer-to-peer networks over which copies are traded. Such a system would allow consumers to take full advantage of the reproductive capabilities of digital technology while adequately compensating the content providers whose works are copied.

The benefits of this scenario would essentially be the same as in Scenario One but without the severe economic and cultural losses that scenario would likely cause. However, such a system could prove difficult to administer in a fair and efficient manner, and the incentive to create would likely diminish to the extent that proceeds from the tax or license regime were unfairly or inefficiently distributed. Furthermore, the resulting additional cost to consumers for Internet services and/or computer and electronics products could depress the market for those services and products (although the expanded capabilities and resulting enhanced attractiveness to the consumer of those products and services, as compared to the copy-control handicapped alternatives in Scenario Two, would likely overcome most concerns about cost). Finally, such a tax or license would unfairly penalize those consumers who actually pay for their media and refrain from unauthorized copying.

Scenario Four, instead of relying on the DMCA's indiscriminate ban on circumvention technologies, would have Congress ban only specific circumvention technologies, or ban only technologies that circumvent specific protection measures. Such legislation would allow individualized consideration of the implications of each particular technology, and Congress could thereby maintain a rational balance between the rights of copyright holders and those of consumers in each particular situation. Examples of this kind of legislation already exist. In order to limit piracy, the Audio Home Recording Act requires that all digital audio tape recorders sold in the United States conform to a particular copy-protection technology, the Serial Copy Management System (SCMS), and prohibits its circumvention.[35] However, SCMS only prevents second-generation or "serial" copying, so, although consumers are free to make personal use copies, those copies cannot be copied themselves. Piracy is thereby limited, while traditional fair-use rights are preserved.

There are, of course, drawbacks to this scenario. How many people do you know who actually own a digital audio tape player or recorder? I would bet very few. That is because allowing deliberative legislative bodies or executive branch bureaucracies to dictate the pace of technological innovation and define the features of consumer technology is unlikely to generate the products most attractive to consumers or to manufacturers and will necessarily slow the evolution of the technology market. Furthermore, just as in the second scenario, it is possible that the combined might of copy-protection technology and the courts will be little match for the combined ingenuity and sheer numerical superiority of hackers, researchers, and unethical consumers eager to defeat them.

V. Conclusion

I am not advocating any of these scenarios. I do, however, believe that unless and until Congress, the courts, and the various stakeholders in the DMCA debate give each possible scenario the sustained attention it deserves and honestly grapple with the risks and benefits of each, we will be left with the worst possible scenario—where ill-considered government interference fails to stem digital piracy yet at the same time eviscerates fair-use rights and hobbles the cultural and technological innovation that depends upon those rights.

Endnotes

1. *See World Intellectual Property Organization (WIPO) Copyright Treaty*, Apr. 12, 1997, art. 11, S. Treaty Doc. No. 105-17 (1997) (*available at* 1997 WL 447232).
2. *See* P.L. 105-304, 112 Stat. 2860 (1998).
3. 17 U.S.C. § 1201(b).
4. 17 U.S.C. § 1201(a)(2).
5. *See CSC Holdings, Inc. v. Greenleaf Electronics, Inc., et al.*, 2000 WL 715601, 2000 U.S. Dist. LEXIS 7675 (N.D. Ill. June 2, 2000).
6. *See* 17 U.S.C. § 1201(a)(1).
7. 17 U.S.C. § 107.
8. *See Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 448-51 (1984).
9. *See id.* at 442.
10. 17 U.S.C. § 1008.
11. *See, e.g., Atari Games Corp. v. Nintendo of Am.*, 975 F.3d 832, 842-44 (Fed. Cir. 1992); *Sega Enterprises, Ltd. v. Accolade, Inc.*, 977 F.2d 1510 (9th Cir. 1992); *Bateman v. Mnemonics, Inc.*, 79 F.3d 1532, 1539 n.18, 1547–48 (11th Cir. 1996); *Sony Computer Entertainment, Inc. v. Connectix Corp.*, 203 F.3d 596 (9th Cir. 2000).
12. *See Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp. 2d 294 (S.D.N.Y. 2000).
13. *See id.*
14. *See Universal City Studios, Inc. v. Corley*, 273 F.3d 429 (2d Cir. 2001).
15. *Id.* at 442.
16. *See id.* at 458.
17. *Id.* at 458–59.
18. *Id.* at 459.
19. *Id.*
20. *U.S. v. Elcom, Ltd.*, 203 F. Supp. 2d 1111 (N.D. Cal. 2002).
21. *See id.* at 1118–19.
22. *Id.* at 1125.
23. *Id.*
24. *Id.* at 1131.
25. *See Felten v. Recording Industry, et al.*, No. 01 CV 2669 (D.N.J. Nov. 28, 2001).
26. *See Edelman v. N2H2, Inc.*, Civ. Action No. 02-11503 RGS (D. Mass. 2002).
27. *See Lexmark International v. Static Control Components*, No. 02-571-K5F (E.D. Ky. Feb. 27, 2003).
28. *See Chamberlain Group v. Skylink Tech.*, Civ. No. 02-C-6376 (N.D. Ill. 2002)
29. *See* David Streitfeld, *Media Copyright Law Put to Unexpected Uses*, Los Angeles Times, Feb. 23, 2003, *at* http://www.latimes.com/business/la-fi-dmca23feb23,1,4074563.story.
30. H.R. 107, 108th Cong. (2003).
31. *Lawmakers Urge Protection of Fair Use; Digital Media Consumers' Rights Act Re-Introduced*, press release from the office of Rep. Rick Boucher, Jan. 7, 2003, *at* http://www.gov/boucher/docs/dmca108.htm.
32. *Id.*
33. *See* H.R. 107, 108th Cong. § 5(b) (2003).
34. *See* 17 U.S.C. § 1003(a).
35. *See* 17 U.S.C. § 1002(a).

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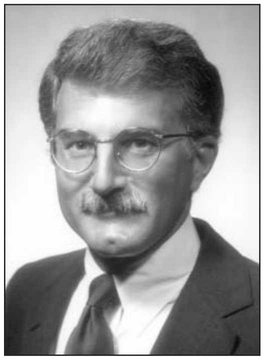
Interfaces Between Intellectual Property and Traditional Knowledge and Folklore: A U.S. Perspective

By Rory J. Radding

I. Introduction



As appreciation of the importance of traditional knowledge and folklore, and the fruits thereof, grows on a worldwide scale, the protection of traditional knowledge and traditional knowledge-derived property as intellectual property (IP) has come under scrutiny. Nations are becoming increasingly protective of their natural resources. This article outlines the perspective of the United States on this increasingly heated debate and advocates collaboration between holders of traditional knowledge and industry/research institutions as a mutually beneficial solution which allows both sharing and protection of traditional knowledge.

The article explores definitions of traditional knowledge and folklore and U.S. systems of legal protection and their suitability for protection of traditional knowledge and folklore, and it provides a brief overview of the U.S. patent system and case law relating to the patentability of natural products; international treaties; and the establishment of model provisions and databases to protect traditional knowledge. It concludes with a series of questions regarding protection of traditional knowledge and folklore as IP in the United States and incentives for collaborations between developed and developing countries.

"Traditional knowledge" (TK) has been defined by the World Intellectual Property Organization (WIPO) Secretariat as "tradition-based literary, artistic, or scientific works; performances; inventions; scientific discoveries; designs; marks, names, and symbols; undisclosed information; and all other tradition-based innovations and creations resulting from intellectual activity in the industrial, scientific, literary or artistic fields."[1] Traditional knowledge subject matter may include herbal classification, location and properties; geographical assets in territories, such as timber or underground deposits, animal domestication and hunting; and land management and use.

"Tradition-based" refers to "knowledge systems, creations, innovations and cultural expressions which: have generally been transmitted from generation to generation; are generally regarded as pertaining to a particular people or its territory; and are constantly evolving in response to a changing environment."[2]

"Expressions of folklore" consist of "characteristic elements of traditional artistic heritage developed and maintained by a community . . . or by individuals reflecting the traditional artistic expectations of such a community, in particular:

(i) verbal expressions, such as folk tales, folk poetry, and riddles;

(ii) musical expressions, such as folk songs and instrumental music;

(iii) expression by action, such as folk dances, plays and artistic forms of rituals whether or not reduced to material form; and

(iv) tangible expressions such as productions of folk art."[3]

WIPO notes that there are many definitions of TK and folklore and that it may not be possible (or necessary) to develop an all-purpose term. "The definition of IP-related subject matter may also be expressed very generally when the definition does not determine or delimit the actual scope of protection to be granted under law."[4] WIPO descriptions, as well as various national publications, suggest that TK can be divided into public and non-public knowledge and may be subject to different forms of protection. For example, secret or sacred knowledge may be a subject matter excluded from a system of publication-based protection. Subject matter and products derived from TK, such as use of medicinal plants, may be distinguished from the TK from which the subject derives, and TK and products derived from TK may be protected under similar or different statutes.

II. United States Protection of TK-Derived Products

The United States has a range of IP protection mechanisms that may be suitable to provide legal protection for TK and folklore, as well as products, works, and marks derived from TK or folklore: plant variety protection certificates, plant patents, design patents, trademarks, copyrights, trade secrets, and utility patents. In addition to these IP mechanisms, if proposed, special case protections may allow for unique protection of IP which may not be protected under other laws.

A. Plants

New plant varieties may be protected under the Plant Patent Act (35 U.S.C. §§ 161-164), which protects asexually reproduced plants, or the Plant Variety Protection Act (PVPA) (7 U.S.C. §§ 2321 *et seq*.), which protects sexually reproduced plants. A plant patent gives the inventor or breeder exclusive rights to exclude others from production, reproduction, sale, export, and stocking of the plant or its material. To be patentable, plants must be nonobvious and novel. A plant variety certificate gives the owner, breeder, or discoverer of a new plant variety the right to exclude others from selling, exporting, or propagating the plant, although farmers and researchers are exempt from the propagation exclusion. Under PVPA, a plant must be novel, but it does not have to be nonobvious. Plants cultivated by indigenous peoples for medicinal and other uses may be protected by a plant patent or plant variety certificate.

B. Designs

A design patent (35 U.S.C. § 171) covers the ornamental design of a manufactured article, as opposed to the article's functional design. A design is patentable provided the design, separate from the function of the product, meets novelty and nonobviousness requirements. Design patents may also be used to protect TK-derived products or folklore-based designs.

C. Trademarks

Trademarks are given to a manufacturer or merchant who adopts a mark to identify goods and services. The Lanham Trademark Act identifies four types of registerable marks:

1. Trademark—a mark used on or with goods.
2. Service Mark—a mark used in advertising and sale of services
3. Collective Mark—a mark that indicates membership in a group or that groups or services originate from members of that group.
4. Certification Mark—a mark used by government or private entities to certify that products or services come from a designated region, or possess certain characteristics.

Marks do not need to be new or original. Trademarks may be a way of uniquely identifying TK- or folklore-derived products; for example, the U.S. Patent and Trademark Office (USPTO) has recently started development of a database of official Native American Tribe insignia for the purposes of trademark protection.[5]

D. Copyright

Copyright (17 U.S.C. § 102(a)) covers literary, musical, dramatic, choreographic, pictorial, graphic, sculptural works, motion picture and audio-visual works, sound recordings, and architectural works. Copyrights confer the exclusive right to authorize reproductions, prepare derivative works, and publicly perform and display works (17 U.S.C. § 106). Copyright may be used to protect folklore or TK-derived expressions such as artistic works or performances.

E. Trade Secret

Trade secrets are covered under common law, which has been codified in many states within the United States by the Uniform Trade Secrets Act. Subject matter can be any information that derives "economic value . . . from not being known, and not being readily ascertainable by proper means, by other persons."[6] Some non-public forms of TK may be in the manner of a trade secret by the attachment of sacred or ceremonial significance to such knowledge. Possible examples include herbal potions, plants, fruits, geological deposits, and the like. Public traditional knowledge is unlikely to be protected by trade secret laws.

F. Utility Patent

A United States utility patent gives the right to exclude others from making, using, importing, or selling in the United States the product or process claimed in the patent. To qualify for patent protection, an invention must meet requirements of novelty, utility, and nonobviousness over prior art. A utility patent entitles an inventor to a limited monopoly on his invention in exchange for the inventor's full disclosure of his discovery to the public. The U.S. patent system, therefore, rewards the inventor for his discovery by securing for the inventor the exclusive rights to his invention for a limited time and, most importantly, benefits the public by promoting the full disclosure of such inventions, which can be used by anyone after the expiration of the limited monopoly afforded by the patent laws. An inventor's right to the limited monopoly defined by his patent is derived from article 1, section 8 of the Constitution, which provides:

> The Congress shall have the power . . . [t]o promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

Patentable subject matter is defined in Title 35, U.S.C. § 101 as "any new and useful process, machine, manufacture, or composition of matter or improvement thereof." In addition, the invention must show novelty

(35 U.S.C. § 102), meaning that a person shall be entitled to a patent unless (for example)

> (a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or
>
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States. . . .[7]

An invention must also be nonobvious (35 U.S.C. § 103), meaning that the differences between the invention and the prior art are such that the subject matter to be patented would not have been obvious at the time the invention was made to a person having ordinary skill in the art to which the subject matter pertains. In addition, the invention must be enabled (35 U.S.C. § 112), meaning that an invention must also be described in sufficient detail as to enable any person skilled in the art to make and practice the invention.

1. Natural Products Are Not Patentable

U.S. case law provides examples of when natural products are patentable. The first major case to deal with the issue of patenting natural products was *Funk Bros. Seed Co. v. Kalo Inoculant Co*.[8] The product claimed in the patent was a composite mixture of six strains of bacteria packaged for use to inoculate leguminous plants. The Supreme Court held that claims to the mixture of bacteria, as a product, were not patentable because each of the bacteria existed in nature before, and without more, their combination was a mere discovery of nature. Thereafter, *Funk Seed* was regarded as standing for the general rule that products found in nature are not patentable.

2. . . . Unless the Natural Product Has Been Purified

Merck & Co. Inc. v. Olin Mathieson[9] and *Merck & Co. Inc. v. Chase Chemical*[10] furthered the idea that products from nature but modified by man are patentable. The inventors in the *Merck* vitamin B-12 cases were the first to separate and purify vitamin B-12 from fermentates. The patent claimed the purified vitamin B-12 product. The court concluded that the purified vitamin B-12 was not the same as that found in nature but a new and useful composition entitled to patent protection. *In re Kratz*[11] furthered the argument that purified natural products are patentable by upholding a patent for substantially pure 2-methyl-2-pentenoic acid, the chemical responsible for the flavor and fragrance of strawberries.

3. . . . Or Was "Made by Man."

Diamond v. Chakrabarty[12] centered on the question of whether a living organism qualified as a "composition of matter" which could be patentable. The invention involved bacteria which had been engineered in the laboratory to contain new genes that enabled the bacteria to degrade components of crude oil, which could be used to treat oil spills. The U.S. Supreme Court upheld the patentability of Chakrabarty's microorganisms and enunciated the rule that patentable subject matter encompassing a process, machine, manufacture, or composition of matter in section 101 of the Patent Act included "anything under the sun that is made by man." Genetically modified plants are similarly qualified subjects for utility patents, as decided in *In re Hibberd*,[13] in which plants genetically engineered to produce increased levels of the nutritional amino acid tryptophan were upheld as patentable subject matter. A plant can be protected simultaneously by a plant patent and a utility patent, as held in *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred International, Inc*.[14]

III. Examples of TK-Derived Products Versus U.S. Patents

An examination of U.S. cases involving TK-derived products provides examples of the dilemmas involved in patenting products with traditional uses.

A. Turmeric

Turmeric, which is derived from a plant, was used for many years by the people of India for medicinal and other purposes. In 1995, the USPTO granted U.S. Patent No. 5,401,504, assigned to the University of Mississippi Medical Center, which covered the use of turmeric in wound healing. But because this use had been documented in Indian publications, the claims of the patent were ultimately cancelled during reexamination for lack of novelty.[15] This highlights the importance of publishing traditional knowledge: by making such knowledge publicly accessible, it is maintained in the public domain to be used by anyone and can serve as prior art to prevent patentability.

B. Neem

Vociferous protests centered around patents involving the neem plant. Materials derived from the neem tree were used for many years by the people of India for pesticidal and other purposes. The United States has issued numerous patents for neem-related inventions. For example, U.S. Patent No. 4,946,681, assigned to U.S. company W.R. Grace & Co., covers a technique for extracting neem seeds to produce stable azadirachtin solutions. And U.S. Patent No. 5,124,349, also assigned to W.R. Grace & Co., covers a storage-stable pesticide composition comprising a neem seed extract solution containing azadirachtin. Thus, while the inventors may have drawn upon the TK of the Indian people, the patented inventions themselves are different as to method of extraction and final product.[16]

C. Basmati Rice

Basmati rice has long been produced in India and Pakistan. In 1997, the USPTO granted U.S. Patent No. 5,663,484, assigned to the U.S. company RiceTec, Inc., which covers Basmati rice lines and grains. Upon reexamination five years later, fifteen of the patent's twenty claims were cancelled as unpatentable over the prior art. The five surviving claims relate only to the varieties actually bred by RiceTec, Inc. The patent examiner also changed the title of the patent from "Basmati Rice Lines and Grains" to "Rice Lines Bas867, RT 117, RT1121."[17]

IV. International Treaties, Case Studies, and Model Provisions

A. International Treaties: UPOV, TRIPs, the CBD, and the ITPGR

On a worldwide scale, there are significant differences between U.S. and international interfaces between intellectual property and traditional knowledge. The U.S. has little specific legal protection for TK-derived products, but it is a signatory to the North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property (TRIPs). Although NAFTA contains no provisions relating specifically to TK, NAFTA has incorporated the International Convention (Union) for the Protection of New Varieties of Plants (UPOV) to protect plant breeder's rights. In the United States, UPOV is implemented by the Plant Variety Protection Act (PVPA), previously discussed.

In the United States, a *per se* rule, rather than a rule of reason, excludes foreign practice ("known or used" or "offered for sale") of an invention from being prior art in view of 35 U.S.C. sections 102 and 104. The amended section 104 recognizes foreign practice of an invention in countries that are signatories to the NAFTA and/or the WTO agreements. These provisions may allow for the use of unpublished TK in NAFTA and WTO countries as prior art. However, foreign publications are given equal weight to U.S. publications as prior art, which suggests a way in which publication of TK can be counter-productive. Under 35 U.S.C. section 119(a), publication of TK may protect TK-derived inventions from being patented by non-TK holders; however, this also could invalidate any attempts by TK-holders themselves to obtain a U.S. patent on their TK or TK-derived inventions.

TRIPs does not make specific provisions for TK or TK-derived products, but it sets international minimum standards for protecting IP. The objectives of the TRIPs Agreement include reducing impediments to international trade, protecting intellectual property rights, and ensuring that measures to enforce intellectual property rights do not themselves become barriers to legitimate trade.[18] TRIPs recognizes "the special needs of the least-developed country Members in respect of maximum flexibility in the domestic implementation of laws and regulations in order to enable them to create a sound and viable technological base."[19] The TRIPs Agreement requires its member countries to make patents available for any inventions, subject to the tests of novelty, inventive step, and industrial applicability.[20] However, members may exclude from patentability:

1. inventions that defy *ordre public* or morality, the prevention of which protects human, animal or plant life or health, and avoids serious prejudice to the environment;
2. diagnostic, therapeutic, and surgical methods for the treatment of humans or animals; and
3. plants and animals other than micro-organisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes.[21]

The last exception, in particular, may provide a mechanism to protect some forms of TK from being patented by foreign enterprises.

Several international agreements, to which the United States is not party, have clauses relating directly to TK. The United Nations Conference on Environment and Development established the Convention on Biological Diversity (CBD) to address major issues of biodiversity. The three main goals of the Convention are the conservation of biodiversity; the sustainable use of the components of biodiversity; and sharing the benefits arising from the commercial and other utilization of genetic resources in a fair and equitable way.[22] Article 8(j) of the CBD states that each party shall,

> subject to its national legislation, respect, preserve and maintain knowledge, innovations and practices of indigenous and local communities embodying traditional lifestyles relevant for the conservation and sustainable use of biological diversity and promote their wider application with the approval and involvement of the holders of such knowledge, innovations and practices and encourage the equitable sharing of the benefits arising from the

utilization of such knowledge, innovations and practices.[23]

In addition to the CBD, the U.N. Food and Agricultural Organization (FAO) adopted the International Treaty on Plant Genetic Resources (ITPGR) in 2001. The ITPGR provides for a multilateral approach to access and benefit-sharing of plant genetic resources, in which access to these genetic resources is provided in exchange for access to and transfer of information and technology, capacity-building, and sharing of benefits arising from commercialization.[24] Although little of the CBD and ITPGR treaties address IP rights directly, they may provide a framework of equitable distribution of compensation for TK-holders in the form of licensing and development opportunities.

B. Case Studies

WIPO has conducted studies on the IP needs and expectations of TK holders and has developed case studies and suggested future possibilities involving the interfaces between TK and the IP system. In 2000, WIPO established a body, the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge, and Folklore, dedicated to this emerging issue. WIPO has also outlined several model provisions which suggest possible ways to negotiate equitable contracts involving TK. The various proposals and case studies offer essentially *sui generis* protection regimes for TK along with contracting and licensing rules designed to provide income to particular communities. As a case study example, WIPO describes a benefit-sharing arrangement developed by the University of California at Davis ("UC Davis") involving a TK-derived wild rice from Mali.[25] The rice strain *Oryza longistaminata*, which has a blight-resistance gene that was cloned and patented by researchers at the university, was used by select local Malian communities and collected by Malian and Indian scientists. UC Davis, wanting to compensate the germplasm source countries, established a Genetic Resource Recognition Fund. Royalties generated from commercialization of the disease-resistance gene could then be used to provide fellowships to students from developing countries, who would return to their countries to help in nation building. The university goals for establishing the Fund were five-fold:

1. To establish a mechanism to recognize and compensate for germplasm contributions from developing nations.
2. To provide a means for scientists to patent their inventions while maintaining productive collaborations and good relations with scientists from developing countries.
3. To encourage university/developing nation/industry links for commercialization of genetically engineered products.
4. To create a constructive solution that would be easy to implement and be widely accepted.
5. To create economic incentive for continued sharing of germplasm and conservation efforts.[26]

C. Model Contracts, Provisions, and TK Databases

In addition to case studies, WIPO has also published actual and model contracts. For example, models developed by the U.S. National Cancer Institute (NCI) for collaborations between NCI and a Source Country/Source Country Organization are available on the Internet.[27] These contracts include Memoranda of Understanding, Material Transfer Agreements, and Letters of Collaboration which trade knowledge and drug discovery technology to the Source Country in exchange for the ability to study the Source Country's plants and organisms. WIPO is also developing a database of contracts relating to IP, access to genetic resources, and benefit-sharing.[28]

In an effort to protect IP rights of traditional knowledge holders, some countries are developing databases to document TK and TK practices as prior art for defense against attempts to patent TK-derived products. WIPO has published samples of TK databases from China, India, and Venezuela to demonstrate the TK available and to illustrate examples of IP issues that have arisen from TK databases.[29]

V. Issues Arising from the Interface between TK Protection and IP Rights

There are many difficulties involved in recognizing and protecting the TK and folklore IP rights of indigenous peoples. Some of the issues include:

- Is TK better protected as prior art (by publication/establishment of a searchable database) or trade secret (by limiting access to the information), or by a *sui generis* protection scheme (by enactment of new laws)?
- Can or should U.S. patent laws be modified to include TK and TK-derived inventions despite difficulties with such inventions fulfilling patent requirements relating to subject nature, novelty, and nonobviousness/inventive step?
- If TK is known "by others" for more than one year prior to date of invention, it is not novel. Who might "others" be, for consideration of public disclosure, if for example an invention is patented by a community collective?
- When more than one community shares a common resource, or when communities share

aspects of TK, who is considered the "owner" for considerations of property and compensation for use?

- Are biological species and native germplasm nationally owned resources?
- In an effort to compensate for access to genetic resources, how does one set a value on the potential of TK?
- How might indigenous peoples attempting to claim IP rights establish a spokesperson/collective bargaining entity to make decisions regarding utilization of IP resources?[30]
- How might indigenous peoples afford to invest in litigation to protect their IP?
- As indigenous peoples often wish to control their TK-based IP for generations rather than short-term, how might this be accommodated and enforced by existing protection schemes, and can aspects of trademarks and/or trade secrets (which last indefinitely) be incorporated into an IP scheme?
- What ways exist to reward corporations from developed countries for recognizing, protecting, and conserving TK?
- How can IP rights be structured, alongside environmental protection and commercial laws, to promote development and conservation of resources?
- How might complicity with benefit-sharing practices, such as those outlined by the CBD, be enforced worldwide?

Incentives to industry to recognize, collaborate with, and compensate TK-holders for TK-derived IP currently exist. Commercialization of TK-derived products can be lucrative for both sides, and protection of these combined intellectual assets by patent and other IP strategies can ensure the spread of beneficial products and technologies while allowing financial remuneration for investment in such efforts. The insight provided by TK-holders can be an asset for industry: for example, by consulting with TK holders, the success ratio in trials for useful medical substances can increase from one in 10,000 to one in two.[31] TK holders can also benefit from industry collaborations: by isolating drug components from medicinal plants, which are nonobvious in view of the whole plant, companies can provide the inventive step necessary for patentability.

Previous collaborations can provide guidelines for the establishment of future partnerships and also highlight the incentives for developed nations to invest in the genetic resources of developing nations. The UC Davis Genetic Resource Recognition Fund was designed to recognize the contributions of TK holders and to establish and maintain good relations with the developing countries in which the TK-derived product originated and was initially studied, with an eye toward future endeavors. In a similar vein, Merck Pharmaceuticals contracted with INBio, a private nonprofit biodiversity institute created by the Costa Rican government, to "bioprospect" the species-rich Costa Rican lands. In exchange for extracts from Costa Rican plants, insects, and microorganisms, and Costa Rican screening and research services, Merck provided US$1.3 million as an initial sum, plus a share of any royalties on commercial products developed from these accessions.[32]

VI. Conclusion

Although a lofty goal, the attempt to patent TK in our complex society will require an entire shift and possible revisions of our IP laws. Given that the U.S. IP system was not designed to protect the kinds of information represented by TK, and given the growing interest in recognition, conservation, and protection of cultural heritage and genetic resources worldwide, examination of mutually beneficial contracts between TK holders in developing countries and research/industry groups in developed countries such as the United States may provide a means for the simultaneous sharing and protection of TK and TK-derived resources as intellectual property.

Endnotes

1. Traditional knowledge—Operational terms and definitions, Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore, WIPO/GRTKF/IC/3/9, at 11 (2002).
2. *Id.*
3. WIPO/GRTKF/STUDY/1.
4. Traditional knowledge—Operational terms and definitions, Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore, WIPO/GRTKF/IC/3/9 (2002).
5. *Procedures for Native Tribe Database are Finalized*, 62 PTCJ 412 (2001).
6. Uniform Trade Secrets Act, § 1(4).
7. *See* 35 U.S.C. §§ 102(a), (b).
8. 75 U.S.P.Q. 280 (1948).
9. 116 U.S.P.Q. 484 (4 Cir. 1958).
10. 155 U.S.P.Q. 139 (D.N.J. 1967).
11. 201 U.S.P.Q. 71 (C.C.P.A. 1970).
12. 447 U.S. 303, 65 (1980).
13. 227 U.S.P.Q. 443, 444 (BNA 1985).
14. 534 U.S. 124 (2001).
15. *See* U.S. Patent No. 5,401,504; S. Kumar, *India wins Battle with USA over Turmeric Patent*, 350 Lancet 724 (1997); D.R. Downes,

How Intellectual Property Could Be a Tool to Protect Traditional Knowledge, 25 Colum. J. Envtl. L. 253 (2000).

16. *See* U.S. Patent No. 5,124,349; U.S. Patent No. 4,946,681; D.R. Downes, *How Intellectual Property Could Be a Tool to Protect Traditional Knowledge*, 25 Colum. J. Envtl. L. 253 (2000).
17. *See* U.S. Patent No. 5,663,484.
18. *See* Agreement on Trade-Related Aspects of Intellectual Property Rights (1994), Preamble.
19. *Id.*
20. *See* TRIPs, art. 27.
21. *Id.*
22. Sustaining life on Earth, Secretariat of the Convention on Biological Diversity (2000).
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24. Initial report on the technical study on disclosure requirements related to genetic resources and traditional knowledge, Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore, WIPO/GRTKF/IC/4/11 (2002).
25. The role of intellectual property rights in the sharing of benefits arising from the use of biological resources and associated traditional knowledge: selected case studies, WIPO/UNEP joint submission (2000).
26. *Id.* at 14-15.
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29. Inventory of existing online databases containing traditional knowledge documentation data, Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore, WIPO/GRTKF/IC/3/6 (2002).
30. M. Hannig, *An Examination of the Possibility to Secure Intellectual Property Rights for Plant Genetic Resources Developed by Indigenous Peoples of the NAFTA States: Domestic Legislation Under the International Convention for Protection of New Plant Varieties*, 13 Ariz. J. Int'l & Comp. L. 175 (1996).
31. N. Roht-Arriaza, *Of Seeds and Shamans: The Appropriation of the Scientific and Technical Knowledge of Indigenous and Local Communities*, 17 Mich. J. Int'l L. 919 (1996).
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It Ain't "Necessarily" So—Winning an Inevitable Disclosure Injunction Requires Proof, Not Mere Conjecture

By Victoria A. Cundiff

The "inevitability doctrine" has been the subject of intense judicial, legal, and popular debate ever since it sprang into general business consciousness in the spring of 1995. Although the doctrine had been in sparing use since the early 1960s[1] and traces its roots much further back,[2] the Seventh Circuit's affirmance in 1995 of a decision prohibiting the former General Manager of PepsiCo's California business unit, Bill Redmond, from performing similar functions for competitor Quaker Oats (which then owned competitive sports drinks Snapple and Gatorade) *even though he had never signed a restrictive covenant*, captured widespread attention.[3] The Seventh Circuit grounded its decision in its determination that given the similarity of the two positions, "unless Redmond possessed an uncanny ability to compartmentalize information, he would *necessarily* be making decisions about [Quaker Oats' products] by relying on his knowledge of [PepsiCo's] trade secrets." (emphasis added).

Other companies facing the loss of key employees to competitors concluded that the *PepsiCo* decision captured precisely the risk they faced. Countless complaints were promptly filed across the country asserting that particular competitive employment should be enjoined, even in the absence of a non-compete agreement, because, to borrow a phrase from the *PepsiCo v. Redmond* decision, the company "finds itself in the position of a coach, one of whose players has left, playbook in hand, to join the opposing team, before the big game." Under the circumstances, former employers urged, use or disclosure of trade secrets was so likely as to be "inevitable."

Some organizations even began to see the doctrine as a desirable way to enjoin competitive employment without having to face dissatisfaction from employees asked to sign non-compete agreements and without having to provide consideration for non-compete agreements.

The courts responded with a series of decisions, some granting injunctive relief under the doctrine[4] and others denying it,[5] but virtually all emphasizing that the doctrine, if applied at all, should not be invoked to enjoin all competitive employment simply because in the new position the employee *might* use or disclose the prior employer's trade secrets.[6] The doctrine thus is not reliably available to any company that has failed to negotiate a non-compete agreement. Rather, even those courts applying the doctrine have agreed that, to obtain an "inevitability doctrine" injunction, the plaintiff must present some—and, ideally, substantial—*evidence* of actual or "threatened" disclosure.

Recent decisions have emphasized that if injunctive relief is an extraordinary remedy, injunctive relief under the inevitability doctrine should be particularly out of the ordinary, since it is an after-the-fact, non-negotiated restraint on competition. As *Earthweb v. Schlack*, a New York federal case refusing to grant relief under the doctrine held, "in its purest form, the inevitable disclosure doctrine treads an exceedingly narrow path through judicially disfavored territory."[7]

"Recent decisions have emphasized that if injunctive relief is an extraordinary remedy, injunctive relief under the inevitability doctrine should be particularly out of the ordinary, since it is an after-the-fact, non-negotiated restraint on competition."

In New York, some courts have adopted the rationale underlying the inevitability doctrine—that some competitive positions inherently create a great risk of use or disclosure of trade secrets—as a reason to enforce non-compete agreements.[8] Further, at least one decision, *DoubleClick v. Henderson*, has invoked the doctrine to justify an injunction against competitive employment upon a showing that trade secrets had *already* been misappropriated.[9] (The decision could be explained alternatively as having granted a "lead time" injunction to undo the head start the actual misappropriation had made possible.)[10]

To date, however, reported New York state and federal decisions considering the doctrine have been loathe to grant injunctive relief prohibiting competitive employment absent a showing that (a) the parties entered into an enforceable non-compete agreement,

(b) misappropriation of trade secrets has already occurred, (c) as in *PepsiCo*, the employee has been "deceitful," or (d) there is an actual, not merely speculative, threat of specific misappropriation. Examples of the last category might include switching sides during an ongoing competitive bid or participating in a compensation system geared to rewarding misappropriation.

A recent Third Department case, *Marietta Corp. v. Fairhurst*,[11] reflects this demand for proof of serious and specific risk as a prerequisite to obtaining an injunction under the inevitability doctrine. Where the parties had deliberately chosen not to enter into a restrictive covenant, the Third Department refused to impose injunctive relief under the doctrine absent evidence of threatened misappropriation of specific trade secrets. The court reached this conclusion even though, as in *PepsiCo*, the employee was a high-level executive, there was some overlap in the business of the two employers, and the employee had been involved in strategic planning activities for his previous employer.

Thomas Fairhurst was the Senior Vice President for Sales and Marketing for Marietta, a company which sold guest amenities, such as soaps, in bulk to hotel chains. In that role, Fairhurst attended high-level planning meetings at which he learned and discussed historical and projected financial information, product development, cost and marketing information, business and sales strategies, and potential responses to competition. He was responsible for establishing pricing and other strategies and for developing contracts with suppliers.

Fairhurst's initial employment contract included both a confidentiality provision and a non-compete provision prohibiting competition for a maximum of one year, during which he would be paid by Marietta. That agreement expired while Fairhurst was still working at Marietta. Marietta then presented Fairhurst with a new agreement which included a two-year non-compete agreement. Marietta proposed to pay Fairhurst one year's salary during the non-compete period. Fairhurst penned in a clause providing for payment of two years' salary; Marietta would not agree. The parties then entered into a confidentiality agreement which included no post-employment restraint on competition. Two and one half years later, Marietta terminated Fairhurst's employment.

A month later, Fairhurst joined Pacific Direct as the president of its U.S. operations. Pacific Direct distributes brand-name guest amenities such as slippers, sports bags, and custom-branded toiletries to luxury hotels. Marietta and Pacific Direct have some customers in common. Marietta contracts with hotel companies such as Intercontinental to provide toiletries for its standard rooms; Pacific Direct contracts to supply specialized items for the same hotels' luxury suites.

Marietta filed suit seeking to enjoin Fairhurst from (a) working for Pacific Direct for one year or (b) using or disclosing Marietta's trade secrets. The Supreme Court, Cortland County, granted the injunction, finding that while there was "no persuasive evidence that Fairhurst has intentionally disclosed any proprietary information he obtained from plaintiff to Pacific Direct," Fairhurst was a "high level" employee, familiar with his former employer's business strategies and in a position to shape the strategies of his new employer.[12] Noting that both companies were attempting to expand into the same markets (albeit from different directions), the court found that there was "undeniably substantial overlap" in the two companies' target markets and that Fairhurst's knowledge of Marietta's strategies and plans for change "would be extremely useful to anyone attempting to compete for even a part of the business held, or desired, by [Marietta]." Finding that Fairhurst knew Marietta's trade secrets and that it was "extremely likely that he would use those secrets—if only unconsciously—in carrying out his duties with Pacific Direct, to the latter's unfair advantage," the trial court found that plaintiff had established both a likelihood of success on its misappropriation and related claims and a presumption of irreparable harm. In reaching this conclusion, the trial court assessed the risk of inadvertent disclosure in much the same way the Eastern District of New York had in granting injunctive relief in *Lumex v. Highsmith*. In *Lumex*, however, the employee had signed a non-compete agreement.

Addressing the argument that it was imposing a "back door non-compete," the trial court in *Fairhurst* noted that its decision would not enjoin *all* employment with a competitor and thus was not imposing an across-the-board restrictive covenant; rather, the court explained, its injunction was warranted given Fairhurst's employment "in a relatively high-level, decision-making capacity, in an area similar to that in which the employee formerly worked, and under circumstances where disclosure or use of 'highly valuable trade secrets' has occurred or cannot be avoided."

Defendants appealed. The Appellate Division modified the injunction to allow Fairhurst to continue working during the pendancy of the appeal and thereafter reversed the trial court's decision.

The Third Department took as its starting point the strong New York policy that even agreed-upon restrictive covenants are severely disfavored due to "powerful considerations of public policy which militate against sanctioning the loss of a man's livelihood."[13] The Third Department acknowledged that irreparable harm can be established if a trade secret has been misappropriated but observed, adopting the reasoning of *Earthweb v.*

Schlack, that in applying the doctrine of inevitable disclosure, the court is "asked to bind the employee to an implied-in-fact restrictive covenant" not to compete. The court should do so, the Third Department concluded, following an earlier decision by the Northern District of New York, *PSC v. Reiss,* which had also denied relief under the doctrine, only after carefully considering whether

> "(1) the employers *** are direct competitors providing the same or very similar products or services; (2) the employee's new position is nearly identical to his old one, such that he could not reasonably be expected to fulfill his new job responsibilities without utilizing the trade secrets of his former employer; ***(3) the trade secrets at issue are highly valuable to both employers[; *** and (4)] the nature of the industry and [its] trade secrets."[14]

Making that analysis, the Third Department found, as had the trial court, "absolutely no evidence" of actual use or disclosure of trade secrets. The parties' confidentiality agreement clearly contemplated that Fairhurst might change his employment and placed no obstacles on his ability to do so. Under these circumstances, the court concluded, in the absence of a showing of "any wrongdoing which would constitute a breach under the confidentiality agreement, mere knowledge of the intricacies of a business is simply not enough . . . nor would the solicitation of former customers, unless the customer list itself would be considered a trade secret—a contention not viable in this instance."[15]

In the absence of proof of irreparable harm, the balance of the hardships "manifestly" favored defendants, the Third Department concluded, no doubt in part because the plaintiff was now seeking relief for which it had expressly refused to pay.[16] The grant of injunctive relief therefore constituted an abuse of discretion.

In reaching this decision, which is consistent with earlier federal cases construing New York law,[17] the Third Department made a statement that will undoubtedly become the source of much debate and many efforts to distinguish its language. The court noted that the plaintiff's affidavits discussing the corporation's strategic profile, recent product bids, and corporate expansion plans, did not assert that such information was a "trade secret." Indeed, the Third Department stated, "[I]n our view, Supreme Court adopted an overly expansive definition of 'trade secret' so as to encompass nearly all confidential business documents; if its focus was on the pricing data and marketing strategies, such information would not constitute trade secrets."[18]

That statement is at odds with many earlier holdings in New York and elsewhere.[19] It may reflect a wariness of applying the inevitability doctrine to protect marketing strategies as opposed to "scientific" or "technical" secrets.[20] It should be noted, however, that *PepsiCo v. Redmond* itself had involved marketing plans, as have some other inevitability doctrine cases, although some other courts and commentators have questioned that approach.[21]

The language in *Fairhurst* can perhaps best be explained as the Third Department's effort to impose a requirement that those seeking injunctive relief under the inevitability doctrine must show what *specific* trade secrets the former employee threatens to misappropriate unless enjoined. (An example might be details of a specific pending bid.) A generalized assertion to the effect that the employee "knows how we do business" will not, in the Third Department's view, suffice.[22] The former employer will need to show that the employee's intended activities for the new employer will necessarily put specifically identified information at risk.

The Third Department's decision in *Fairhurst* echoes the decision reached by a California appellate court last fall when asked to grant an inevitability doctrine injunction in *Schlage Lock Company v. Whyte*.[23] Unlike New York, California has a statutory ban on covenants not to compete; decisional law, however, has enforced limited restraints on competition to protect trade secrets.

In *Schlage*, as in *Fairhurst*, the court was asked to find that particular competitive employment should be enjoined to prohibit the inevitable use or disclosure of trade secrets which, as in *Fairhurst*, included information about pricing, profit margins, costs, marketing concessions, budgets, and various strategic plans. Unlike the Third Department, the court found in *Schlage* that virtually all of these items were indeed trade secrets, rather than simply "general methods of doing business," because they were unique plans and information developed by Schlage. Further, unlike the situation posed in *Fairhurst*, the *Schlage* appellate court found the evidence "neatly divided" on whether the employee had actually misappropriated or threatened to misappropriate trade secrets. California procedural rules, however, did not permit the appellate court to set aside the trial court's apparent determination that he had not.

The injunctive relief plaintiff sought in *Schlage* was in fact quite narrow: not prohibiting Whyte from working for a competitor but rather prohibiting him from selling door locks for that competitor to one customer. The relief was thus much narrower than the general ban on executive employment Fairhurst's former employer had sought.

The California court refused to grant the inevitability doctrine injunction, however, for the same reasons adopted by the Third Department in *Fairhurst*. As the District Court for the Southern District of Florida had previously held, "A court should not allow a plaintiff to use inevitable disclosure as an after-the-fact noncompete agreement to enjoin an employee from working for the employer of his or her choice."[24] Relying heavily, as did the Third Department, on the discussion in *Earthweb*, the *Schlage* court concluded that "the inevitable disclosure doctrine cannot be used as a substitute for proving actual or threatened misappropriation of trade secrets." The Third Department, in *Fairhurst*, agreed.

Endnotes

1. *See, e.g., B.F. Goodrich v. Wohlgemuth*, 117 Ohio App. 493, 192 N.E.2d 99 (1963); *Allis-Chalmers Mfg. Co. v. Continental Aviation & Eng. Co.*, 255 F. Supp. 645 (E.D. Mich. 1966); *Emery Industries, Inc. v. Cottier*, 202 U.S.P.Q. 829 (S.D. Ohio 1978); *FMC Corp. v. Varco Intern., Inc.*, 677 F.2d 500, 501 (5th Cir. 1982); *Air Products & Chemicals, Inc. v. Johnson*, 296 Pa. Super. 405, 442 A.2d 1114 (1982); *Nat'l Starch & Chem. Corp. v. Parker Chem. Corp.*, 530A. 2d 31, 219 N.J. Super. 158 (App. Div. 1987). For a more comprehensive discussion of inevitability doctrine, *see* articles assembled in *Trade Secrets 2002: How to Protect Confidential Business and Technical Information*, Practising Law Institute, No. 6-719 (2002), V.A. Cundiff and S.M. Katsh, co-chairs.
2. *See, e.g., Harrison v. Glucose Sugar Refining Co.*, 116 F. 304 (C.C.A. 7 1902); *Eastman Kodak v. Power Film Products*, 189 A.D. 556, 561-62, 179 N.Y.S. 325 (1919).
3. *PepsiCo, Inc. v. Redmond*, 54 F.3d 1262 (7th Cir. 1995).
4. *See, e.g., Merck & Co. v. Lyon*, 941 F. Supp. 1443 (M.D.N.C. 1996); *DoubleClick, Inc. v. Henderson*, No. 116914/97, 1997 WL 731413 (N.Y. Sup. Nov. 7, 1997); *Photonics Industries, Int'l v. Bieber*, N.Y.L.J. Sept. 24, 1998, at 29 (N.Y. Sup. Sept. 24, 1998); *Essex Group, Inc., v. Southwire Co.*, 269 Ga. 553, 501 S.E.2d 501 (1998); *Novell, Inc. v. Timpanogos Research Group, Inc.*, 46 U.S.P.Q.2d (BNA) 1197 (D. Utah 1998); *H&R Block Eastern Tax Services, Inc. v. Enchura*, 122 F. Supp. 2d 1067 (W.D. Mo. 2000).
5. *See, e.g., Campbell Soup Company v. Giles*, 47 F.3d 467 (1st Cir. 1995); *Lexis-Nexis v. Beer*, 41 F. Supp. 2d 950 (D. Minn. 1999); *Hoskins Mfg. Co. v. PMC Corp.*, 47 F. Supp. 2d 852 (E.D. Mich. 1999); *Earthweb, Inc. v. Schlack*, 71 F. Supp. 2d 299 (S.D.N.Y. 1999), *remanded by* 205 F.3d 1322, *appeal after remand* at 2000 U.S. App. LEXIS 11446, 2000 WL 1093320 (2d Cir. May 18, 2000); *PSC Inc. v. Reiss,* 111 F. Supp. 2d 252 (W.D.N.Y. 2000); *Globespan, Inc. v. O'Neill*, 151 F. Supp. 2d 1229 (C.D. Cal. 2001).
6. *See, e.g., FMC Corp. v. Cypress Foote Mineral Co.*, 899 F. Supp. 1477 (W.D.N.C. 1995); *Hoskins, supra* note 5, at 857; *Abbott Labs v. Chiron Corp.*, 43 U.S.P.Q.2d 1695 (N.D. Ill. 1997); *Bendinger v. Marshalltown Trowel Co.*, 338 Ark. 410, 994 S.W.2d 468 (1999).
7. *Earthweb,* 71 F. Supp. 2d at 310-11.
8. *See, e.g., Lumex, Inc. v. Highsmith*, 919 F. Supp. 624 (E.D.N.Y. 1996); *Willis of New York, Inc. v. DeFelice*, 299 A.D.2d 240, 750 N.Y.S.2d 39 (1st Dep't 2002).
9. *DoubleClick, supra* note 4.
10. For other examples of leadtime injunctions *see, e.g., ILG Industries v. Scott*, 273 N.E.2d 393, 397 (Ill. 1971).
11. *Marietta Corp. v. Fairhurst*, 754 N.Y.S.2d 62, 2003 N.Y. App. Div. LEXIS 4 (3d Dep't 2003).
12. *Marietta Corp. v. Fairhurst,* 2002 N.Y. Slip Op. 50351U, 2002 N.Y. Misc. LEXIS 1181 (Sup. Ct. Cortland Co. Aug. 23, 2002).
13. *Reed, Roberts Assoc. v. Strauman*, 40 N.Y.2d 303, 307, 386 N.Y.S.2d 677 (1976).
14. *Marietta Corp. v. Fairhurst*, __ A.D.2d __, 754 N.Y.S.2d 62, 66 (3d Dep't 2003) (quoting *PSC Inc. v. Reiss*, 111 F. Supp. 2d 252, 256-57 (W.D.N.Y. 2000)).
15. *Id.* at 67.
16. *Cf. Multiform Dessicants v. Sullivan*, 1996 U.S. Dist. LEXIS 2802 (Mar. 8, 1996) (unpublished decision) (refusing to use the inevitability doctrine to extend the duration of non-compete period beyond the express terms of the agreed non-compete agreement).
17. *See, e.g., Earthweb, supra* note 5; PSC, *supra* note 5.
18. *Fairhurst*, 754 N.Y.S.2d at 67.
19. *See, e.g., Lumex,*, 919 F. Supp. at 628-30; *Ikon Office Solutions, Inc. v. Leichtnam*, 2003 U.S. Dist. LEXIS 1469 (W.D.N.Y Jan. 3, 2003); *Unisource Worldwide, Inc. v. Valenti*, 196 F. Supp. 2d 269 (E.D.N.Y. 2002); *General Elec. Co. v. Macejka*, 252 A.D.2d 700, 675 N.Y.S.2d 420 (3d Dep't 1998); *New York Tel. Co. v. Public Svc. Comm'n*, 56 N.Y.2d 213, 451 N.Y.S.2d 679, 680, 436 N.E.2d 1281 (1982); *SI Handling Systems, Inc. v. Heisley*, 753 F.2d 1244, 1260 (3rd Cir. 1985), *on remand to* 658 F. Supp. 362 (E.D. Pa. 1986), all recognizing that such information may constitute trade secrets.
20. *See*, *e.g.*, *International Paper Co. v. Suwyn*, 966 F. Supp. 246, 258 (S.D.N.Y. 1997); *PSC v. Reiss, supra; Travenol Labs., Inc. v. Turner*, 30 N.C. App. 686, 228 S.E.2d 478 (N.C. Ct. App. 1976).
21. *See, e.g., American Totalisator Co. v. Autotote Ltd.*, No. 7268, 1983 WL 21374 (Del. Ch. 1983); *Air Products, supra* note 1; *Emery Industries, supra* note 1; *DoubleClick, supra* note 4. *But see Milgrim On Trade Secrets*, §5.02[3][d], suggesting that the doctrine should generally not apply to non-technical trade secrets.
22. *See, e.g., Trionic Associates, Inc. v. Harris Corp.*, 27 F. Supp. 2d 175 (E.D.N.Y.) (noting that "knowledge of the intricacies of a business operation does not necessarily constitute a trade secret"), *aff'd*, 1998 WL 822514 (2d Cir. Sept. 27, 1999); *Briskin v. All Season Services, Inc.*, 206 A.D.2d 906, 615 N.Y.S.2d 166 (4th Dep't 1994) (refusing to enforce restrictive covenant on basis that "while employee was a knowledgeable and experienced sales representative" he did not know trade secrets).
23. *Schlage Lock Company v. Whyte*, 101 Cal. App. 4th 1443, 125 Cal. Rptr. 2d 277 (4th Dist. 2002).
24. *Delmonte Fresh Produce Co. v. Dole Food Co., Inc.*, 148 F. Supp. 2d 1326, 1337 (S.D. Fla. 2001).

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TrademarkSucks.com: Free Speech, Confusion and the Right to Cybergripe

By Deborah Salzberg

I. Introduction

The day after Verizon Communications announced its new brand name in April 2000, the magazine *2600: The Hacker Quarterly* (*2600*) attempted to register the domain name verizonsucks.com.[1] In its words, *2600* "decided it would be a good idea to register verizonsucks.com because, if our experience with past phone companies is any indication, Verizon will in all probability be thought of in this way in the near future."[2] Much to the magazine's surprise, Verizon had already registered the name, and so it proceeded to register verizonreallysucks.com.[3] After receiving a cease and desist letter from Verizon, *2600* turned the domain name over to the Communication Workers of America[4] and proceeded to register VerizonShouldSpendMoreTimeFixingItsNetworkAndLessMoneyOnLawyers.com in what it called an exercise of its right to free speech.[5] Faced with a potentially limitless variety of critical domain name registrations, Verizon surrendered, stating it was sorry the whole thing happened.[6]

Anti-domains, such as the one registered by *2600*, present a peculiar problem for trademark owners. While desirous of protection for their marks and reputations, owners run the serious risk of making their anti-domain name problems worse if they challenge a critical registrant.[7] Many have concluded that "[s]uing antidomains can be a very bad idea . . . even if you think you have a strong case. A lawsuit draws more attention to the site, giving the owner a bigger soapbox. If you lose, it gets even worse."[8] Most, therefore, counsel a reserved course of action in which only the most egregious and potentially defamatory sites are targeted.[9]

For those who seek to challenge online critics, the Uniform Domain Name Registration Policy (UDRP),[10] which is integrated into every domain name registration by the Internet Corporation for Assigned Names and Numbers (ICANN), offers a quick, inexpensive way to take control of anti-domains away from the critics who register them. [11] However, since UDRP is not uniformly applied, the manner in which competing interests are evaluated and weighed is often a matter of chance, leaving the interests of all parties at risk. Mark owners seeking to challenge cybergripers may also be able to sue in U.S. federal court under the ACPA or other federal trademark legislation.[12] While federal legislation may have particular appeal when a Web site connected to an anti-domain is exceptionally offensive or disparaging of the mark, federal courts have evidenced an express desire to protect cybergriping as part of the robust debate that pervades the Internet.[13]

This article describes the growing trend in anti-domain name registration that has evolved in recent years and will discuss how UDRP, as applied by ICANN panels, has produced mixed results. This inconsistency will be contrasted with the seemingly regular protection afforded to anti-domains by federal courts. The article concludes that UDRP, not having been designed to address such a precarious mix of trademark and free speech interests, cannot be employed in the anti-domain context without unduly threatening free discourse, and arbitration panels presented with anti-domain disputes should direct mark owners to courts of appropriate jurisdiction, which can provide a more equitable setting for adjudicating the claims.[14]

II. Anti-Domains and the Evolution of Cybergriping

In the days of traditional print and broadcast media, mark owners rarely found their interests assailed in a widely public fashion, due in large part to the high cost barriers faced by would-be critics.[15] With the advent of the Internet, however, dissatisfied customers and company critics no longer face such barriers to disseminating their viewpoints; they can now easily transmit their messages to a global audience.[16] Indeed, "the Internet permits both sophisticated businesses and the activist gadfly nearly equal opportunity to convey their message."[17]

A. Cybergriping Takes Hold of the Internet

As the anarchy of cybersquatting has subsided over the past few years, a new trend has taken root and become sufficiently notorious to merit its own name: cybergriping. Cybergriping is loosely described as the registration or use of "domain names in the form of [company name]sucks.com to provide a forum for critical commentary."[18] These anti-domain names, such as verizonreallysucks.com, are typically registered due to dissatisfaction with a company's service or product.[19] Two longstanding cybergriping sites of this sort are starbucked.com and chasebanksucks.com.[20] Anti-domains are frequently linked to substantive protest sites but are not necessarily so used. For example, visitors to the anti-domain fuckgeneralmotors.com were directed to competitors of General Motors and not to a separate protest site.[21]

Anti-domains may also be registered after an individual has a negative encounter with a mark owner during which a previously registered domain was found to be confusingly similar to a mark and transfer was therefore requested or ordered. Such cases often involve individuals who were successfully challenged as cybersquatters.[22] They may also, however, involve those who were supporters of the mark owner whose affinity for the company was soured by encounters with company attorneys. For example, the registrant of shopsatwillowbendsucks.com originally registered shopsatwillowbend.com and used it to designate an admittedly unofficial "fan" site about a shopping mall development. [23] Two years later, and after a protracted discussion with attorneys for the mark owner, he registered a host of anti-domains and proceeded to defend himself in the ensuing legal action.[24]

B. Preemptive Registration

As of December 2000, approximately 15,000 domain names ending in "sucks.com," "sucks.net" or "sucks.org" had been registered to various companies, critics, and cybersquatters.[25] Similarly, domain names involving "IHate . . . .com" totaled 2,500, while those ending in "bites.com," "blows.com," and "stinks.com" numbered 1,000, 800, and 600 respectively.[26] Many of these names have been registered by the referenced company. Indeed, nearly 250 companies have taken the initiative to register self-critical domain names in an attempt to take the names out of circulation.[27] Volume discount dealer Wal-Mart has led the charge in preemptive action, registering more than 200 anti-Wal-Mart domain names in August 2000.[28] Nevertheless, as exemplified by Verizon's encounter with *2600*, preemptive registration may not alleviate the problem, given the sheer volume of potentially offensive anti-domains[29] and the tenacity of some cybergripers.[30] Trademark owners therefore may be inclined to take legal action against would-be cybergripers.

III. The Evolution and Devolution of UDRP

The UDRP was adopted by ICANN in August 1999 and was implemented on January 3, 2000.[31] The policy, incorporated into every domain name registration, was originally intended to provide a simple method by which companies could reclaim domain names involving their trademarks from cybersquatters.[32] Under UDRP, upon a successful showing, registration of an offending domain name can be cancelled or transferred to the mark owner.[33] A UDRP complaint can be filed with any of ICANN's approved arbitrating bodies.[34]

A. Elements of a UDRP Claim

In order for a complainant to obtain relief through the UDRP, a claim must successfully demonstrate that:

(i) respondent's domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and

(ii) respondent has no legitimate interest in respect of the domain name; and

(iii) respondent's domain name has been registered and is being used in bad faith.[35]

UDRP specifically creates an avenue by which speakers can demonstrate their rights and interest in the domain name by, *inter alia*, "making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain, to misleadingly divert consumers or to tarnish the trademark or service mark at issue."[36]

Despite its originally limited construction[37] and repeated calls by critics to construe UDRP narrowly,[38] panels employing the UDRP have used the latitude available under the policy to come up with drastically different conclusions as to how to weigh and balance these elements against one another. In particular, the World Intellectual Property Organization (WIPO), one of the largest arbitrators of domain name disputes,[39] has simultaneously cultivated contrary approaches to resolving claims against anti-domain names.[40]

B. Seminal Anti-Domain Name Claims Under the UDRP

While ICANN panels are not expressly bound by precedent, four WIPO decisions have laid the groundwork for much of the analysis of and confusion surrounding anti-domains and their status under the UDRP.

1. The *Bridgestone Firestone* Dispute

One of the first cases of its kind, *Bridgestone Firestone v. Jack Myers,* involved an individual who registered the four domain names containing the complainant's mark, including three anti-domains. [41] The panel found that one of the domain names was indeed confusingly similar to the complainant's mark but determined that the registrant demonstrated a legitimate interest in using the name to designate criticism of the mark.[42] Indeed, the panel explained:

> Although free speech is not listed as one of the Policy's examples of a right or legitimate interest in a domain name, the list is not exclusive, and . . . the exercise of free speech for criticism and commentary also demonstrates a right or legitimate interest in the domain name. . . .[43]

The panel therefore counseled a case-by-case approach to domains intended to designate critical commentary, in which trademark interests and free speech rights are weighed and balanced.[44]

2. The *Wal-Mart* Dispute

A similar balancing approach was eventually employed in another early WIPO case involving a dispute between Wal-Mart and registrant Kenneth Harvey. In a pattern typical of cybergriping incidents, Harvey registered a domain name that was found by a WIPO panel to be confusingly similar to Wal-Mart's mark, and transfer of the domain name was ordered.[45] After the decision, Harvey registered another group of domain names incorporating the mark, including several anti-domain names, whereupon Wal-Mart again filed a complaint with WIPO.[46]

The panel in the second dispute declined to issue a separate ruling on the sucks.com domain names and skirted the issue of whether an anti-domain name could ever present a likelihood of confusion.[47] The panel noted that anti-domains theoretically could be protected under the legitimate-interest element of the UDRP, explaining that the "use of a domain name confusingly similar to a mark *may be justified* by fair use or legitimate noncommercial use considerations, and this may in other cases permit the use of '-sucks' formative names in free expression forums."[48] Nevertheless, the panel found that Harvey was not seeking to express opinion but, rather, intended to extract money from Wal-Mart, and therefore ordered the transfer of all the domains in dispute.[49]

Six months later, a third arbitration between the parties resulted in a victory for Harvey, who had acquired the domain name wallmartcanadasucks.com in a final bid to own a derogatory domain name referencing Wal-Mart.[50] The third panel concluded that "a reasonably prudent user" would not mistake an anti-domain for an official site due in large part to their "fundamentally different purposes."[51] Moreover, the panel noted that while "the Respondent hardly appear[ed] with clean hands" he nevertheless registered the domain name at issue to ensure the opportunity to voice his grievances and therefore had a legitimate interest.[52] This legitimate interest provided sufficient basis for denying Wal-Mart's request for a transfer of the anti-domain name.[53]

3. The *Purge* Complaints

In June 2000, as Wal-Mart was battling Kenneth Harvey, five separate complaints were brought before WIPO in the United Kingdom against Purge I.T. and Purge I.T. Ltd. (collectively "Purge") in connection with a host of anti-domains (collectively the "*Purge* complaints").[54] All five complaints were heard by a single administrative panel, which issued its decision on August 13, 2000.[55]

The *Purge* panel began its likelihood-of-confusion analysis by finding that more often than not, the addition of the pejorative term "sucks" would be dismissed or misunderstood, explaining that a lack of clarity as to the meaning of the added word would inevitably result in confusion.[56] In what would become an oft-quoted passage, the panel reasoned:

> Some will treat the additional sucks as a pejorative exclamation and therefore dissociate it after all from the Complainants; but equally others may be unable to give it any very definite meaning and will be confused about the potential association with the Complainants.[57]

The *Purge* panel thus implied that confusion can be presumed whenever a mark is incorporated into an anti-domain, even where a pejorative term is used in conjunction with the mark. Finding that Purge lacked a legitimate interest and exhibited bad faith when it proposed to sell the names, the panel found for each of the complainants.[58]

4. The Guinness Dispute

As the Purge complaints were being filed, Diageo p.l.c. (formerly known as Guinness p.l.c.) lodged a complaint with WIPO against John Zuccarini over his registration of the domain name guinnes.com.[59] Having found the requisite likelihood of confusion, lack of legitimate interest, and bad faith, the panel ordered the transfer of the domain name to Diageo.[60] In response to the transfer order and in a move reminiscent of the Wal-Mart dispute, Zuccarini proceeded to register eleven domain names that included variations of guinness-beer-really-really-sucks.com.[61] Two months later, in August 2000, Diageo filed a second complaint with WIPO.[62]

In the second hearing, the panel applied the *Sleekcraft* factors to the registrant's potential use of anti-domain names and encountered particular difficulty as it attempted to discern what population should be used to evaluate a likelihood of confusion.[63] Noting that the UDRP offered no insight into the matter, the panel concluded that the policy was not designed to be restricted to English-speaking Internet users.[64] Furthermore, the panel reasoned,

> As the Internet extends far beyond the Anglophone world, a more difficult question arises as to whether non-English speaking users of the Internet would be confused into believing that such a site is owned and/or controlled by the Complainant. Because the word "-sucks" is a slang word with which all English speakers may not be familiar

> . . . there may well be circumstances where Internet users are not aware of the abusive connotations of the word and consequently associate the domain name with the owner of the trademark.[65]

Affirming the shift implied in the *Purge* complaints, the panel held that one must consider confusion in the global Internet universe, rather than just in the English-speaking portion thereof.[66] While it conceded that there may be areas of the globe in which the *Sleekcraft* factors would not be the relevant law governing confusion, the panel nevertheless concluded that by fulfilling a majority of the factors, Diageo had demonstrated a *prima facie* case of confusion.[67]

While examining the potential for a legitimate interest, the panel took particular note of the registrant's admission that he acquired the anti-domain names in retaliation and out of anger over the previous proceeding.[68] It therefore concluded he did so in order to harass the complainant and tarnish its mark, rather than in furtherance of any legitimate interest.[69] Since Zuccarini was a wholesaler of Internet domain names, and the anti-domain names were registered with the intention of disrupting the mark owner's legitimate business, Zuccarini necessarily possessed the requisite bad faith to warrant a transfer of the domain names at issue.[70]

C. Contrary Approaches Under the UDRP

Subsequent to the *Bridgestone, Wal-Mart, Purge*, and *Guinness* decisions, arbitration panels have cultivated several different approaches to the typical cybergriping complaint.[71]

1. Expanded and International Confusion

One such approach relies upon the potential for confusion in the international community. Panels employing this approach base their confusion analysis on the premise that a substantial number of non-English-speaking Internet users could wrongfully be led astray, dismissing the pejorative part of the anti-domain entirely.[72] As one such panel explained:

> Certain members of the public in general and "Internauts" in particular, not being English speakers and/or aware of the meaning of the word "sucks" in the Internet world, *would be likely to understand "sucks" as a banal and obscure addition to the reasonably well known mark* . . . and that accordingly, [the domain name] refers to goods or services provided by the Complainant.[73]

Under such an expansive view of the potential for confusion, likelihood of confusion exists in virtually all anti-domain name disputes, and the potential for confusion is no longer limited to those anti-domains that employ English (or American) slang terms. Case in point: a Dutch complainant successfully convinced WIPO panelists that the addition of the "anti" to a domain name did "nothing to deflect the impact on the viewer of the mark" and that, by implication, non-English speakers may be confused by the use of a Latin prefix as well.[74]

Some panels have concluded that the anti-domain can be mistakenly associated with the mark owner even where the pejorative term is understood.[75] As one panel explained, "it is not unknown for companies to establish complaint or comment sites or areas of sites to obtain feedback on their products; accordingly, some people might suppose that a [cybergriping Web site] . . . at the Domain Name [at issue] was operated by the Complainant."[76] Moreover, another similar panel reasoned that the word "sucks" has various meanings in the English language, and that it was a "historically descriptive" term which had only recently taken on a negative connotation.[77] Under this broad approach, the inclusion of such a pejorative term in an anti-domain name may do nothing to decrease the likelihood of confusion generated by the use of a protected mark.

2. De Facto Dilution and Constructive Bad Faith

In many arbitrations, the second and third elements of a UDRP claim have increasingly been interpreted in a manner favorable to trademark owners. In an implicit rebuttal of any defense of legitimacy or fair use under the UDRP, several panels have construed the use of the mark in conjunction with a pejorative term as a "crude attempt to tarnish the mark" and reasoned that such critics cannot have a legitimate interest in their anti-domains.[78] These panels effectively strip registrants of a fair use defense while simultaneously imputing bad faith.[79] Not surprisingly, these panels are also willing to find constructive bad faith where no actual evidence of bad faith exists.[80] Noting that the UDRP's list of evidence of bad faith is neither exclusive nor comprehensive, these panels have determined a lack of "genuine use," coupled with the registration of "a considerable number of similar domain names," creates a suspect impression sufficient to demonstrate bad faith.[81] Indeed, the mere impression that a passively held anti-domain name may be for sale can, in fact, support a finding of bad faith.[82] Under such an approach, a critic who chooses an anti-domain as his outlet must quickly construct an accompanying site, lest he lose his registration altogether.[83]

3. Interest, Faith, and the Fair-Use Approach

Still other panels have embraced the case-by-case approach set out in the *Bridgestone* dispute.[84] These panels actively maintain the safe harbor for critics discussed in the seminal cases, affirming that the use of a mark in the context of free speech and commentary was clearly intended to be part of the original fair use defense.[85] These decisions are premised largely on the notion that "protest and commentary is the *quintessential* noncommercial fair use envisioned by the [UDRP]."[86] These panels resolve lingering questions in favor of the speaker and registrant.[87] For example, one such panel reasoned that any alleged "misdirection" resulting from the use of a mark as a means of protest, without commercial intent, does not outweigh a free speech and fair-use interest.[88] Therefore, when balancing the competing interests involved in anti-domains, these panels err on the side of protecting the critic.

4. The Implied *Per Se* Rule

Relying heavily upon the preliminary treatment of anti-domains by federal courts,[89] some UDRP panels have come close to declaring a *per se* rule immunizing anti-domains from confusion claims under the policy.[90] As one such panel succinctly explained, "[w]hile the inclusion of a generic term will not serve to distinguish a domain name from a trademark, in the case of the term 'sucks,' the addition of the generic term *does* reduce the likelihood of confusion."[91] At least one WIPO panel has implied that such a *per se* rule immunizing anti-domain names from claims of confusion should, in fact, exist.[92] According to that panel:

> Both common sense and a reading of the plain language of [the UDRP] support the view that a domain name combining a trademark with the word "sucks" or other language clearly indicating that the domain name is not affiliated with the trademark owner *cannot* be considered confusingly similar to the trademark.[93]

Therefore, even with a finding of bad faith and a lack of legitimate interest, under this approach confusion is presumed *not* to exist where an anti-domain name is involved.[94] In fact, it may be regarded as "inconceivable that anyone looking at [an anti-domain] will believe it has anything to do with a company of . . . high repute" because "[i]t is manifestly, on its face, a name which can have nothing to do with" and is "by its very nature" openly hostile to the mark owner.[95] Under this approach, any confusion that may occur in the use of such anti-domain names may be limited to those instances in which people expecting to visit a protest site are instead directed to a site with little or nothing to do with the mark at issue.[96]

Panels implying a *per se* lack of confusion are not unaware of the global consequence of the domain names and pejorative terms at issue. Thus, one panel was "mindful that the current nature of the Internet is such that search engines may well pull in the disputed domain names when the searcher intends to find only Complainant's well-known company," but still concluded that once a searcher saw both the offending and official domain names listed, "she will be able readily to distinguish the Respondent's site for criticism from the Complainant's sites."[97] Therefore, under this borderline *per se* approach, a registrant's free speech rights usually supersede the interests of trademark owners.

IV. The U.S. District Court Approach

U.S. federal courts are taking a more uniform approach to claims involving anti-domains than arbitration groups interpreting the UDRP. Mark owners can allege several federal causes of action against cybergripers and anti-domains, and a handful of significant decisions involving such claims may serve as a guide in future cases.[98] Since most mark owners usually operate through ICANN, and since those critics threatened with federal litigation often choose to settle rather than litigate, federal case law on the subject is scant, but preliminary conclusions can still be drawn regarding possible claims and probable results.[99]

A. ACPA and Federal Litigation

The Anti-Cybersquatting Prevention Act (ACPA),[100] passed in November 1999,[101] extended traditional trademark and anti-dilution protection to domain names.[102] In general terms, the ACPA requires a showing that the defendant registered, trafficked in, or used a domain name confusingly similar to (or in some cases in a manner that is dilutive of) a protected trademark.[103] Similar to its ICANN counterpart, the ACPA does not expressly address cybergriping or anti-domains, but drafters of the legislation were not unaware of the potential First Amendment concerns raised by such registrations.[104] The ACPA requires there be a "bad faith *intent to profit* from [the] mark," which affords some protection to those not seeking a profit.[105] Moreover, a registrant's "bona fide, noncommercial fair use of the mark in a site accessible under the domain name" is one factor that can be considered when ascertaining bad faith.[106] Independent of the ACPA, the Lanham Act or the Federal Trademark Dilution Act also may provide a remedy for mark owners seeking to combat cybergripers.[107]

B. Significant Federal Cases

1. *Bally Fitness v. Faber*

In the 1998 case *Bally Total Fitness Holding Corp. v. Faber*, Faber was sued for infringement and dilution for his use of the Bally mark in a critical Web site.[108] After determining that no competing goods were involved,[109] the court proceeded through a *Sleekcraft* analysis of the infringement claim, concluding that seven of the nine factors cut against Bally.[110] Notably, the court found that the names used were not similar, and in response to Bally's assertion that the addition of the word "sucks" to the mark was a "minor difference," the court stated the word had "entered the vernacular as a word *loaded* *with criticism*."[111] The court noted that while Faber was not using the mark in his actual domain name,[112] even if he had "used the mark as part of a larger domain name, such as 'ballysucks.com,' this would not necessarily be a violation as a matter of law."[113] The court distinguished cybersquatting, in which the likelihood of confusion was high, from cybergriping, noting that in the latter no reasonably prudent user of the Internet would believe that an anti-domain is either an official site or is sponsored in some way by the mark owner. Consequently, the court declined to "extend trademark protection to eclipse First Amendment rights."[114]

Addressing Bally's dilution claim, the court distinguished the typical cybersquatting claim, noting that "the mere use of another's name on the Internet . . . is not *per se* commercial use."[115] Since Faber was not using the Bally mark to sell his services, the court affirmed that "trademark owners may not quash unauthorized use of the mark by a person expressing a point of view."[116] The court observed that "if the anti-dilution statute were construed as permitting a trademark owner to enjoin the use of his mark in a noncommercial context found to be negative or offensive, then a corporation could shield itself from criticism by forbidding the use of its name in commentaries critical of its conduct."[117] Such commentary was precisely what was at issue, and since the court found that Faber's site was noncommercial, it held that he was entitled to make fair use of the mark.[118]

2. *Lucent v. Lucentsucks.com*

A similarly equitable approach was employed in *Lucent Technologies v. Lucentsucks.com.*[119] While the case was dismissed due to a lack of *in rem* jurisdiction,[120] the district court nevertheless made a point of discussing the free-speech implications of the case.[121] Explaining that the defendant's position had "some merit," the court noted that defendant's argument that "the average consumer would not confuse lucentsucks.com with a Web site sponsored by plaintiff" was persuasive.[122] The court added that any claim under the ACPA for infringement or dilution required a demonstration of the registrant's bad faith and that a registrant's bona fide noncommercial or fair use of the mark in an underlying site is one factor that may weigh against such a finding. [123] This reflected an appropriate balance between the interests of trademark owners and those who would make lawful, noncommercial use of the mark.[124]

3. General Motors, Ford, and *2600*

In 2000, in yet another attempt to push the envelope of free speech on the Internet, the magazine *2600* registered the anti-domain name fuckgeneralmotors.com.[125] General Motors, in turn, sent a cease-and-desist letter to *2600* demanding it turn over the domain.[126] *2600* refused, and while it called for assistance in constructing an anti-General Motors Web site, in the interim it directed the domain name at General Motors' industry competitors, so that one who entered the anti-domain in his Web browser would end up viewing a competitor's official Web site.[127] One such competitor, Ford Motor Company, filed suit in federal court, demanding that *2600* be prevented from directing the anti-General Motors domain name at its official site.[128] To simplify matters, the district court analogized the use of the anti-domain name to writing graffiti on Ford's headquarters and reasoned that while some other law may offer Ford a remedy, trademark law did not.[129] Denying the request for an injunction, the court found Ford had not demonstrated a likelihood of success on the merits on its dilution or infringement claims.[130] In so ruling, the court found, *inter alia*, that the unauthorized use of the Ford's mark in the underlying code was protected under the same rationale as parody and other noncommercial uses.[131] Ultimately, Ford dropped its appeal to the Sixth Circuit,[132] and to date the domain name at issue directs a visitor to another General Motors competitor.[133]

V. Analysis: Federal Courts Can Succeed Where the UDRP Fails

Even as they inadvertently subvert it, UDRP panels frequently acknowledge the need for free discourse on the Internet, including through the use of anti-domain names. As the *Purge* panel explained:

> Those who have genuine grievances against others or wish to express criticisms of them—whether the objections are against commercial or financial institutions, against governments, against charitable, sporting or cultural institutions, or whatever—*must be at liberty, within the confines set by the laws of relevant jurisdictions, to express their views*. If today they use a Web site or an email address for the purpose, they are entitled to select a Domain Name which leads others easily to them, if the name is available.[134]

A critic with the resources of *2600* may be able to exercise that liberty and use an anti-domain. The lone critic, however, frequently does not have the time, knowledge, or financial resources to defend his right to an anti-domain name against the substantive and procedural nightmare that a UDRP proceeding may entail.[135]

A. Application Beyond Its Intended Scope Has Made the UDRP Ineffective

UDRP arbitration panels "[do] not have jurisdiction to decide claims of trademark infringement, dilution,

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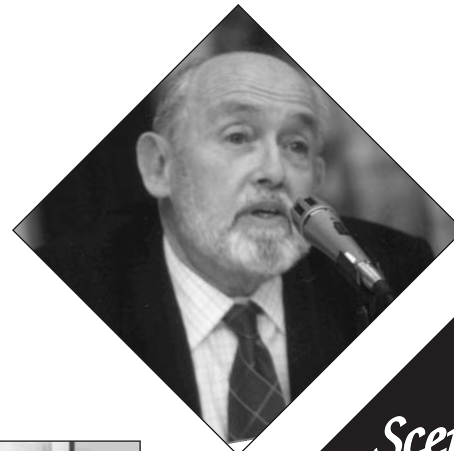

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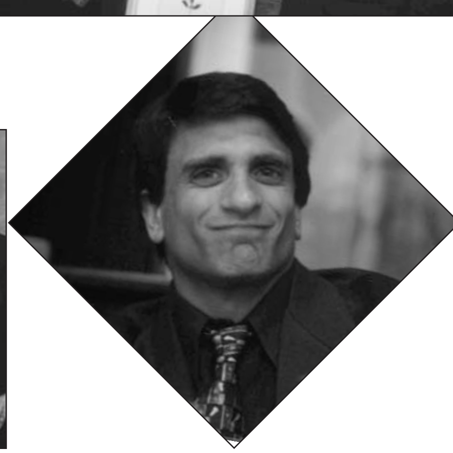


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unfair competition or other statutory or common law causes of action."[136] Such matters "require extensive factual development and analysis which these domain name administrative proceedings are not designed to accommodate."[137] Even where an anti-domain name is clearly an abuse of the Domain Name System, it may not be "an abuse of a kind covered by [the] policy."[138] Early UDRP panels understood this need for a disciplined construction of UDRP, and cautioned that the policy "should not be used to shut down robust debate and criticism" and that "[a]llowing trademark owners to shut down sites that are obviously aimed at criticism of the trademark holder does just that."[139] Indeed, as the final decision in the *Wal-Mart* dispute explained, "[d]istasteful conduct should not stampede UDRP decision makers into an unwarranted expansion of the domain name dispute. The UDRP has a narrow scope. It is meant to protect against trademark infringement, not to provide a general remedy for all misconduct involving domain names."[140]

The failure of the UDRP to generate consistent, predictable results is at least partly attributable to the overstepping of its original, narrow design.[141] The diametrically opposite approaches to confusion (wherein some panels find confusion between a mark and an anti-domain inherently likely, while others find such confusion impossible *per se*)[142] is the clearest example of how the UDRP has run amok. Further, the implication that a registrant's underlying annoyance with the trademark owner necessarily indicates bad faith clearly imperils those who seek to voice their grievances about a company by way of a domain name. As it stands now, the manner in which many panels have interpreted the UDRP "embodies a policy choice to sacrifice the interest of (some) domain name registrants in favor of (some) trademark registrants for the sake of a vision of the communal good."[143] The irregularity with which UDRP is currently applied, however, serves no one.

B. The Subsequent Process Further Threatens Free Speech on the Internet

Not only is a lone critic at the mercy of the inconsistency of UDRP proceedings, his fate is far more precarious than if he were brought before a district court because

> [l]osing [UDRP] registrants have to sue to keep the name, taking on the burden of proof and possibly being subjected to different courts, rules of procedure, language, and choice of law than if the complainant had been forced to litigate in the judicial district in which the registrant resides.[144]

Even more alarming is the fact that

> [a] losing [UDRP] respondent is given just 10 days to file an action in a court with jurisdiction over the complaint—or in the jurisdiction where the registrar is located—to halt the transfer of the domain name . . . [which] means that either the losing respondent must have hired and probably paid a lawyer in advance or the loser needs to find representation in a hurry.[145]

Such procedural inequities further skew the balance of power both during and following UDRP proceedings in favor of trademark owners, to the detriment of both would-be critics and their would-be listeners. The mark owner invariably has the financial advantage, and in those instances in which its rights are actually being infringed, it should have little difficulty in so demonstrating to a court.[146] A critic, on the other hand, may not have the financial or legal muscle to demonstrate his free-speech interests in court, and may therefore be pressured into surrendering to a UDRP decision. Such surrender does not serve the robust debate the Internet theoretically fosters.

C. Cybergriping and Anti-Domain Name Cases Belong in Federal Court

The UDRP was not intended to be applied to the conflicting free-speech and trademark interests presented by anti-domain disputes, nor can it effectively be applied in such a context. Requiring all anti-domain disputes to be resolved in an appropriate court would better protect free discourse on the Internet. In a court proceeding, the underlying facts and considerations in a case could be more thoroughly evaluated, leading to a more consistent resolution of anti-domain disputes. Moreover, the very nature of litigation would require companies to challenge only those critics who present a serious, credible threat to their trademark interests, leaving those who are merely exercising their free-speech rights at liberty to do so. The decision of where to adjudicate anti-domain name disputes often determines the outcome: trademark interests (usually) prevail in arbitrations, while free-speech interests generally prevail in the courts. Ultimately, since "[t]he Internet is above all a framework for global communication, and the right to free speech should be one of the foundations of Internet law,"[147] the courts, and not arbitration panels, are the more desirable forum for these cases.

Endnotes

1. *See Verizon Attacks Critical Domain Names*, 2600: The Hacker Quarterly, May 8, 2000, *at* http://www.2600.com/news/display.shtml?id=322.
2. *See id.*

3. *See id.; see also* David Streitfeld, *Making Bad Names for Themselves; Firms Preempt Critics With Nasty Domains*, Wash. Post, Sept. 8, 2000, at A01 (noting Verizon registered 57 self-critical domain names).

4. CWA used the domain name to direct visitors to "The Official Web site for Verizon Grievances" during its strike against Verizon. While the site was maintained as late as April 2002, as of the writing of this article, the site is no longer active.

5. *See Streitfeld, supra* note 3; *Verizon Attacks Critical Domain Names, supra* note 1.

6. *See Streitfeld, supra* note 3. It should be noted that Verizon claimed its original goal was to act against approximately 200 genuine cybersquatters who registered Verizon-inspired domain names with the hope or intent of selling them. *See id.*; *Verizon Backs Down from Lawsuit Threat*, 2600: The Hacker Quarterly, Sept. 12, 2000, *at* http://www.2600.com/news/display.shtml?id=298.

7. *See, e.g., Verizon Attacks Critical Domain Names*, *supra* note 1.

8. *See* Desiree de Myer, *At Risk Online: Your Good Name—The Web presents 3 billion places where someone might besmirch your most prized asset; Company Business and Marketing,* Ziff Davis Smart Business for the New Economy, Apr. 1, 2001, at 69.

9. *See* Greg Farrell, *From Sour Grapes to Online Whine, Firms Dread Creation of Griper's Portal*, USA Today, Apr. 7, 2001, at 1B.

10. Uniform Domain-Name Dispute Resolution Policy [hereinafter UDRP], *at* http://www.icann.org/dndr/udrp/policy.htm (last visited Mar. 4, 2003).

11. *See* A. Michael Froomkin, *The Collision of Trademarks, Domain Names, and Due Process in Cyberspace*, 44 Communications of the ACM 2 at 91 (2001).

12. For example, suit may be possible under the Lanham Act or the Federal Trademark Dilution Act. *See infra* note 107 and accompanying text.

13. *See infra* notes 98-133 and accompanying text.

14. While trademark law and the Internet both have international implications, discussion herein of judicial alternatives to ICANN arbitrations is limited to those instances in which a suit in U.S. federal court would be possible.

15. Oscar C. Cisneros, *Berkeley Technology Law Journal Annual Review of Law & Technology, I. Intellectual Property, C. Trademark: Bally Total Fitness Corp. v. Farber*, 15 Berkeley Tech. L.J. 226, 230 (2000).

16. *Id.*

17. Eric D. Paulsrud, *Electronic Commerce in the 21st Century: The First Amendment on the Internet: Challenges in a New Media*, 27 Wm. Mitchell L. Rev. 1637, 1638 (2001).

18. *See Lucent Technologies Inc. v. Lucentsucks.com*, 95 F. Supp.2d 528 n.9 (E.D. Va. 2000) (discussed *infra* notes 121-126 and accompanying text).

19. *See, e.g., supra* notes 1-6 and accompanying text (discussing Verizon dispute with *2600*).

20. To date, these domain names and the accompanying Web sites are still active forums for consumer criticism, and neither has been successfully challenged under UDRP or federal legislation.

21. *See infra* notes 126-134 and accompanying text (discussing the creative employment of an anti-domain by using it to direct visitors to an industry competitor of the mark owner).

22. *See infra* notes 45-53, 59-70 and accompanying text (discussing motivation of registrants in the *Guinness* and *Wal-Mart* disputes).

23. The entire dispute over this and other anti-domains registered by Henry Mishkof (including anti-domains referring to lawyers involved in the matter) is documented at http://www.taubmansucks.com (last visited Mar. 4, 2003).

24. As of the writing of this paper, the suit is still ongoing. A condensed history of developments in the case can be found at http://www.taubmansucks.com/condensed.html (last visited Mar. 4, 2003).

25. *See Stifling the Critics*, Business Week, Dec. 11, 2000, at 14.

26. *See id.*

27. *See Streitfeld, supra* note 3.

28. *See id.*

29. *See id.* (noting that Verizon was faced with dozens of potentially offending names, such as VerizonDoesReallySuck.com and VerizonMonopolisticBastards.com).

30. While *2600* has made a name for itself by incurring lawsuits, it is by no means the only renowned cybergriper mark owners may dread. Dan Parisi, no stranger to ICANN or other legal proceedings, has registered over 500 anti-domains and, as late as November 2002, used them all to direct visitors to sucks.com, a self proclaimed "place where all people can get together and vent their grievances about Corporate America, American Politics and Politicians." *See Farrell, supra* note 9 (discussing the Parisi project). As of this writing, the site is no longer used in such a manner.

31. *See* Timeline for the Formulation and Implementation of the Uniform Domain-Name Dispute-Resolution Policy*, at* http://www.icann.org/udrp/udrp-schedule.htm (last visited Mar. 4, 2003).

32. *See* Adam Goldstein, Note, *ICANNSucks.biz (And Why You Can't Say That): How Fair Use of Trademarks in Domain Names is Being Restrained*, 12 Fordham Intell. Prop., Media & Ent. L.J. 1151, 1161-61 (2002).

33. UDRP ¶ 4(i).

34. *See* Approved Providers for the Uniform Domain-Name Dispute-Resolution Policy, *at* http://www.icann.org/dndr/udrp/approved-providers.htm (last visited Mar. 4, 2003).

35. UDRP ¶ 4(a).

36. UDRP ¶ 4(c)(iii).

37. *See infra* notes 138-142 and accompanying text.

38. *See Goldstein, supra* note 32; *Froomkin, supra* note 11; Ian L. Stewart, *The Best Laid Plans: How Unrestricted Arbitration Decisions Have Corrupted the Uniform Domain Name Dispute Resolution Policy*, 53 Fed. Comm. L.J. 509 (2001).

39. While WIPO is by far the most prolific arbitration association for UDRP claims, other ICANN-approved UDRP arbitration associations, such as the National Arbitration Forum, have encountered similar problems. *See, e.g.*, *Cabela's Inc. v. Cupcake Patrol*, National Arbitration Forum Claim Number FA0006000095080 (Aug. 29, 2000) (involving the domain name cabelasucks.com), *at* http://www.arb-forum.com/domains/decisions/95080.htm. For purposes of this analysis, the application of UDRP is generally limited to the evaluation of anti-domain claims by WIPO panels.

40. *See infra* notes 71-97 and accompanying text.

41. *Bridgestone Firestone v. Jack Myers*, WIPO Arb. & Mediation Center, Admin. Panel Dec., Case No. D2000-0190, (July 6, 2000), *at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0190.html [hereinafter *Bridgestone Dispute*].

42. *Id*. at ¶ 6.

43. *Id*. (emphasis added).

44. The *Bridgestone* panel went further, suggesting there was "no reason to require domain name registrants to utilize circumlocutions like trademarksucks.com to designate a Web site for consumer commentary." *Id.* at ¶ 6. The panel took note of a line of infringement cases in U.S. courts which impliedly hold "trademarksucks.com domain names may be protected as free speech

because of their 'communicative content' while trademark.com domain names merely serve as 'source identifiers' and are thus unprotected," but relied on a Second Circuit rejection of that distinction and likewise refused to distinguish domain names on such a basis. *See id*. at ¶ 6 (*citing Name.Space, Inc. v. Network Solutions Inc.*, 202 F.3d 573, 585 (2d Cir. 2000)).

45. *Wal-Mart v. Kenneth Harvey*, WIPO Arb. & Mediation Center, Admin. Panel Dec. D2000-0150 (May 2, 2000), *at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0150.html (involving the domain name walmartcanada.com) [hereinafter *Wal-Mart Dispute I*].

46. *Wal-Mart v. Kenneth Harvey*, WIPO Arb. & Mediation Center, Admin. Panel Dec. D2000-0477 (July 20, 2000), *at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0477.html (involving the domain names walmartcanadasucks.com, walmartcanadasucks.com, walmartuksucks.com, walmartpuertorico.com, and walmartpuertoricosucks.com) [hereinafter *Wal-Mart Dispute II*].

47. *Id*. at ¶ 6 (expressly noting that the panel was "not making any determination regarding the registrants and users of other "-sucks.com" formative domain names (such as 'walmartsucks.com')").

48. *Id.* at ¶ 6 (citations omitted).

49. *Id.*

50. *Wal-Mart v. Kenneth Harvey*, WIPO Arb. & Mediation Center, Admin. Panel Dec. D2000-1104 (Nov. 23, 2000), *at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-1104.html (noting Respondent's allegation that "Wal-Mart has already purchased every other version of the sucks.coms relating to their name in an attempt to silence all dissatisfaction with the company.") [hereinafter *Wal-Mart Dispute III*]. Considering the over 200 domain names registered by Wal-Mart (*see supra* note 28 and accompanying text), this allegation does not seem entirely far-fetched.

51. *Id.* at ¶ 6.

52. *Id.*

53. *Id.*

54. *Direct Line Group Ltd. v. Purge I.T.,* WIPO Arb. & Mediation Center, Admin. Panel Dec. D2000-0583, (Aug. 13, 3000), *at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0583.html (involving the domain name directlinesucks.com); *Dixon Group v. Purge I.T.,* WIPO Arb. & Mediation Center, Admin. Panel Dec. D2000-0584 (Aug. 13, 2000), *at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0584.html (involving the domain name dixonsucks.com); *Freeserve v. Purge I.T.,* WIPO Arb. & Mediation Center, Admin. Panel Dec. D2000-0585 (Aug. 13, 2000), *at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0585.html (involving the domain name freeservesucks.com); *National Westminster Bank v. Purge I.T.,* WIPO Arb. & Mediation Center, Admin. Panel Dec. D2000-0636 (Aug. 13, 2000), *at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0636.html (involving the domain name natwestsucks.com); *Standard Charter v. Purge I.T.,* WIPO Arb. & Mediation Center, Admin. Panel Dec. D2000-0681 (Aug. 13, 2000), *at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0681.html (involving the domain name standardchartersucks.com).

55. The series of complaints described *supra* note 54 [hereinafter the *Purge Complaints*] were decided collectively by a single panel, and contain virtually identical language. Where cited *infra*, references are to language and analysis in each decision comprising the *Purge Complaints.*

56. *Purge Complaints* at ¶ 5.

57. *Id.*

58. *See id.* at ¶ 5.

59. *Diageo v. John Zuccarini*, WIPO Arb. & Mediation Center, Admin. Panel Dec. D2000-0541 (Aug. 22, 2000), *at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0541.html.

60. *Id*. at ¶ 7.

61. *See Diageo v. John Zuccarini*, WIPO Arb. & Mediation Center, Admin. Panel Dec. D2000-0996 (Oct. 22, 2000) *at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0996.html [hereinafter *Guinness Dispute*]. The domain names at issue included: guinness-really-sucks.com; guinness-really-really-sucks.com; guinness-beer-really-sucks.com; guinness-beer-really-really-sucks.com; guinness-sucks.com; guinnessreallysucks.com; guinnessreallyreallysucks.com; guinnessbeerreallysucks.com; guinnessbeerreallyreallysucks.com; guinness-beer-sucks.com; and guinnessbeersucks.com. *Id.* at ¶ 2. In total, Zuccarini registered 22 "Guinness sucks" and "Pillsbury sucks" domain names. *Id.* at ¶ 5. Zuccarini was unable to register the domain name he originally sought out because guinnesssucks.com because it had already been registered by Guinness itself. *See id.* at ¶ 5.

62. *Id*. at ¶ 6.

63. *Id*. As it progressed through a *Sleekcraft* evaluation, the panel found, *inter alia*, that the use of the mark as the first word in a sequence of words was sufficient to make the marks similar, and that the marketing channels were likewise similar, since a search against the Guinness mark would "probably generate the domain names in dispute in the list of sites." *See id.*

64. *Id*. (noting the policy did not assist in evaluating this question since it failed to specify whether the persons referred to in UDRP ¶ 4(a)(i) are Internet users in general, "reasonable persons" or some combination of the two).

65. *Id*. at ¶ 6.

66. *Id.*

67. *Id.*

68. *Id.*

69. *See id.* (finding no evidence that the registrant had any intention of linking the domain names to a complaint site).

70. *Id.* In its analysis, the panel the registrant was "no stranger" to either ICANN proceedings or the federal courts, but stated it was not required to take any inference from any such findings and did not do so. *See id.* at ¶ 5.

71. As noted *supra*, panels interpreting the UDRP are not bound to follow precedent, and each therefore may interpret the policy as it sees fit. This undoubtedly contributes to the application of UDRP beyond its intended scope, discussed *infra*. *See infra* notes 137-143 and accompanying text.

72. *Vivendi Universal v. Jay David Sallen*, WIPO Arb. & Mediation Center, Admin. Panel Dec. D2001-1121 (Nov. 7, 2001), *at* http://arbiter.wipo.int/domains/decisions/html/2001/d2001-1121.html (involving the domain name Vivendiuniversalsucks.com) [hereinafter *Vivendi Dispute*].

73. *Id.* at ¶ 6 (emphasis added).

74. *See Koninklijke Philips Electronics v. Kurapa C. Kang*, WIPO Arb. & Mediation Center, Admin. Panel Dec. D2001-0163 (Mar. 27, 2001), *at* http://arbiter.wipo.int/domains/decisions/html/2001/d2001-0163.html (involving the domain name antiphilip.com) [hereinafter *Philip Dispute I*].

75. *See, e.g., Koninklijke Philips Electronics v. In Seo Kim*, WIPO Arb. & Mediation Center, Admin. Panel Dec. D2001-1195 (Nov. 12, 2001), *at* http://arbiter.wipo.int/domains/decisions/html/2001/d2001-1195.html (involving the domain name philipsucks.com) [hereinafter *Philip Dispute II*].

76. *See id.*

77. *See, e.g., Vivendi Dispute, supra* note 72, at ¶ 6 (noting "the addition of the word 'sucks' to a well-known trademark is not

always likely to be taken as language clearly indicating that the domain name is not affiliated with the trademark owner.").

78. *See, e.g., Philip Dispute I, supra* note 74, at ¶ 6 ("the addition of the prefix 'anti' is a crude attempt to tarnish the mark.").

79. *See id.; Philip Dispute II*, *supra* note 75, at ¶ 6.

80. *See, e.g., Philip Dispute I, supra* note 74, at ¶ 6; *Philip Dispute II, supra* note 75, at ¶ 6.

81. *See Philip Dispute II, supra* note 75, at ¶ 6; *see also Philip Dispute I, supra* note 74, at ¶ 6.

82. *See Vivendi Dispute, supra* note 72 at ¶ 6. It should be noted that the conduct giving rise to the impression in this case was Respondent's reply to a cease-and-desist letter, which stated in part "in time. please remember—one of us is not making any money off of this process and therefore must attend to the business of making a living." *Id.* Ironically, while the panel in this case determined that many may misunderstand the term "sucks" to the benefit of the Complainant, the words in the Respondent's reply were sufficiently immune from the same sort of misunderstanding to support an impression and finding of bad faith.

83. No timetable for such "use" is implied in either UDRP or ACPA, nor does either enumerate what substance a site must contain in order to constitute "use." Indeed, little discussion regarding whether a anti-domain name actually needs to be attached to a site in order to be protected as fair use has occurred to date, although decisions on anti-domains can be read to support both sides of the argument. As the law regarding anti-domains develops, this question will certainly need to be more substantively addressed by both ICANN and the courts.

84. *See supra* notes 41-44 and accompanying text.

85. *See, e.g., McLane Company, Inc. v. Fred Craig*, WIPO Arb. & Mediation Center, Admin. Panel Dec. D2000-1455 (Jan. 11, 2001), *at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-1455.html (involving the domain name mclanenortheastsucks.com) [hereinafter *McLane Northeast Dispute*]; *see also supra* note 43 and accompanying text.

86. *See McLane Northeast Dispute, supra* note 85.

87. *Id*. at ¶ 6.

88. *See, e.g., id.* (holding a legitimate interest in a domain name can be found in the noncommercial use of the domain name without intent for commercial gain to misleading divert consumers).

89. Discussed *infra* notes 98-133 and accompanying text.

90. This also stands in particularly start contrast with those panels that contend such anti-domain names are inherently likely to be confused with an official site. *See, e.g., Vivendi Dispute, supra* note 72, at ¶ 6.

91. *McLane Northeast Dispute, supra* note 85, at ¶ 6.

92. *Lockheed Martin Corporation v. Dan Parisi*, WIPO Arb. & Mediation Center, Admin. Panel Dec. D2000-1015 (Jan. 16, 2001), *at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-1015.html (involving the domain names lockheedsucks.com and lockheedmartinsucks.com) [hereinafter *Lockheed Dispute*].

93. *Id.* at ¶ 6 (emphasis added).

94. *America Online, Inc. v. Johuathan Investments, Inc.*, WIPO Arb. & Mediation Center, Admin. Panel Dec. D2001-0918 (Sept. 14, 2001), *at* http://arbiter.wipo.int/domains/decisions/html/2001/d2001-0918.html (involving the domain name fucknetscape.com) [hereinafter *Netscape Dispute*].

95. *Id.* at ¶ 6.

96. *Id.*

97. *Lockheed Dispute, supra* note 92, at ¶ 6.

98. *See infra* notes 108-133 and accompanying text; s*ee also supra* notes 89-97 and accompanying text (discussing WIPO decisions that have already relied on federal precedent).

99. The general lack of existing case law on anti-domains is likely a result of the complainants' preference for UDRP's requirements and procedures, wherein the process of capturing an anti-domain is less burdensome to trademark owners. *See generally Goldstein, supra* note 32 (discussing ease with which UDRP may be employed by mark owners).

100. Pub. L. No. 106-113, 113 Stat. 1501 (codified as amended at 15 U.S.C. §§ 1114, 1116, 1117, 1125, 1127, 1129) (1999).

101. *See Congress Okays Hatch-Leahy Bill To Crack Down on Web site Address Thieves*, Press Release (Nov. 18, 1999), *at* http://www.senate.gov/~leahy/press/199911/991118.html.

102. *See Cybersquatting and Consumer Protection: Ensuring Domain Name Integrity, Hearing Before the Senate Committee on the Judiciary*, July 22, 1999 (Statement of Senator Patrick Leahy), *at* http://www.senate.gov/~leahy/press/199907/990722.html.

103. *See* 15 U.S.C. § 1125(d). For an extensive discussion of the early days of ACPA, *see* Jian Xiao, *Intellectual Property: The First Wave of Cases under the ACPA*, 17 Berkeley Tech. L.J. 159 (2002).

104. *See Congress Okays Hatch-Leahy Bill To Crack Down on Web site Address Thieves*, *supra* note 101 (noting the Hatch-Leahy Bill was offered as an alternative to originally proposed legislation due to concerns that, under the original legislation, commerce and free speech would be hindered, not helped).

105. *See* 15 U.S.C. § 1125(d)(1)(A)(i) (emphasis added).

106. *See* 15 U.S.C. § 1125(d)(1)(B)(IV).

107. *See* Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (codified as amended at 15 U.S.C. §§ 1125, 1127) (1996); Trademark Act of 1946 (the "Lanham Act"), Pub. L. No. 79-489, 60 Stat. 427 (codified as amended at 15 U.S.C. § 1051 *et seq.*) (1946). While a substantive of the Lanham and Dilution Acts falls outside the scope of this article, for a discussion of the traditional trademark protections and their relation to the Internet, *see* Edward E. Vassallo and Maryanne Dickey, *Protection in the United States for "Famous Marks": The Federal Trademark Dilution Act Revisited*, 9 Fordham Intell. Prop. Media & Ent. L.J. 503 (1999).

108. 29 F. Supp. 2d 1161, 1164 (C.D. Cal. 1998) (the site used various elements of the mark, superimposed with the word "sucks").

109. *Id*. (discounting registrant's link from a site advertising his web-design services as competing goods).

110. *Id*. at 1164-66.

111. *Id*. at 1164 (emphasis added).

112. *Id.* at 1162 (the actual URL of Faber's site was www.compuix.com/ballysucks).

113. *Id*. at 1165.

114. *See id*. at 1165-66 (citations omitted).

115. *Id*.

116. *Id*. at 1167 (*citing L.L. Bean v. Drake Publishers Inc.*, 811 F.2d 26, 33 (1st Cir. 1987)).

117. *Id*. (*quoting L.L. Bean v. Drake Publishers Inc.*, 811 F.2d 26, 33 (1st Cir. 1987)).

118. *See id*. at 1168.

119. 95 F. Supp. 2d 528 (E.D. Va. 2000).

120. *See id*. at 535

121. *See id*. at 535-36.

122. *Id*. at 535.

123. *See id*. (*citing* 15 U.S.C. § 1125(B)(i)(IV)).

124. *See id*. at 535.

125. *See How Many Legal Threats Can We Get This Year?* 2600: The Hacker Quarterly, Oct. 18, 2000, *at* http://www.2600.com/news/display/shtml?id=11.

126. *See id*.

127. *See id.*

128. 177 F. Supp. 2d 661 (E.D. Mi. 2001); *see also Ford takes 2600 to Court*, 2600: The Hacker Quarterly, Apr. 28, 2001, *at* http://www.2600.com/news/display.shtml?id=297.

129. 177 F. Supp. 2d at 664 n.3.

130. *Id*. at 666.

131. *See id*. at 664-65.

132. *See Ford Drops Appeal—2600 Victory Affirmed*, 2600: The Hacker Quarterly, June 28, 2002, *at* http://www.2600.com/news/display.shtml?id=1225.

133. As of the writing of this paper, the anti-domain directed visitors to the official site of a Citroën, French automobile company, *at* http://www.citroen.com/site/htm/fr.

134. *Purge Complaints, supra* note 54, at ¶ 6.

135. The actual difficulty that cybergripers may face in defending what they perceive as their First Amendment rights is often documented on-line. *See, e.g., supra* note 23 (referencing the Web site http://www.taubmansucks.com on which the legal proceedings against the registrant are presented and discussed in extensive detail).

136. *Bridgestone Dispute, supra* note 41, at ¶ 6.

137. *Id*.

138. *Netscape Dispute, supra* note 94, at ¶ 6.

139. *Wal-Mart Dispute III, supra* note 50, at ¶ 6.

140. *Id.*

141. *See supra* notes 138-142 and accompanying text (discussing original narrow design of UDRP).

142. *See supra* notes 72-97 and accompanying text.

143. *See Froomkin*, *supra* note 11, at 38.

144. *See id.*

145. *Id.*

146. A critic, however, is unlikely to challenge a mark owner's right to use the mark in a domain name in a UDRP proceeding, and therefore mark owners need not generally fear that a cybergriper will put them in the situation of having 10 days to file a complaint in federal court to protect their right to use the domain name of their choosing.

147. *Bridgestone Dispute, supra* note 41, at ¶ 6.

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Case Notes

Supreme Court Affirms Legality of Copyright Term Extension Act of 1998

By Kara R. Paldino

I. Introduction

In *Eldred v. Ashcroft*,[1] the Supreme Court, in an opinion by Justice Ruth Bader Ginsburg, ruled 7-2 that the Sonny Bono Copyright Term Extension Act of 1998 (CTEA) comports with both the Copyright Clause of the U.S. Constitution and the First Amendment. In so ruling, the Court held that in retroactively extending by 20 years the copyright term for existing works, Congress acted within the parameters of its constitutional authority and thus did not impermissibly encroach on the public domain. Justices Stevens and Breyer each filed forceful dissents.

The Copyright and Patent Clause of the U.S. Constitution (article I, section 8, clause 8) provides as to copyrights that "Congress shall have Power . . . [t]o promote the Progress of Science . . . by securing [to Authors] for limited Times . . . the exclusive Right to their . . . Writings." Congress adopted the first federal Copyright Act in 1790. Under the 1790 Act, a copyright owner held exclusive rights for a 14-year initial term plus a 14-year renewal term, for a total of 28 years of protection. Congress expanded the federal copyright term to 42 years in 1831 (28 years from publication, renewable for an additional 14 years) and to 56 years in 1909 (28 years from publication, renewable for an additional 28 years). The Copyright Act of 1976 extended the term to the life of the individual author plus 50 years, or 75 years from the date the copyright was originally secured. Each of these extensions applied to both existing and future works.

In 1998, Congress enacted the CTEA, amending section 304(b) of the Copyright Act to extend the duration of copyright by 20 years. Thus, under the CTEA, the term of copyright owned by an individual author is the life of the author plus 70 years. For a work created in 1978 or later that is anonymous, pseudonymous, or made for hire, the term is 95 years from the year of publication or 120 years from the year of creation, whichever is shorter. For copyrights in their renewal term on the date the CTEA was enacted, the term is 95 years from the date of the original copyright. As in the case of prior copyright term extensions, Congress provided for application of the enlarged terms to existing and future copyrights alike.

The CTEA harmonized the baseline U.S. copyright term with the term adopted by the European Union in 1993. By extending the baseline U.S. copyright term to life plus 70 years, Congress sought to ensure that American authors would receive the same copyright protection in Europe as their European counterparts.

II. Case History

The plaintiffs in *Eldred* were individuals and businesses, including a non-profit Internet distributor of public domain books, a sheet music distributor, and a film preservation company, whose products or services build on copyrighted works that have gone into the public domain. They claimed that they were prepared to use works created before 1923, which could have been legally copied, distributed or performed as public domain works but for the CTEA.

On January 12, 1999, the plaintiffs filed suit in the U.S. District Court for the District of Columbia against the U.S. government seeking a declaratory judgment that the CTEA was unconstitutional on the grounds that it violated the First Amendment and exceeded Congress' power under the Copyright Clause. The plaintiffs claimed that the CTEA, in both its prospective and retroactive applications, is a content-neutral regulation of speech that fails heightened judicial review under the First Amendment. Plaintiffs also contended that the retroactive application of the new CTEA copyright term violated the Constitution's grant to Congress of authority to "promote the Progress of Science" by issuing copyrights for "limited Times." Extending existing copyrights could not promote the creation of works that were already in existence, the plaintiffs claimed, and a copyright term that is virtually perpetual in effect through repeated extensions is not "limited" within the meaning of the Copyright Clause. Since many creative works are built on others, the *Eldred* plaintiffs argued, keeping stories, songs, and images out of the public domain will diminish creativity. Because works in the public domain are now so easily accessible on the Internet, they contended, the public is deprived of the otherwise enhanced ability to benefit from the public domain.

The district court denied plaintiffs' motion for a declaratory judgment and dismissed the suit.[2] The Court of Appeals for the D.C. Circuit affirmed, holding that the CTEA did not violate the First Amendment rights of plaintiffs who utilized copyrighted works after they fell into the public domain, as plaintiffs had no First Amendment right to exploit copyrighted works of others, and copyrights are "categorically immune from challenges under the First Amendment."[3] The court also held that the extension of copyright terms for existing works did not violate the constitutional requirement of originality or violate the constitutional requirement that copyrights endure only for "limited Times."[4]

The Supreme Court, with Justices Stevens and Breyer dissenting, affirmed, holding that (1) the CTEA's extension of existing copyrights did not violate the constitutional requirement that copyrights endure only for "limited Times," and (2) the CTEA's extension of existing and future copyrights did not violate the First Amendment.[5]

III. The Supreme Court's Ruling

Justice Ginsburg's opinion for the Court interpreted the term "limited Times" against the backdrop of Congress' previous exercises of its authority under the Copyright Clause. The Court noted that Congress has extended the term of copyright protection on several occasions since the first copyright statute in 1790 and that it has consistently applied such extensions to existing as well as to future copyrights.[6] The Court further noted that the word "limited" does not convey a meaning so constricted that an appropriately limited time span applied to future copyrights automatically ceases to be limited when applied to existing copyrighted works. Going back two centuries, the Court pointed out that Congress has granted new terms to existing copyrighted works as well as to new works, reflecting a Congressional judgment that all copyright holders should be "governed evenhandedly under the same regime."[7] The Court stated that there was no evidence warranting construction of the CTEA's 20-year term extension as an attempt to evade or override the "limited Times" constraint, and neither the earlier term extensions nor the CTEA create perpetual copyrights. Exhibiting a great deal of deference to Congress, the Court concluded that Congress' judgment in deciding to harmonize U.S. law with a European Union directive was a rational exercise of Congress' authority and that the Court was not at liberty to second-guess Congressional policy judgments of this nature.

The Court also rejected petitioners' arguments that the CTEA (1) violates the constitutional requirement that copyrighted works be "original" by granting additional copyright protection to existing works, *i.e.*, works that are no longer original (in the sense of being new); (2) fails to "promote the Progress of Science" because it does not stimulate the creation of new works but merely adds value to works already created; and (3) ignores the quid pro quo pursuant to which the grant of copyright protection is conferred in exchange for the creation of a "Writing." The Court agreed that originality is essential for copyright protection under *Feist Publications, Inc. v. Rural Telephone Service Co.*,[8] but it pointed out that *Feist* involved the question of copyrightability, not the duration of copyright protection. The Court recognized that the Copyright Clause calls on Congress to establish a "system" for promoting the "Progress of Science," but it pointed out that it is for Congress, not the courts, to decide how best to pursue the objectives of the Copyright Clause. And while there may be a quid pro quo "bargain" between the copyright owner and the government, the "legislative evolution" of the bargain indicates that the bargain includes not only present rights but also renewals or extensions of those rights.[9]

Addressing petitioners' First Amendment argument, the Court held that the CTEA is not a content-based regulation of speech requiring heightened judicial review under the First Amendment; rather, it is a content-neutral scheme intended to foster creativity that incorporates speech-protective safeguards, such as the prohibition of copyright protection for ideas under 17 U.S.C. § 102(b) and "fair use" under 17 U.S.C. § 107.[10] Therefore, according to the Court, "[t]he First Amendment securely protects the freedom to make—or decline to make—one's own speech; it bears less heavily when speakers assert the right to make other people's speeches. To the extent such assertions raise First Amendment concerns, copyright's built-in free speech safeguards are generally adequate to address them."[11] The Court opined that the Court of Appeals had "spoke[n] too broadly when it declared copyrights 'categorically immune from challenges under the First Amendment,'" but concluded that when, as in this case, Congress "has not altered the traditional contours of copyright protection, further First Amendment scrutiny is unnecessary."[12]

In dissent, Justice Stevens argued that the majority's conclusion rested on the mistaken premise that the Supreme Court "has virtually no role in reviewing Congressional grants of monopoly privileges to authors, inventors and their successors."[13] Citing Supreme Court patent decisions ensuring that the subject inventions would enter the public domain as soon as the period of exclusivity expired, Justice Stevens stressed that the same policies of encouraging new works and adding to the public domain apply to copyrights. He argued that the prior extensions of the copyright term relied upon by the majority were unconstitutional, and "the fact that Congress has repeatedly acted on a mistaken interpretation of the Constitution" does not mean that the Supreme Court cannot "invalidate an unconstitutional practice when it is finally challenged in an appropriate case."[14] He stated that one must "indulge in two untenable assumptions" to agree with the majority: "that the public interest in free access to artistic works is entirely worthless and that authors, as a class, should receive a windfall solely based on completed activity."[15] He concluded that the *ex post facto* extension of existing copyrights violates the "limited Times" restriction, resulting in a gratuitous transfer of wealth from the public to authors, publishers, and their successors-in-interest without serving the central purpose of the Copyright Clause.

Justice Breyer, in his dissent, concluded that the CTEA should be subject to less deferential review than laws enacted under Congress' Commerce Clause power, since the CTEA regulates expression rather than purely economic activity. He argued that "[t]he economic effect of this 20-year extension—the longest blanket extension since the Nation's founding—is to make the copyright term not limited, but virtually perpetual. Its primary legal effect is to grant the extended term not to authors, but to their heirs, estates, or corporate successors."[16] He noted that the extra 20 years of copyright protection will mean the transfer to holders of existing copyrights of several billion extra royalty dollars, which ultimately come from those who wish to read or see or hear those classic books or films or recordings that have survived. He argued that copyright's traditional economic rationale is unlikely to encourage authors to create new works under the CTEA, as "[n]o potential author can reasonably believe that he has more than a tiny chance of writing a classic that will survive commercially long enough for the copyright extension to matter."[17]

As for the majority's view that the CTEA provides incentives for publishers to republish and redistribute older copyrighted works, Justice Breyer stated that this rationale is inconsistent with the basic purpose of the Copyright Clause, whose initial grant of monopoly is designed primarily to encourage creation, not to promote dissemination of works. Additionally, he noted how trivial the so-called incentive is: "[A]ny remaining monetary incentive is diminished dramatically by the fact that the relevant royalties will not arrive until 75 years or more into the future, when, not the author, but distant heirs, or shareholders in a successor corporation, will receive them. Using assumptions about the time value of money . . . it seems fair to say that, for example, a 1% likelihood of earning $100 annually for 20 years, starting *75 years into the future,* is worth less than seven cents today."[18] Finally, he took issue with the international uniformity justification for the statute, pointing out that the CTEA only creates a uniform term for works created post-1977 and attributed to natural persons. He concluded that "the serious public harm and the virtually nonexistent public benefit [of the CTEA] could not be more clear."[19]

IV. Conclusion

While the petitioners and many creators and free speech advocates were disappointed that the Court did not use *Eldred* as a vehicle to prevent Congress from extending copyright terms, companies owning books, movies, and songs on the verge of entering the public domain when Congress passed the CTEA were relieved. A contrary ruling would have cut off a substantial income stream for entertainment companies like Disney, whose version of the Mickey Mouse character first portrayed in the 1928 film *Steamboat Willie* would have soon fallen into the public domain, and AOL Time Warner, whose copyrights for such movies as *Casablanca*, *The Wizard of Oz* and *Gone With the Wind* would have lost copyright protection. While under the CTEA many older works will still be protected and the owners will continue to be able to profitably exploit them, the public will now have to pay for works that would have been freely available.

The *Eldred* litigation represented a clash over how to balance the rights of copyright holders with the public interest at a time when digital technology offers easier access to copyrighted works. Putting aside its constitutional merits, the litigation served to heighten public awareness of the purpose and effect of copyright protection and engendered considerable skepticism toward the wisdom of copyright term extension as a matter of policy—skepticism that will undoubtedly inform the debate regarding any future copyright term extension proposals.

Endnotes

1. 123 S. Ct. 769 (Jan. 15, 2003).
2. *Eldred v. Reno*, 74 F. Supp. 2d 1 (D.D.C. 1999).
3. *Eldred v. Reno*, 239 F.3d 372, 375 (D.C. Cir. 2001).
4. *Id.* at 380.
5. *Eldred v. Ashcroft*, 123 S. Ct. 769.
6. The Court also observed that Congress has given the same treatment to patent term extensions, and that this practice was approved in a prior Supreme Court decision.
7. 123 S. Ct. at 778.
8. 499 U.S. 340 (1991).
9. 123 S. Ct. at 786.
10. The Court noted that the CTEA itself supplements these traditional First Amendment safeguards by allowing libraries, archives, and similar institutions to "reproduce" and "distribute, display, or perform" copies of certain published works "during the last 20 years of any term of copyright . . . for purposes of preservation, scholarship, or research" if the work is not already being exploited commercially and further copies are unavailable at a reasonable price. 123 S. Ct. at 789.
11. *Id.*

12. *Id.* at 789-90. The Court also said that beneath petitioners' "facade of . . . inventive constitutional interpretation," they were basically arguing that "Congress pursued very bad policy." *Id.* at 790. The Court stated that as long as it remains inside the domain the Constitution assigns to the legislative branch, the judicial branch cannot second-guess such policy determinations. *Id.*

13. *Id.* at 790.

14. *Id.* at 797.

15. *Id.* at 800.

16. *Id.* at 801.

17. *Id.* at 807.

18. *Id.* at 807.

19. *Id.* at 813.

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* * *

Supreme Court Holds that FTDA Requires Proof of Actual Dilution

By George R. McGuire

I. Introduction

A unanimous Supreme Court ruled on March 4, 2003 in *Moseley v. V Secret Catalogue, Inc.* that the holder of a famous trademark asserting its rights under the Federal Trademark Dilution Act of 1995 (FTDA) must prove that the mark actually has been diluted through the use of a junior mark by the defendant.[1] The Court further held that while it is not necessary for a plaintiff to prove actual economic injury such as lost sales or lower profits to prevail on an FTDA claim,[2] the plaintiff must prove more than that consumers draw a mental association between the famous mark and the defendant's junior mark, at least where the two marks are not identical.[3] In so ruling, the Court reversed a ruling by the Sixth Circuit which had affirmed an order of the District Court for the District of Kentucky granting the plaintiff's summary judgment motion on the dilution claim under the FTDA and remanded the case for further consideration.[4] The Sixth Circuit had held that plaintiff V Secret Catalogue, Inc. owned a famous trademark, Victoria's Secret, and that mark was *likely* to be diluted through Defendants' use of the junior mark Victor's Little Secret in connection with a retail store featuring, among other things, "lingerie for every woman, romantic lighting, Lycra dresses, pagers, and adult novelties/gifts."[5]

This article will discuss why the Supreme Court took the case, the facts of the case, and the reasoning behind the Supreme Court's unanimous decision.

II. Why *Certiorari* Was Granted

The Supreme Court granted *certiorari* in the Victoria's Secret case to resolve a split among the circuits regarding what a plaintiff must prove to prevail on a claim brought under the FTDA.[6] The precedent in several circuits, led by the Second Circuit,[7] was that a plaintiff need prove only that its famous mark was likely to be diluted through the use of a junior mark by a defendant, and that such proof could most likely be established by showing that consumers familiar with both marks "mentally associate" them due to their similarities.[8] The precedent in several other circuits, led by the Fourth Circuit,[9] was that a plaintiff must prove that its famous mark had *actually been diluted* through use of the junior user's mark. The Fourth Circuit further held that a plaintiff must prove actual economic injury to prevail on a claim under the FTDA.[10] The circuit split broke down as follows: Actual Dilution—Fourth Circuit, Fifth Circuit,[11] the District Courts in the Sixth Circuit (TN),[12] the Third Circuit,[13] and the Ninth Circuit (CA);[14] Likelihood of Dilution—Second Circuit,[15] Sixth Circuit,[16] Seventh Circuit,[17] and the District Courts in the Eleventh Circuit.[18]

The reasoning behind each of these theories is explained in greater detail in two articles that appeared in the last issue of *Bright Ideas*; one by the present author[19] and the other by Thomas H. Curtin.[20]

III. Facts of *Moseley*

The facts of the case are typical of those found in many trademark infringement and dilution cases.[21] Victor and Cathy Moseley opened an adult novelty store in Elizabethtown, Kentucky in February 1998. The Moseley's store, called "Victor's Secret," featured men's and women's lingerie, adult videos, sex toys, and miscellaneous adult novelties. Upon learning of the store's opening, its name, and the wares sold therein through a letter sent by an army colonel[22] who was based near Elizabethtown, V Secret Catalogue, Inc., the owner of the admittedly famous VICTORIA'S SECRET mark as used in connection with retail and catalogue sales of women's lingerie, sent the Moseleys a cease and desist letter. The Moseleys responded by indicating that they would change the name of their store; they did, to "Victor's Little Secret." Not amused, V Secret filed a lawsuit in district court in Kentucky alleging, among other things, federal trademark infringement and dilution under the FTDA.

Both parties moved for summary judgment. The district court granted the Moseleys' motion on the infringement claim, holding as a matter of law that no likelihood of confusion existed, and granted V Secret's motion on its dilution claim under the FTDA. The Moseleys appealed the dilution order to the Sixth Circuit. The Sixth Circuit followed the Second Circuit's *Nabisco* opinion in holding that a senior mark holder must prove only a "likelihood of dilution" and affirmed the district court's judgment and order in favor of V Secret on its dilution claim.

IV. A Brief History of Dilution

Traditional trademark infringement law is a part of the broader law of unfair competition, which finds its roots in English common law and which protects consumers by broadly prohibiting uses of junior marks that are likely to cause confusion about the source of origin of a product or service due to the similarities with a senior mark. Dilution law, by contrast, traces its origins to a 1927 *Harvard Law Review* article written by Frank Schecter which concluded "that the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection."[23] Mr. Schecter supported his conclusion by referring to a German case that prevented use of the term ODOL on steel products that did not compete with the complainant's well known ODOL mouthwash.[24] There is, then, no consumer protection aspect of dilution law; rather, it protects the uniqueness and selling power associated with a well known mark, i.e., only the interest of the mark holder, thus justifying a higher standard of proof.

V. The Court's Analysis

The Court's principal holding is that the FTDA unambiguously requires plaintiffs to prove that the junior mark has actually caused dilution of its famous mark:

> The relevant text of the FTDA, quoted in full in note 1, *supra*, provides that "the owner of a famous mark" is entitled to injunctive relief against another person's commercial use of a mark or trade name if that use "*causes dilution* of the distinctive quality" of the famous mark. 15 U.S.C. §1125(c)(1) (emphasis added). This text unambiguously requires a showing of actual dilution, rather than a likelihood of dilution.[25]

The Court buttressed this conclusion by describing the contrast between state anti-dilution statutes that prevent uses of junior marks that are "likely to dilute" the distinctive quality of a senior mark and the FTDA's lack of the term "likely" and its use of the present tense "causes dilution."[26] The Court also relied on the definition of dilution provided in the FTDA, *to wit*: "The term 'dilution' means the *lessening of the capacity* of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—(1) competition between the owner of the famous mark and other parties, or (2) *likelihood of confusion, mistake, or deception*."[27] The Court pointed out that the reference in this definition to an actual "lessening of the capacity" versus the reference to a "likelihood of confusion, mistake, or deception" in the second caveat indicates that Congress understood the difference between "actual" and "likelihood," thus confirming that actual dilution must be established.[28]

It is not clear from the decision how a plaintiff will satisfy this level of proof, and, in his concurring opinion, Justice Kennedy states that "the evidentiary showing required by the statute can be clarified on remand."[29] The Court did indicate, however, that while it was not holding that "the consequences of dilution, such as an actual loss of sales or profits" must be proved, "at least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user's mark with a famous mark is not sufficient to establish actionable dilution."[30] The Court further suggested in dicta that "mental association" alone may suffice where identical marks are at issue:

> Noting that consumer surveys and other means of demonstrating actual dilution are expensive and often unreliable, respondents and their *amici* argue that evidence of an "actual lessening of the capacity of a famous mark to identify and distinguish goods or services," § 1127, may be difficult to obtain. It may well be, however, that direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can reliably be proven through circumstantial evidence—the obvious case is one where the junior and senior marks are identical.[31]

In addition, the Court indicated that "whatever difficulties of proof may be entailed, they are not an acceptable reason for dispensing with proof of an essential element of a statutory violation."[32]

In dicta, the Court expressed uncertainty as to whether the FTDA covers dilution by tarnishment or if it is limited to dilution by blurring. Noting that the respondents did not challenge the relevance of the Sixth Circuit's affirming of the dilution claim on grounds of tarnishment (the Sixth Circuit also affirmed on grounds of blurring), the Court expressed doubt as to whether dilution by tarnishment is encompassed by the language of the FTDA:

> Indeed, the contrast between the state statutes, which expressly refer to both "injury to business reputation" and to "dilution of the distinctive quality of a trade name or trademark," and the federal statute which refers only to the latter, arguably supports a narrower reading of the FTDA.[33]

Even though the Court expressed some doubt regarding whether the FTDA encompasses dilution by tarnishment, it seems to acknowledge that the statute may be ambiguous in this regard and may therefore require reference to the legislative history to determine if that can shed any light on this point.[34] The Court did in fact discuss the legislative history of the FTDA in Part III of its opinion,[35] in which it quoted Senator Hatch's explanation that the bill was intended "to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark *or tarnish or disparage it*."[36] The Court never squares this portion of the legislative history with the dicta regarding its uncertainty as to whether the statute encompasses dilution through tarnishment.

Justice Kennedy filed a very short concurring opinion in which he indicated that considerable attention should be paid to the word "capacity" in the definition of dilution.[37] This suggests that Justice Kennedy is advancing a "likelihood" standard rather than an "actual" dilution standard, although he joined the opinion of the Court. As Justice Kennedy writes, "'capacity' is defined [by Webster's] as 'the power or ability to hold, receive, or accommodate.' If a mark will erode or lessen the selling power of the famous mark to give customers the assurance of quality and the full satisfaction they have in knowing they have purchased goods bearing the famous mark, the elements of dilution may be established."[38] He then indicates that "[d]iminishment of the famous mark's capacity can be shown by the *probable consequences* flowing from use or adoption of the competing mark," and that a holder of a famous mark threatened with diminishment of the mark's capacity to serve its purpose should not be forced to wait until the damage is done."[39] It seems that looking to the "probable consequences" is analogous to determining whether the junior mark is "likely" to dilute the distinctive quality of the famous mark. We will have to wait and see what is made of Justice Kennedy's concurring opinion.

Endnotes

1. *Moseley v. V Secret Catalogue, Inc*., 2003 US LEXIS 1945 (Mar. 4, 2003).
2. *Id*. at *24-25.
3. *Id*. at *25.
4. *Id*.
5. *V Secret Catalogue, Inc. v. Victor Moseley*, 259 F.3d 464 (6th Cir. 2001).
6. 535 U.S. 985 (2002).
7. *Nabisco, Inc. v. PF Brands, Inc*., 191 F.3d 208 (2d Cir. 1999).
8. *Id*.
9. *Ringling Bros.-Barnum Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 170 F.3d 445 (4th Cir. 1999).
10. *Id*.
11. *See Westchester Media v. PRL USA Holdings, Inc*., 214 F.3d 658 (5th Cir. 2000).
12. *See Kellogg Company v. Exxon Mobil Corporation*, 192 F. Supp. 2d 790 (W.D. Tenn. 2001); *Autozone, Inc. v. Speedbar, Inc*., 174 F. Supp. 2d (M.D. Tenn. 2001); *Gaylord Entertainment Co. v. Gilmore Entertainment Group, LLC*, 187 F. Supp. 2d 926 (M.D. Tenn. 2001).
13. *See Cable News Network L.P., LLP v. CNNNews.Com*, 177 F. Supp. 2d 506 (E.D. Va. 2001).
14. *See Playboy Ents., Inc. v. Netscape Comms. Corp*., 55 F. Supp. 2d 1070 (C.D. Cal. 1999) (Findings of Fact).
15. *See Nabisco; Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc*., 875 F.2d 1026 (2d Cir. 1989) (decided under New York State's dilution statute); *Federal Express Corp. v. Federal Espresso, Inc*. 201 F.3d 168 (2d Cir. 2000).
16. *See V Secret Catalogue, Inc. v. Victor Moseley*, 259 F.3d 464 (6th Cir. 2001).
17. *See Eli Lilly & Company v. Natural Answers, Inc*., 233 F.3d 456 (7th Cir. 2000).
18. *See Ebsco Indus., Inc. v. LMN Enters., Inc*., 89 F. Supp. 2d 1248 (N.D. Ala. 2000).
19. George R. McGuire, *The Legal Landscape Under Consideration in the Victoria's Secret Case*, Bright Ideas, Vol. 11, No. 3 (Winter 2002) at 3. Mr. McGuire's article focused on the arguments supporting an actual dilution standard.
20. Thomas H. Curtin, *Confusion Over Dilution: Evidentiary Barriers to Dilution Relief*, Bright Ideas, Vol. 11, No. 3 (Winter 2002) at 7. Mr. Curtin's article focused on the arguments supporting a likelihood of dilution standard.
21. Support for the facts stated in this section of the paper may be found in the Sixth Circuit's opinion in the case, *V Secret Catalogue, Inc. v. Victor Moseley*, 259 F.3d 464 (6th Cir. 2001).
22. Notably, the Army colonel indicated that he was not confused by the name of the defendants' store, nor did he think any less of Victoria's Secret because of Victor's Little Secret, but rather he was upset by what he perceived to be an attempt to trade on the goodwill of a well-known, reputable trademark to promote tawdry, unwholesome merchandise.
23. Schacter, *Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813, 831 (1923).
24. *Id.* The court in the ODOL case indicated that "complainant has the utmost interest in seeing that its mark is not diluted [*verwassert]:* it would lose in selling power if everyone used it as the designation of his goods." The Court thought enough of this passage from the ODOL case to include it as a footnote to the opinion. *Moseley*, 2003 LEXIS at *19 n.9.
25. *Moseley,* 2003 LEXIS at *24.
26. *Id.*
27. *Id.* (citing 15 U.S.C. § 1127).
28. *Id*. at *24.
29. *Id.* at *27 (Kennedy, J., concurring).
30. *Id*. at *25.
31. *Id*. at *26-27.

32. *Id*. at *27. *See also* McGuire, *supra* note 19, at n.23.

33. *Id.* at *23.

34. *Id.*

35. It is worth noting that all the Justices except Justice Scalia joined in Part III of the decision. As the Court never used the legislative history of the FTDA in its analysis, Justice Scalia may very well have not joined that part of the decision due to its unnecessary inclusion in the decision, and because it could be construed to imbue ambiguity into the statutory construction that Justice Scalia may feel can be resolved on the face of the statute, without reference to the legislative history.

36. *Moseley,* 2003 LEXIS at * 22 (emphasis added).

37. *Id.* at *27- 30 (Kennedy, J., concurring).

38. *Id.* at *28 (Kennedy, J., concurring).

39. *Id*. at *29 (Kennedy, J., concurring) (emphasis added).

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* * *

Second Circuit Narrows *In Rem* Jurisdiction Under the Anticybersquatting Consumer Protection Act

By Marc D. Hiller

I. Introduction

In 1999 Congress enacted the Anticybersquatting Consumer Protection Act (ACPA) to enable trademark owners to sue anyone who registers, traffics in, or uses domain names (Internet addresses) that are identical or confusingly similar to trademarks "with the bad faith intent to profit from the goodwill of the trademarks."[1] The ACPA provides for *in personam* jurisdiction[2] and for *in rem* jurisdiction[3] when *in personam* jurisdiction cannot be obtained. With respect to *in rem* jurisdiction, there is a question as to whether the ACPA provides only a single basis for such jurisdiction[4] or alternative bases for such jurisdiction.[5]

In a case of first impression, the Second Circuit, in *Mattel, Inc. v. Barbie-Club.com,*[6] resolved this issue in favor of a single basis for *in rem* jurisdiction.[7] However, as discussed below, the court ignored the fact that a domain name is not physical, but virtual, and, as such, its situs is everywhere and nowhere. The alternative bases for *in rem* jurisdiction presented in subsection (d)(2)(C) of the ACPA balance encompass both the physical (subsection (d)(2)(C)(i)) and the virtual (subsection (d)(2)(C)(ii)). In limiting the statute to only the physical basis for *in rem* jurisdiction, the Second Circuit failed to account for the virtual nature of domain names.

II. The ACPA

The ACPA was enacted to combat cyberpiracy by providing trademark owners with a tool to combat bad-faith registration or use of domain names that incorporate a registered mark.[8] The ACPA, enacted as a supplement to the federal trademark statute, applies to all domain names registered before, on, or after November 29, 1999, the date of enactment.[9] A domain name is the unique string of characters or numbers that designates and permits access to an Internet Web site.[10] Subsection (d)(1)(A) of the ACPA defines "cyberpiracy" and addresses *in personam* jurisdiction; subsection (d)(1)(B) sets forth the means of establishing "bad-faith"; and subsection (d)(2) sets forth the criteria for commencing an *in rem* action against a domain name upon a showing that *in personam* jurisdiction cannot be obtained under subsection (d)(1).

Within subsection (d)(2) there appear to be two different ways to obtain *in rem* jurisdiction: one set out in (d)(2)(A) and the other in (d)(2)(C).[11]

Subsection (d)(2)(A) provides that the "owner of a mark may file an *in rem* civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located." Subsection (d)(2)(C) provides

> [I]n an in rem action under this paragraph, a domain name shall be deemed to have its situs in the judicial district in which—(i) the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or (ii) documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.

These two provisions appear to provide for alternate methods of obtaining *in rem* jurisdiction. Courts have been reluctant, however, to look beyond the requirements set forth in (d)(2)(A) and have thus narrowed the ability of aggrieved persons to seek relief under the ACPA.

III. Case History

Mattel, which owns the registered trademarks to both "Barbie" and "Hot Wheels," filed an *in rem* action in the Southern District of New York on November 15, 2002 against 57 domain names that incorporated Mattel's registered trademarks, seeking cancellation or transfer of the domain names' Internet addresses under subsection (d) of the ACPA. Mattel commenced the *in rem* action pursuant to subsection (d)(2)(C)(ii) against the 57 Internet addresses because they were registered with domain name registrars in the United States by persons or entities over which Mattel alleged it could not obtain *in personam* jurisdiction.[12]

Defendant captainbarbie.com is a domain name registered by a domain registrar in Baltimore, Maryland. Mattel did not identify any domain name authority with respect to captainbarbie.com in New York.[13] Captainbarbie.com therefore argued that the court did not have *in rem* jurisdiction on the ground that subsection (d)(2)(C) does not provide a basis for *in rem* jurisdiction.[14]

The district court held that subsection (d)(2)(A) "explicitly describes in which judicial district an *in rem* action can be brought" and that subsection (d)(2)(C) defines situs for an *in rem* action but does not provide "an alternative basis for *in rem* jurisdiction."[15] Following the rationale of *Fleetboston Financial Corp. v. Fleetbostonfinancial.com*,[16] the district court found that the ACPA only provides for actions in the judicial district pursuant to subsection (d)(2)(A), and that subsection (d)(2)(C) exists solely "to facilitate the continuation of litigation in one of the districts identified in subparagraph (2)(A)." Accordingly, the district court dismissed the complaint against captainbarbie.com and all other defendants that did not "have a domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name located within this district."[17]

On appeal, Mattel argued that subsection (d)(2)(C) permits a suit to be brought "in any judicial district in which sufficient documents evidencing the disputed domain name are deposited with the court."[18] Captainbarbie.com was the only defendant to submit a brief in response to Mattel's appeal. The Second Circuit, affirming the dismissal of the action in an opinion by Judge Sonia Sotomayor, held that "the ACPA's basic *in rem* jurisdictional grant, contained in subsection (d)(2)(A), contemplates exclusively a judicial district within which the registrar of other domain-name authority is located."[19]

IV. Analysis

In affirming the district court, the Second Circuit relied upon the language and structure of section 1125(d)(2),[20] the legislative history of the ACPA,[21] and the role of subsection (d)(2)(C) within the statutory scheme.[22] Each of these aspects of the court's analysis is addressed below.

A. Language and Structure of Section 1125(d)(2)

The Second Circuit's analysis of the plain meaning and structure of the various provisions of subsection (d)(2) does not comport with the language of the statute. Subsection (d)(2)(A) provides that the "owner of a mark *may* file an *in rem* civil action against a domain name in the judicial district in which the domain name registrar . . . is located" (emphasis added). As the court acknowledged, words carry their plain meaning,[23] and, by definition, "may" is permissive and connotes a choice. Nothing in subsection (d)(2)(A) modifies the plain meaning of "may," as by including restrictive language such as "only," "exclusively," or "either/or." To the contrary, subsection (d)(2)(C) sets forth the options as to where the "owner of a mark *may* file an *in rem* action" (emphasis added). By effectively qualifying "may" with "only,"[24] the court narrowed a statute that provides alternative bases for *in rem* jurisdiction to one that is limited to an exclusive basis for *in rem* jurisdiction.

The court substantiated its "plain language" interpretation of the statute by reasoning that

> the sequence of its subsections generally traces the progress of an *in rem* action from the filing of the suit and service of process, id., § 1125(d)(2)(A)–(D), to the securing of the court's control and authority over the domain name, after the suit has been commenced, through measures that ensure that the disputed property's legal status is within the judicial district.[25]

The court supports this interpretation by finding that the language in subsection (d)(2)(C)—"in an *in rem* action under this paragraph"—presupposes that such an action has already been filed in a judicial district referenced in subsection (d)(2)(A).[26] However, the sequence posited by the court does not comport with the statute; it is predicated on language not found in subsection (d)(2). First, the reference in subsection (d)(2)(C) to an "*in rem* action under this paragraph" can only refer back to subsection (d)(2)(A) because it is the only provision that discusses commencing an action. This means that subsection (d)(2)(C) qualifies subsection (d)(2)(A) by providing the permissible basis of jurisdiction. Second, in order for the court's analysis to hold, subsection (d)(2)(A) would require limiting language such as that in subsection (d)(2)(B) ("the actions under subparagraph (A)(ii) *shall*" (emphasis added)); however, subsection (d)(2)(A) does not contain such qualifying or limiting language. Had Congress sought to restrict the jurisdictional basis for commencing an action to that identified in subsection (d)(2)(A), it would have used "shall," as it did in subsection (d)(2)(B). This demonstrates that Congress used "may" only in those provisions where it sought to create options, such as in subsection (d)(2)(A). Accordingly, the court's "sequence" is not borne out by the plain meaning of the statute.

The court's analysis also fails to address the plain meaning of "situs" in subsection (d)(2)(C). The court argues that the purpose of subsection (d)(2)(C) is to "describe the domain name's legal situs" during an action commenced under subsection (d)(2)(A).[27] *Black's Law Dictionary* defines "situs" as "Situation; location; e.g. location or place of crime or business. Site; position; the place where a thing is considered, for example, with reference to jurisdiction over it." The term "situs" in subsection (d)(2)(C) must apply to jurisdiction because subsection (d)(2)(A) does not contain any exclusive or restrictive language as to the judicial district, and subsection (d)(2)(C)(i) reiterates the opening paragraph of subsection (d)(2)(A), which references the location of the domain name registrar. Contrary to the Second Circuit's conclusion, subsection (d)(2)(C) therefore must provide an alternative jurisdictional basis that does not conflict with or limit the jurisdictional basis set forth in subsection (d)(2)(A).

The court further seeks to buttress its plain meaning analysis with reference to the canon of statutory interpretation known as *generalia specialibut non derogant*—general provisions do not qualify specific ones[28]—by arguing that it "would be *odd* for Congress to have taken pains to enact subsection (d)(2)(A) with its specific procedure for filing an *in rem* action . . . only to qualify, and indeed nullify, that circumscribed requirement by effectively creating nationwide *in rem* jurisdiction in subsection (d)(2)(C)."[29] The court found that such an interpretation would have the effect of "rendering the language of subsection (d)(2)(A) superfluous—a result frowned upon by courts."[30] The court's application of the above-referenced maxim implies that the language of subsection (d)(2)(C) has the effect of disregarding subsection (d)(2)(A). However, subsection (d)(2)(C) neither contains any such language, nor does it reference subsection (d)(2)(A). The court again infers the language necessary to substantiate its interpretation of the statute. In addition, the court's application of the maxim fails to account for the fact that subsection (d)(2)(C)(i) reiterates the language of the opening paragraph of subsection (d)(2)(A) and therefore does not "nullify" subsection (d)(2)(A) but, rather, provides a choice of jurisdictional bases for commencing an *in rem* action under the ACPA.

B. Legislative History

According to the court, the legislative history indicated that subsection (d)(2) presumes the existence of an *in rem* action and that the purpose of depositing the documents with the court is solely to confirm "the domain name's legal situs as being in that judicial district for purposes of the litigation."[31] However, contrary to the court's assertion, the district court in *Fleetboston Financial Corp.* found that "legislative history of the ACPA is relatively complicated."[32] The "situs" language ultimately codified in subsection (d)(2)(C) was not in the bill passed by the House: it first appears in subsection (d)(2)(B) when the bill was read into the record on the House floor.[33] Furthermore, the district court in *Fleetboston Financial Corp.* found that the "legislative history provides little clarification regarding how Congress intended the 'situs' provision of the ACPA to be used or understood."[34] The fact that the "situs" language of subsection (d)(2)(C) first appeared after passage by the House indicates that it had a purpose, and it is equally as likely that the purpose was to provide an alternative basis of *in rem* jurisdiction. The legislative history thus does not substantiate the court's holding that subsection (d)(2)(A) is the exclusive *in rem* jurisdiction provision in the ACPA.

The court defends its interpretation of the legislative history by pointing out that Congress sought to "allay any concerns that the ACPA's in rem jurisdiction might offend due process or principles of international comity."[35] However, asserting *in rem* jurisdiction when a "non-U.S. resident cybersquats on a domain name that infringes on a U.S. trademark . . . requires a nexus based upon a U.S. registry or registrar that would not offend international comity."[36] The limitations on such *in rem* jurisdiction are set forth in the balance of the passage cited by the court, which states:

> This jurisdiction would not extend to any domain registries existing outside of the United States. Nor would this jurisdiction preclude the movement of any registries to outside of the United States. Instead, providing in rem jurisdiction based upon the lack of personal jurisdiction over the cybersquatter would provide protection both for the trademark owner and perhaps, more importantly, consumers.[37]

The case at hand does not risk offending "international comity" because it does not involve "domain registries existing outside of the United States." While it does involve a "non-U.S. resident" (the registrant of captainbarbie.com is an Australian entity[38]) sufficient nexus exists for *in rem* jurisdiction because captainbarbie.com is registered with a domain registrar located in Maryland.[39] The issue for *in rem* jurisdiction is the registrar, not the registrant. It is because Mattel could not obtain *in personam* jurisdiction that it commenced an *in rem* action. The facts do not run afoul of the principle of international comity.

C. The Role of Subsection (d)(2)(C) Within the Statutory Scheme

The court next addresses Mattel's contention that to require a trademark owner to commence an action only in the judicial district provided in subsection (d)(2)(A) would render subsection (d)(2)(C)(ii) "meaningless" because subsection (d)(2)(C)(i) would always apply as an "error."[40] The court reiterates its earlier finding that subsection (d)(2)(A) is the "operative jurisdiction granting provision" and that subsection (d)(2)(C) "serves to describe the legal situs of the disputed property for purposes of securing the district court's control and authority over the property."[41] The court clings to its interpretation of the ACPA despite agreeing with Mattel's argument that Congress would have conjoined subsections (d)(2)(C)(i) and (ii) by "and" rather than "or" "if Congress's intention had been to confine *in rem* litigation to the judicial district of registration."[42] The court also acknowledges, in a footnote, that the legislative history "sheds no light on Congress's selection of 'or' to conjoin subsections (d)(2)(C)(i) and (d)(2)(C)(ii)."[43]

To counter these facts and support its interpretation of subsections (d)(2)(A) and (C), the court states that "it is not difficult to *imagine* scenarios in which the disjunctive 'or' in subsection (d)(2)(C) *might* become meaningful,"[44] and the court provides a number of hypotheticals to support its interpretation of subsection (d)(2)(C).[45] The court concludes that "the ACPA's *basic in rem* jurisdictional grant, contained in subsection (d)(2)(A), *contemplates* exclusively a judicial district within which the registrar or other domain-name authority is located."[46] But despite the court's desire to "imagine" or "contemplate" exclusive jurisdiction in subsection (d)(2)(A), that subsection does not contain the word "exclusive" or any other term, such as "only," that evidences any intent by Congress to so restrict *in rem* jurisdiction under the ACPA.

V. Conclusion

The Second Circuit's holding that subsection (d)(2)(A) provides the exclusive basis for *in rem* jurisdiction under the ACPA is not substantiated by the plain language, the legislative history, or the structure of the ACPA. As in so much relating to the Internet, applying physical concepts to the virtual world is difficult. A domain name's only physical manifestation is its registration documents, and they reside either with the registrar or some other entity in receipt of such documents. Subsection (d)(2)(C)(i) reflects traditional *in rem* jurisdiction based upon the location of the entity that registered the domain name. Subsection (d)(2)(C)(ii), on the other hand, accommodates the virtual nature of a domain name, in that its "situs" is determined by the location of documentation "sufficient to establish control and authority regarding the disposition of the registration and the use of the domain name."[47] The ability to exercise control of the registration and the use of the domain name is the equivalent of attachment for a physical *res*, an act dependent on physical location. Subsection (d)(C)(ii) accounts for the virtual nature of a domain name by authorizing *in rem* jurisdiction in a judicial district in which the necessary documents have been filed with a court. The Second Circuit, however, was not prepared to make the leap to acknowledge the virtual alternative of *in rem* jurisdiction provided for in subsection (d)(2)(C)(ii). The result is that the court has artificially restricted *in rem* jurisdiction under the ACPA.

Endnotes

1. H.R. Rep. 106-412 at 9.
2. 15 U.S.C. § 1125(d)(1).
3. 15 U.S.C. § 1125(d)(2).
4. 15 U.S.C. § 1125(d)(2)(A).
5. 15 U.S.C. § 1125(d)(2)(C).
6. 310 F.3d 293 (2d Cir. 2002)
7. *Id*. at 306.
8. *Id*. at 295.
9. *Id*.
10. *Id*.
11. 15 U.S.C. § 1125(d).
12. *Id*. at 294–95.
13. *Id*. at 296.
14. *Id*. at 296–97.
15. *Mattel, Inc. v. Barbie-Club.com* 58 U.S.P.Q.2d 1798 (S.D.N.Y. 2001).
16. 138 F. Supp. 2d 121 (D. Mass. 2001).
17. 58 U.S.P.Q.2d 1798 (S.D.N.Y. 2001).
18. *Mattel*, 310 F.3d at 299.
19. *Id*. at 306.
20. *Id*. at 299–301.
21. *Id*. at 301–03.
22. *Id*. at 303–06.
23. *Id*. at 299.
24. *Id*. at 303. "This congressional solicitude is fully consistent with what we find to be the plain meaning of § 1125(d)(2)(A): that *in rem* action may be brought *only* 'in the judicial district in which the domain registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located'" (emphasis added).
25. *Id*. at 300.
26. *Id*.
27. *Id*.
28. *Id*.

29. *Id*. at 300–01 (emphasis added).

30. *Id*. at 301 (citation omitted).

31. *Id*.

32. *Fleetboston Financial Corp.,* 138 F. Supp. 2d at 126.

33. *Id*. at 126.

34. *Id*. at 128.

35. *Mattel,* 310 F.3d at 302.

36. H.R. Rep. No. 106-412, at 14 (1999).

37. *Id*.

38. *Mattel,* 310 F.3d at 299.

39. *Id*. at 296.

40. *Id*. at 303

41. *Id*. at 303–04 (citations omitted).

42. *Id*. at 303.

43. *Id*. at 303 n.10.

44. *Id*. at 304 (emphasis added).

45. *Id*. at 304–05. One hypothetical offered by the court is as follows: "Suppose, for example, that an *in rem* action is properly commenced by the filing of a complaint in the Southern District of New York, where the disputed domain name's registrar is located. Prior to depositing documentation with the district court pursuant to subsection (d)(2)(D), however, the registrar relocates to the Northern District of Oklahoma, effectively removing the subject property from the Southern District." The court concluded that the "or" in subsection (d)(C) would permit the action in the Southern District to continue once the registrar had sent the required documents from Oklahoma to secure the Southern District as the legal situs. The court's analysis is flawed because subsection (d)(2)(D), as the court acknowledges (*see* 310 F. 3d at 300), addresses remedies, not jurisdiction. Accordingly, the hypothetical does not substantiate the court's finding that subsection (d)(2)(A) is the exclusive basis for *in rem* jurisdiction under the ACPA.

46. *Id*. at 306 (emphasis added).

47. 15 U.S.C. § 1125(d)(2)(C)(ii).

Marc D. Hiller is an Associate Attorney with the New York State Office for Technology. He is also the *Bright Ideas* liaison to the Internet Law Committee. The opinions expressed in this article are solely those of the author and do not represent the opinions of the Office for Technology or the State of New York.

* * *

Verizon Ordered to Comply with DMCA Subpoena

By Martin H. Samson

In *Recording Industry Association of America v. Verizon Internet Services*,[1] the District Court for the District of Columbia held that the copyright holder has the right under the Digital Millennium Copyright Act (DMCA) to compel an Internet service provider to produce information which identified an individual who allegedly transmitted infringing materials over the service provider's network. The court accordingly granted a motion by the Recording Industry Association of America (RIAA) to compel Verizon Internet Services to produce subpoenaed information that would identify a Verizon customer who used KazaA to download MP3 files.

An individual, utilizing Verizon as his Internet Service Provider, allegedly used the peer-to-peer software of KazaA to download approximately 600 copyrighted recordings by well-known artists from computers of third parties. This material was not alleged to be stored on Verizon's network. Verizon's only involvement in this individual's activities was to provide his connection to the Internet. On behalf of the holders of the copyrights in the downloaded songs, RIAA served a subpoena on Verizon under section 512(h) of the DMCA, 17 U.S.C. § 512(h), seeking information that would identify this individual. Arguing that the DMCA did not authorize the issuance of such a subpoena given the nature of Verizon's involvement in the infringing activities, Verizon refused to comply. The court rejected Verizon's argument and directed it to produce the materials called for in the subpoena.

The DMCA provides protection for Internet "service providers" passively involved in the activities of third parties which, in turn, infringe copyrights. Sections (a) through (d) of section 512 describe the four types of activities protected under the statute and set forth the conditions the service provider must meet to qualify for the statute's protection from monetary liability for copyright infringement. Section 512(a) provides protection for service providers when infringing materials are transmitted over their network by third parties. Section 512(c) provides protection when infringing material is stored on the service provider's network by third parties.

The RIAA argued that section 512(h) gave it the authority to issue the subpoena. Section 512(h) provides:

> **(h)** Subpoena to identify infringer.—
>
> **(1) Request.—**A copyright owner or a person authorized to act on the owner's behalf may request the clerk of any United States district court to issue a subpoena to a service provider for identification of an alleged infringer in accordance with this subsection.

(2) Contents of request.—The request may be made by filing with the clerk—

(A) a copy of a notification described in subsection (c)(3)(A);

(B) a proposed subpoena; and

(C) a sworn declaration to the effect that the purpose for which the subpoena is sought is to obtain the identity of an alleged infringer and that such information will only be used for the purpose of protecting rights under this title.

(3) Contents of subpoena.—The subpoena shall authorize and order the service provider receiving the notification and the subpoena to expeditiously disclose to the copyright owner or person authorized by the copyright owner information sufficient to identify the alleged infringer of the material described in the notification to the extent such information is available to the service provider.

(4) Basis for granting subpoena.—If the notification filed satisfies the provisions of subsection (c)(3)(A), the proposed subpoena is in proper form, and the accompanying declaration is properly executed, the clerk shall expeditiously issue and sign the proposed subpoena and return it to the requester for delivery to the service provider.

(5) Actions of service provider receiving subpoena.—Upon receipt of the issued subpoena, either accompanying or subsequent to the receipt of a notification described in subsection (c)(3)(A), the service provider shall expeditiously disclose to the copyright owner or person authorized by the copyright owner the information required by the subpoena, notwithstanding any other provision of law and regardless of whether the service provider responds to the notification.

(6) Rules applicable to subpoena.—Unless otherwise provided by this section or by applicable rules of the court, the procedure for issuance and delivery of the subpoena, and the remedies for noncompliance with the subpoena, shall be governed to the greatest extent practicable by those provisions of the Federal Rules of Civil Procedure governing the issuance, service, and enforcement of a subpoena duces tecum.

In directing Verizon to comply with the subpoena, the court relied heavily on section 512(h)'s use of the term "service provider." Section 512(h) provides that the clerk of the court will issue a subpoena to a "service provider" for documents identifying the alleged infringer, with which subpoena the "service provider" shall expeditiously comply. The statute contains two distinct definitions of "service provider." One, found in section 512(k)(1)(a), is applicable to section 512(a) of the statute. The other, found in section 512(k)(1)(b), is applicable to the balance of the statute, including section 512(h). This latter definition encompasses all service providers to which section 512 applies, including those identified in section 512(k)(1)(a):

> (B) As used in this section, other than subsection (a), the term "service provider" means a provider of online services or network access, or the operator of facilities therefor, and includes an entity described in subparagraph (A).

Finding the definition of "service provider" set forth in section 512(k)(1)(b) applicable to section 512(h), the court held that section 512(h) was applicable to all "providers of online services or network access, or the operator of facilities therefor," whether their involvement in the infringing activities in question fell within the of the ambit of section 512(a) or any other provision of the statute.

In reaching this result, the court rejected Verizon's argument that a subpoena under section 512(h) could only be issued to a service provider falling within the scope of section 512(c) as a result of the storage of infringing materials on its network by a third party. Verizon premised its argument on section 512(h)'s requirement that a party seeking to issue a subpoena under section 512(h) file with the clerk a notice that complies with section 512(c)(3)(A). This notice is designed to alert the service provider to the infringement taking place on its network, and it must include identification of the infringing materials that are to be removed from the network, or as to which access is to be disabled. While such a notification is a prerequisite to relief under section 512(c), and, in certain circumstances, sections 512(b) and (d), no such notice is required under section 512(a). Verizon argued, accordingly, that the subpoena power under section 512(h) was limited to those service providers seeking protection under section 512(c) as a result of the storage of infringing materials on their network. Given that Verizon's participation in the allegedly infringing activities was via its transmission of the infringing materials, not via their storage on its network, Verizon argued that it could not be issued a subpoena.

The court disagreed. If Congress had meant to render section 512(h) applicable only to certain service providers, such as those seeking protection under section 512(c), and not others, the court stated, it would have made that clear in the language of section 512(h), rather than title it a "Subpoena to Identify Infringer." Congress chose not to do so, the court opined, indicating its intention to render section 512(h) applicable to all service providers. The court further found its interpretation of section 512(h) consistent with Congress' intent as reflected in the legislative history of the statute, in which the court found no evidence that Congress sought to treat service providers differently based on the nature of their alleged involvement in the infringing activities.

Finally, the court discussed, without deciding, First Amendment challenges to the DMCA raised in various *amicus* briefs. Because such arguments were neither raised nor fully briefed by Verizon, the court held it was not obligated to resolve them. It noted, however, that the First Amendment does not protect copyright infringement and that downloading songs from the Internet was not "an instance where the anonymity of an Internet user merits free speech and privacy protections." The court further noted that "the [constitutional] issues raised do not reveal an obviously fatal constitutional flaw in the subpoena process available under the DMCA."

Verizon has since moved the district court to stay the enforcement of the district court's decision pending the resolution of its appeal therefrom. As of this writing, the motion is *sub judice*.

Endnote

1. 2003 U.S. Dist. LEXIS 681 (D.D.C. Jan. 21, 2003).

Martin H. Samson is a partner with Phillips Nizer LLP in New York.

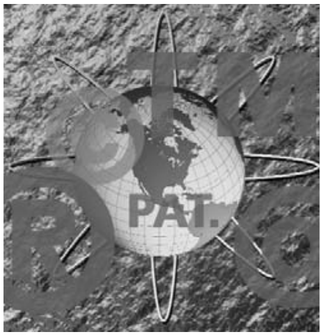
Committee Activities and Notices

On January 29, the **Young Lawyers Committee**, in conjunction with the Brooklyn Law School Career Center, presented a symposium "What It's Like to Be an Intellectual Property Law Attorney." Moderated by Joan King, Director of Career Services at Brooklyn Law School, the panelists were Sherry Jetter, Vice President, Intellectual Property and Legal Affairs for Polo Ralph Lauren; Joseph Cantanzaro, a partner at Abelman Frayne & Schwab; and Georges Nahitechevansky, a partner at Fross Zelnick Lehrman & Zissu.

On March 18, the **Internet Law Committee**, joined by the **Trademark Law Committee**, hosted a CLE lunch at Pennie & Edmonds featuring presentations on online brand protection by Mark McGuire, President of Name-Protect, Inc. and on Internet taxation by Martin Samson of Phillips Nizer LLP.

On March 31, Robert Clarida, Co-Chair of the **Copyright Law Committee**, hosted a program at Cowan, Liebowitz & Latman at which he discussed recent copyright law decisions.

What It's Like to Be an Intellectual Property Law Attorney
Georges Nahitechevansky, Joan King, Joseph Cantanzaro



2003 Calendar of Events

Intellectual Property Law Section

April

April 15, 2003
Internet Law Committee Meeting
Pennie & Edmonds LLP, 1155 Avenue of the Americas, 22nd Floor, NYC
12:00 pm – 2:00 pm
MCLE Credits: tba
Contact: npitts@nysba.org

May

May 19, 2003
"Bridge-the-Gap: Intellectual Property"
Southgate Tower Hotel, 371 Seventh Avenue at 31st Street, NYC
8:30 am (Registration) — 9:00 am – 5:00 pm (Program)
MCLE Credits:* 7.5
Contact: cleregistrar@nysba.org

*Under New York's MCLE Rules, this program has been approved for credit for all attorneys, including those who are newly admitted (less than 24 months). This basic-level course may be used for New York MCLE credit consisting of 0.5 credit hour in ethics, 1.0 credit hours in skills and 6.0 credit hours in practice management and/or areas of professional practice; this program may be used by all other attorneys for 0.5 credit hour in ethics and 7.0 credit hours in skills, pratice management and/or areas of professional practice; for a total in either case of 7.5 credit hours.

May 20, 2003
Internet Law Committee Meeting
Pennie & Edmonds LLP, 1155 Avenue of the Americas, 22nd Floor, NYC
12:00 pm – 2:00 pm
MCLE Credits: tba
Contact: npitts@nysba.org

May 22, 2003
Trademark Law Committee Meeting
Hartman & Craven LLP, 488 Madison Avenue, 16th Floor, NYC
12:00 pm – 1:30 pm
Contact: npitts@nysba.org

June

June 4, 2003
Women in Intellectual Property Law
Thelen, Reid & Priest, LLP, 875 3rd Avenue, NYC
5:00 pm – 8:45 pm—*A reception will follow*
MCLE Credits: 2.0
Contact: cteeter@nysba.org

June 5, 2003
MCLE ROUNDTABLE: "Ethical Issues in Patent Searching & Opinions"
Steifel Reading Room, New York Law School, 57 Worth Avenue, NYC
8:30 am – 10:45 am
Sponsored by RWS Group
MCLE Credits: 2.0
Contact: cteeter@nysba.org

June

June 13, 2003
"Bridge the Gap: Intellectual Property"
Long Island Marriott, 101 James Doolittle Boulevard, Uniondale, NY
8:30 am (Registration) — 9:00 am – 5:00 pm (Program)
MCLE Credits:* 7.5 *Contact: cleregistrar@nysba.org*

*Under New York's MCLE Rules, this program has been approved for credit for all attorneys, including those who are newly admitted (less than 24 months). This basic-level course may be used for New York MCLE credit consisting of 0.5 credit hour in ethics, 1.0 credit hours in skills and 6.0 credit hours in practice management and/or areas of professional practice; this program may be used by all other attorneys for 0.5 credit hour in ethics and 7.0 credit hours in skills, pratice management and/or areas of professional practice; for a total in either case of 7.5 credit hours.

June 17, 2003
Internet Law Committee Meeting
Pennie & Edmonds LLP, 1155 Avenue of the Americas, 22nd Floor, NYC
12:00 pm – 2:00 pm
MCLE Credits: tba *Contact: npitts@nysba.org*

July

July 15, 2003
Internet Law Committee Meeting
Pennie & Edmonds LLP, 1155 Avenue of the Americas, 22nd Floor, NYC
12:00 pm – 2:00 pm
MCLE Credits: tba *Contact: npitts@nysba.org*

August

August 4, 2003
MCLE ROUNDTABLE: "The Care & Feeding of Intellectual Property Experts"
McGraw Hill Building, 1221 Avenue of the Americas, NYC
12:30 pm – 2:30 pm
Sponsored by Standard & Poor's
MCLE Credits: 2.0 *Contact: cteeter@nysba.org*

September

September 16, 2003
Internet Law Committee Meeting
Pennie & Edmonds LLP, 1155 Avenue of the Americas, 22nd Floor, NYC
12:00 pm – 2:00 pm
MCLE Credits: tba *Contact: npitts@nysba.org*

September 24, 2003
"Bridge-the-Gap: Intellectual Property"
Albany Marriott, 189 Wolf Road, Albany, NY
8:30 am (Registration) — 9:00 am – 5:00 pm (Program)
MCLE Credits:* 7.5 *Contact: cleregistrar@nysba.org*

*Under New York's MCLE Rules, this program has been approved for credit for all attorneys, including those who are newly admitted (less than 24 months). This basic-level course may be used for New York MCLE credit consisting of 0.5 credit hour in ethics, 1.0 credit hours in skills and 6.0 credit hours in practice management and/or areas of professional practice; this program may be used by all other attorneys for 0.5 credit hour in ethics and 7.0 credit hours in skills, pratice management and/or areas of professional practice; for a total in either case of 7.5 credit hours.

September

September 24, 2003
"Bridge-the-Gap: Intellectual Property"
Genesee Inn, 1060 East Genesee Street, Syracuse, NY
8:30 am (Registration) — 9:00 am – 5:00 pm (Program)
MCLE Credits:* 7.5
Contact: cleregistrar@nysba.org

*Under New York's MCLE Rules, this program has been approved for credit for all attorneys, including those who are newly admitted (less than 24 months). This basic-level course may be used for New York MCLE credit consisting of 0.5 credit hour in ethics, 1.0 credit hours in skills and 6.0 credit hours in practice management and/or areas of professional practice; this program may be used by all other attorneys for 0.5 credit hour in ethics and 7.0 credit hours in skills, pratice management and/or areas of professional practice; for a total in either case of 7.5 credit hours.

October

October 9-12, 2003
Fall Meeting at Lake George
The Sagamore, Bolton Landing
Contact: cteeter@nysba.org

November

November 12, 2003
Trademark Law Committee Meeting
Hartman & Craven LLP, 488 Madison Avenue, 16th Floor, NYC
12:00 pm – 1:30 pm
Contact: npitts@nysba.org

November 18, 2003
Internet Law Committee Meeting
Pennie & Edmonds LLP, 1155 Avenue of the Americas, 22nd Floor, NYC
12:00 pm – 2:00 pm
MCLE Credits: tba
Contact: npitts@nysba.org

December

December 9, 2003
MCLE ROUNDTABLE: "Economic Issues Surrounding Royalties"
Yale Club, 50 Vanderbilt Avenue at 44th Street, NYC
8:30 am – 10:45 am
Sponsored by Berdon LLP
MCLE Credits: 2.0
Contact: cteeter@nysba.org

December 16, 2003
Internet Law Committee Meeting
Pennie & Edmonds LLP, 1155 Avenue of the Americas, 22nd Floor, NYC
12:00 pm – 2:00 pm
MCLE Credits: tba
Contact: npitts@nysba.org

January

January 27, 2004
Annual Meeting of the Intellectual Property Law Section
New York Marriott Marquis, 1535 Broadway, NYC
Contact: lcastilla@nysba.org

Trade Winds

Trade Winds offers Section members a way to keep up on the comings and goings of their colleagues and upcoming events of interest. Has there been a change in your practice? Any recent or forthcoming articles or lecture presentations? Won any awards recently? Please e-mail submissions to Jonathan Bloom at jonathan.bloom@weil.com.

* * *

Welcome New Members:

Harris J. Aaron
Janet Rose Abrams
Harvey Agosto
Marilyn Bersh Ampolsk
Pamela C. Ancona
Graham Bassett
Karen J. Bernstein
Hila Boaz
Anne Briggs
Kevin C. Brown
Nicole J. Buckner
Paul Burns
Gregory T. Casamento
Perry A. Cerrato
Arianne H. De Govia
Paul Diamond
Lee Anne Egnal
Kathleen K. Elsner
David F. Fernandes
John J. Figueroa
Natasha J. Finlen
Andra Fraiberg
Laura J. Freedman
Markus R. Frick
Margaret A. Geisst
Philip A. Gilman
Richard T. Girards
Steven W. Green
Marie-Claude Grenier
Robert D. Guadalupe
Anthony H. Handal
Maureen Cohen Harrington
Timothy P. Heaton
Brett A. Hertzberg
Cheryl A. Heyman
Mami Hino
Ulana Holubec
Jonathan F. Horn
Kevin A. Janus
Jonathan Jelen
Maitland Kalton
Arti Kane
Ian R. Kaplan
Jack B. Kim
Adam E. Kraidin
Charles S. Kwalwasser
David M. La Bruno
John LaBatt
Bernice K. Leber
Neil H. Lebowitz
Jenny Nahyoung Lee
Sandra Sohee Lee
James Michael Lennon
Harold C. Lentz
Brian Lawrence Levine
Allison L. Lucas
Sarah L. Lucchina
Kalama M. Lui-Kwan
Jonathan A. Maltby
Jeffrey Mann
Heather C. Mapstone
Amy Marshall
Roxanne A. Marvasti
Francis J. Matthews
Christine McMillan
Stefano Mechelli
Daniel J. Melman
Charles G. Minkoff
David P. Miranda
Darren Mogil
Bethany B. Mongeau
Lance Moore
Tracey A. Moriarty
Kevin Moses
Kathleen Elizabeth Murray
Todd A. Neufeld
Riyad Ali Omar
Darren E. Pogoda
Frederick J. Price
Elena V. Reshetnikova
Deborah Margaret Rigaud
Victor Rivera
Sarah Margaret Robertson
Christopher J. Robinson
Alexander Rudoni
Lance N. Salisbury
Noam Schechner
Richard S. Schurin
David S. Schutzbank
Preethi Sekharan
Jennifer Seraphine
D. Bradford Sessa
Ani C. Setrakian
Karl Silverberg
Alexandre G. Simon
R. John Smith
Robert G. Spampata
Afaf S. Sulieman
Takashi Tanaka
Pei-ling Tong
Anastasios Tselekas
Kimberly C. Turina
Jessica Lynn Turko
Allison M. Villafane
Deborah J. Weiss
Dorothy R. Whitney
Brian J. Winterfeldt
Thomas C. Wolski
Daniel R. Wood
Wendy Tai Yun Wu
Shin Yamazaki
Omid Zareh
Ling Zeng

ANNOUNCING THE

Intellectual Property Law Section's

ANNUAL LAW STUDENT WRITING CONTEST

Sponsored by THOMSON & THOMSON

To be presented at **The Annual Meeting of the Intellectual Property Law Section, January 27, 2004, New York, NY** to the authors of the best articles on subjects relating to the protection of intellectual property not published elsewhere.

First Prize: $2,000 Second Prize: $1,000

CONTEST RULES

To be eligible for consideration, the paper must have been written solely by a student or students in full-time attendance at a law school (day or evening) located in New York State or by an out-of-state law student or students who are members of the Section. One hard copy of the paper and an electronic copy in Word format on a 3.5" H.D. disk must be submitted by mail, postmarked not later than **November 4, 2003**, to each of the persons named below. As an alternative to sending the disks, the contestant may e-mail the electronic copies, provided that they are e-mailed before 5:00 p.m. EST, **November 4, 2003**. Papers should be no longer than 35 pages, double-spaced, including footnotes. Submissions must include the submitter's name; law school and expected year of graduation; mailing address; e-mail address; telephone number; and employment information, if applicable.

Send entries to:

Victoria A. Cundiff
Paul, Hastings, Janofsky & Walker LLP
75 East 55th Street
New York, NY 10022
(212) 318-6030
(e-mail:victoriacundiff@paulhastings.com)

and:

Kelly Slavitt
c/o Naomi Pitts
New York State Bar Association
One Elk Street
Albany, NY 12207
(e-mail:npitts@nysba.org)

Reasonable expenses will be reimbursed to the author of the winning paper for travel and lodging at the Annual Meeting to receive the Award.

Please direct any questions to Kelly Slavitt.

Law Student Writing Contest Winners

1999

First Prize: Penelope J. Flynn, Brooklyn Law School
Second Prize: Juan C. Gonzalez, St. John's University School of Law

2000

First Prize: Michael J. Kasdan, New York University School of Law
Second Prize: David R. Johnstone, SUNY Buffalo School of Law
Third Prize: Donna Furey, St. John's University School of Law
Hon. Mention: Darryll Towsley, Albany Law School

2001

First Prize: Maryellen O'Brien, SUNY Buffalo School of Law
Second Prize: Safia A. Nurbhai, Brooklyn Law School
Third Prize: Stephen C. Giametta, St. John's University School of Law

2002

First Prize: Deborah Salzberg, Fordham Law School
Second Prize: David V. Lampman, II, Albany Law School
Hon. Mention: Larry Coury, Fordham Law School

The Section reserves the right not to consider any papers submitted late or with incomplete information.

MEMBERSHIP APPLICATION
New York State Bar Association:

INTELLECTUAL PROPERTY LAW SECTION

Membership in the New York State Bar Association's Intellectual Property Law Section is a valuable way to:

- enhance professional skills;
- keep up-to-date with important developments in the legal profession;
- join colleagues in exciting Section events.

OPPORTUNITIES FOR EDUCATION

The Intellectual Property Law Section offers both the experienced and novice practitioner excellent opportunities to enhance their practical and legal knowledge and expertise. Through Section activities, including conferences on intellectual property (an annual fall event), members may examine vital legal developments in intellectual property law. The Section's Web site provides current information regarding Section events and offers "members only" access to current issues of *Bright Ideas* and current Committee bulletins providing updates on intellectual property law. The Section plans to sponsor continuing legal education (CLE) credit-bearing programs for Section members at reduced rates. Recent programs offered by the Section related to computer software and biotechnology protection, conducting intellectual property audits, and practical considerations in trade secret law. The Section sponsors an annual Intellectual Property Law writing contest for New York State Law Students.

OPPORTUNITIES FOR PROFESSIONAL DEVELOPMENT

Intellectual Property Law Section committees address unique issues facing attorneys, the profession and the public. The Section offers opportunities to serve on committees such as Patent Law; Trademark Law; Copyright Law; Internet Law; Trade Secrets; Technology, Transfer and Licensing and Young Lawyers.

Committees allow you to network with other attorneys from across the state and give you the opportunity to research issues and influence the laws that can affect your practice. Committees are also an outstanding way to achieve professional development and recognition. Law students are automatically members of the Young Lawyers Committee. Section members may join more than one committee.

A VOICE IN THE ASSOCIATION

The Intellectual Property Law Section takes positions on major professional issues that affect practitioners and advocates those positions within the New York State Bar Association, the legislature, and the public.

See page 54 to become a member of the Intellectual Property Law Section

COMMITTEE ASSIGNMENT REQUEST

Please designate, from the list below, those committees in which you wish to participate. For a list of Committee Chairs and their e-mail addresses, please refer to page 55 of this issue.

___ Copyright Law (IPS1100)

___ Internet Law (IPS1800)

___ Patent Law (IPS1300)

___ Technology, Transfer and Licensing (IPS1400)

___ Trade Secrets (IPS1500)

___ Trademark Law (IPS1600)

___ Young Lawyers (IPS1700)

Please e-mail your committee selection(s) to Naomi Pitts at: npitts@nysba.org

* * *

To be eligible for membership in the Intellectual Property Law Section, you first **must** be a member of the NYSBA.

❐ As a member of the NYSBA, I enclose my payment of $30 for Intellectual Property Law Section dues. (Law student rate: $15)

❐ I wish to become a member of the NYSBA and the Intellectual Property Law Section. I enclose both an Association and Section application with my payment.

❐ Please send me a NYSBA application. No payment is enclosed.

Name ______________________________

Office ______________________________

Office Address ______________________________

Home Address ______________________________

E-mail Address ______________________________

Office Phone No. ______________________________

Office Fax No. ______________________________

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Please return payment and application to:

Membership Department
New York State Bar Association
One Elk Street
Albany, New York 12207
Telephone: 518/487-5577
FAX: 518/487-5579
http://www.nysba.org

Section Committees and Chairs

The Intellectual Property Law Section encourages members to participate in its programs and to contact the Section officers or Committee Chairs for information.

Committee on Copyright Law
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Submission of Articles

Anyone wishing to submit an article, announcement, practice tip, etc., for publication in an upcoming issue of *Bright Ideas* is encouraged to do so. Articles should be works of original authorship on any topic relating to intellectual property. Initially, submissions may be of any length.

Submissions should preferably be sent by e-mail to Jonathan Bloom, Editor-in-Chief, at the address indicated on this page. Submissions for the Fall 2003 issue must be received by July 15, 2003.

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