



ideas on intellectual property law

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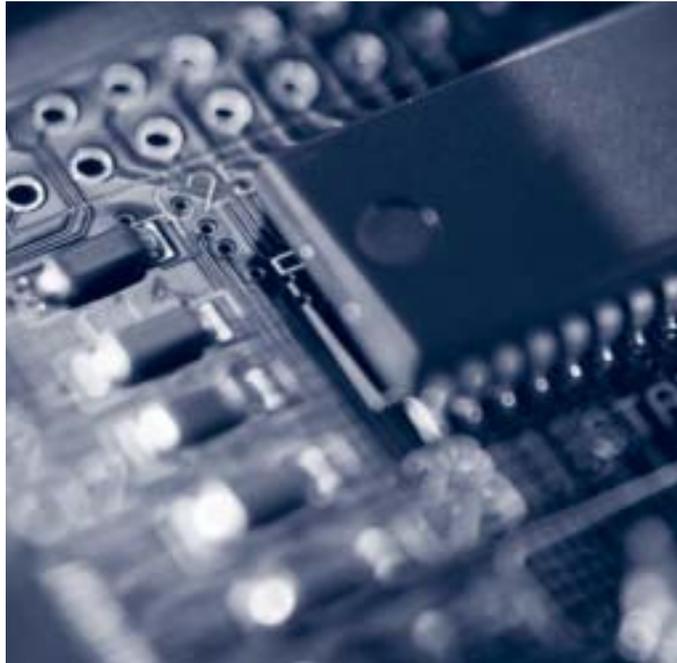
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Registering Complaints

Did One Online Company Poach Another's Customers?

It is well known that the Internet domain name system has spawned a raft of trademark litigation. But here's a recently published case in which the Internet itself, and not the domain name structure, gave rise to litigation. Rather than the usual unauthorized use of trademarks, the case involved some unique forms of unfair competition.

REGISTER.COM

Register.com, Inc. is a domain name registrar — one of over 50 companies authorized to issue name registrations in the .com, .net and .org Internet domains. Register.com also offers Web site hosting and other Internet-related services to the companies to which it grants domain name registrations. The best time to market such services to registrants is right after their domain name registrations have been granted, and before they have had much time to shop for other suppliers. Register.com, of course, can easily determine the identity and contact information of its recent domain name registrants.

Registrars can forbid others from using WHOIS information to send “spam” (unsolicited e-mail advertisements).

Verio Inc. is not a domain name registrar, but it competes with Register.com for Web site hosting and other online services. To compete more effectively, it too wishes to solicit Register.com's domain name registrants as soon as possible after

they acquire their registrations. But how can Verio obtain such information — and do it quickly?

WHOIS

All domain name registrars must publish an online registrant database, known as WHOIS, that contains names and contact information. The database's primary purpose is to provide information needed to settle domain name disputes, but the data may also be used for some, but not all, other purposes. Registrars can forbid others from using WHOIS information to send “spam” (unsolicited e-mail advertisements).

Register.com requires anyone accessing its WHOIS data to promise not to use the contact information for sending spam. It also goes a step further, extracting a promise not to use the data for direct mail and telemarketing solicitations. How does Register.com obtain these promises? It posts the following terms on its WHOIS:

“By submitting a WHOIS query, you agree that . . . under no circumstances will you use this data to . . . support the transmission of mass unsolicited, commercial advertising or solicitations via direct mail, electronic mail, or by telephone . . . By submitting this query, you agree to abide by these terms.”

This kind of take-it-or-leave-it agreement, leaving no room to negotiate, is called an “adhesion contract.”

THE DISPUTED ACTIONS

Verio developed an automated way to obtain the recent registrant information from Register.com's WHOIS database. To identify the newly added customers, Verio daily compared the previous day's list of Internet domain name registrants with the current list.

Then it used a software search robot to scan not only Register.com's current WHOIS database, but also those of other registrars. The search turned up the day's new registrants and extracted the appropriate contact information. Last, Verio's telemarketing staff used the data for telephone solicitations — exactly what the adhesion contract forbade. Register.com sued Verio, seeking an injunction to bar this practice.

BREACH OF CONTRACT

Register.com claimed that Verio was violating the adhesion contract and should be enjoined from doing so. The court agreed. Verio protested that the adhesion contract went further than Register.com was authorized to go by the terms of its grant of authority as an Internet registrar. The court, however, held that Register.com was entitled to place more stringent conditions on the use of its WHOIS data, so long as it did not interfere with the required level of public access to the database. The court reasoned that the adhesion contract was a private contractual arrangement between Register.com and Verio, which Register.com was entitled to insist on, and which Verio could avoid only by forgoing access to the database.

Verio argued that it had never voluntarily assented to the terms of the adhesion contract, but the court disagreed. Verio's voluntary act of accessing the data, with knowledge of the restrictive conditions, was sufficient assent. When Verio submitted a WHOIS inquiry, it bound itself not to use the resulting data for telemarketing. Verio breached the adhesion contract and would be enjoined from continuing to do so.

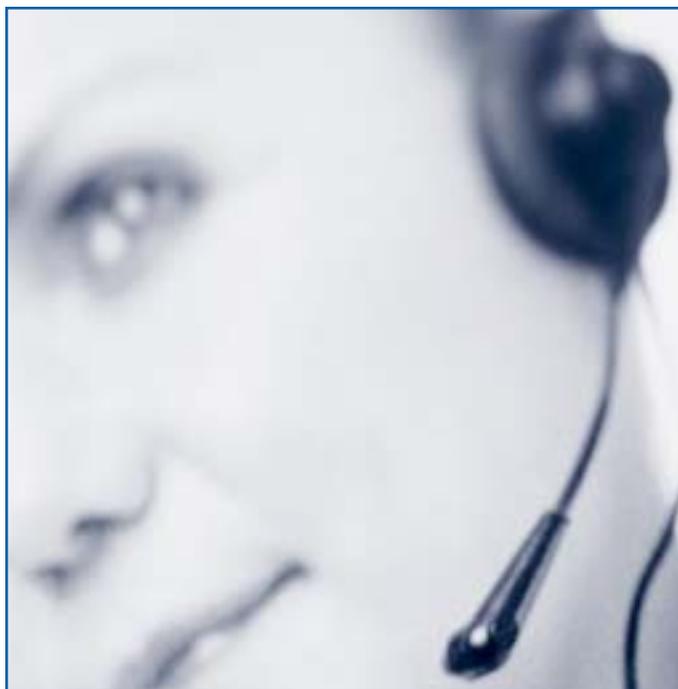
ROBOT WARS

In addition to the adhesion contract, Register.com asserted other legal claims against Verio.

Trespass. It persuaded the court that Verio's use of an automated data collection method (the software robot) constituted a trespass on Register.com's computer servers containing the WHOIS database. The court rejected Register.com's efforts to prove that Verio's

robot alone used up a significant fraction of Register.com's computer resources. But the court was sympathetic to Register.com's argument that if Verio were allowed to impose its robot on Register.com's computer servers, all others would be allowed to do so as well — and then the cumulative effect on Register.com's computer resources would indeed be significant. The court therefore upheld the trespass claim as an additional ground for injunctive relief.

Computer Fraud and Abuse Act. Another ground for injunctive relief the court accepted was violation of the Computer Fraud and Abuse Act. In very general terms, the statute forbids unauthorized access to a computer system for the purpose of obtaining information or causing damage. The court ruled that the statute had been violated — even though access to a WHOIS database is normally authorized — because Verio's robot use exceeded the terms of the normal public authorization to seek WHOIS information. The court also ruled that the resulting consumption of Register.com's computer resources by Verio, though individually slight, met the statute's definition of "harm." Even though the statute is a criminal enactment, the court ruled that it could enjoin the continued commission of this crime in a civil litigation at the behest of the victim, Register.com.



Lanham Trademark Act. Finally, the court also ruled that Verio engaged in unfair competition under the Lanham Trademark Act, because its telemarketing pitch tended to make customers think that Register.com, not Verio, was calling. The telemarketer would indicate that the call was “regarding your recently registered domain name.” This phrasing created the impression that the call resulted from the domain name registration, and had nothing to do with Web site hosting services. This had confused some customers. In addition, Register.com argued that the mere fact that the telemarketing call followed so soon after the granting of the registration was itself enough to

generate such confusion. But the court refused to believe that rapid timing alone could constitute a violation of the Lanham Act.

INJUNCTIVE RELIEF JUSTIFIED

So Register.com failed on only the rapid timing aspect of the Lanham Act claim. On all the other theories — breach of the adhesion contract, criminal computer fraud and the misleading sales pitch — the court ruled in Register.com’s favor. Indeed, the court held that any one of those points was sufficient justification for injunctive relief. 💡

If at First You Don’t Succeed, Vacate

Reaching a settlement with your opponent after a court’s decision may affect more than just the litigants. Courts are aware that proposed settlements can affect the general public as well.

Kollmorgen Corp. sued Allen-Bradley Co. for patent infringement. A “Markman” decision was handed down interpreting the patent claims and, unhappy with the results, Kollmorgen began negotiations with Allen-Bradley that led to a tentative settlement. The settlement



was conditional on the Markman decision being vacated. This was important because Kollmorgen was also suing Yaskawa Electric Corp. on the same patents. Accordingly, Kollmorgen asked

the court to vacate its Markman decision, and Allen-Bradley did not object. Yaskawa, however, moved to intervene in the Allen-Bradley litigation so it could ask the court *not* to vacate the Markman decision — the court’s claim interpretation benefited Yaskawa’s defense in the other case Kollmorgen had brought. The court, however, refused to allow Yaskawa to intervene.

But Yaskawa got what it wanted anyway: The court refused to vacate its claim interpretation. It reasoned that, though settlements are generally encouraged, the court had already expended resources in making its decision, so there was less to be gained. Besides, the public — including competitors such as Yaskawa — had an interest in any decision affecting a patent’s scope. Thus, more was at stake than the private benefit of Allen-Bradley and Kollmorgen.

Bottom line: Don’t start a fight if you’re not sure you can finish it. 💡

Under Whose Authority?

Case Looks at Confusion Between Sports and Computers

Under federal law, an application for registration of a trademark must be refused if the mark is confusingly similar to an already registered mark. Moreover, the owner of a previously registered mark has the right to file an opposition proceeding in the Trademark Trial and Appeal Board (TTAB) against any application that would result in a confusingly similar mark being registered. You would normally think there is little similarity or connection between sports equipment and computers. But in a recent opposition proceeding, that issue was far from clear.

THE SPORTS AUTHORITY FAMILY

An application was filed by PC Authority Inc. to register the marks “Personal Computer Authority” and “PC Authority” (the latter with a design component) for its retail computer stores and related services. But a subsidiary of The Sports Authority Inc., a large and well-known retailer of sporting equipment, opposed the application. The company had previously registered 24 trademarks for a wide variety of sporting goods, apparel and related items of electronic equipment. Some of these marks were:

- ① Authority,
- ① The Sports Authority,
- ① The Ski Authority,
- ① The Low Price Authority,
- ① The Bag Authority,
- ① The Club Authority,
- ① Shoe & Apparel Authority, and
- ① Team Sports Authority.

Is there a likelihood of trade identity confusion between the applicant’s mark and the opposer’s mark here? The opposer, Sports Authority, argued that it has a “family” of “authority” trademarks

and, since the “PC Authority” mark looks like a member of that family, it would cause confusion with the Sports Authority’s marks. The applicant, PC Authority, countered that no likelihood of confusion existed because the parties sell such different goods.

Sports Authority’s marks have been heavily advertised and promoted in its approximately 200 retail stores in 32 states. It is the country’s largest full-line sporting goods retailer and one of the largest retailers of any kind of goods. Its sales are in the billions of dollars. Its “Sports Authority” mark is well known. So would this degree of fame cause consumers to assume that the “PC Authority” mark represented a Sports Authority business extension from sporting goods to computers?

**The word “authority”
was the most important
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element” — of each mark.**

THE TTAB WEIGHS IN

The TTAB noted that the only common aspect of the parties’ marks was the word “authority.” In all other respects the marks looked and sounded quite different. But the TTAB also noted that the word “authority” was the most important part — the “dominant element” — of each mark. The other words, such as “sports” and “personal computer,” merely designated the goods sold in the parties’ stores, and so did not serve to indicate either seller’s identity. Such dominance, however, is only one determining factor, and not sufficient in itself to establish a likelihood of confusion between the applicant’s and opposer’s marks.

One problem with relying on the word “authority” as the identifying element of the opposer’s mark was that 26 other companies had registered or were using similar marks incorporating that word, such as:

- ① Hire Authority,
- ① The Underwater Authority,
- ① Computer Systems Authority,
- ① Power Authority,
- ① America’s Travel Authority, and
- ① The Storage Authority.

The existence of all these other marks, according to the board, demonstrated that the word “authority” conveyed a message that the mark’s user is an expert in its chosen field, a circumstance that weakened the ability of that word to function as an identifier. Consumers were more likely to regard the word “authority” as a universal form of self-praise than as a badge of identity unique to one business. In short, in light of all the “authority” trademarks that are *not* part of the opposer’s

Likelihood of Confusion

The likelihood of confusion in a trademark case is a complex function of:

- ① **The degree of similarity in sight, sound and meaning between the marks themselves, and**
- ① **The degree of similarity or connection between the respective goods and/or services that the two parties offer under those marks.**

family of marks, there was little reason to assume that the applicant’s “PC Authority” mark is part of the opposer’s family.

POPULARITY HARD TO DEFEND

The TTAB therefore dismissed Sports Authority’s opposition and allowed registration of PC Authority’s mark. If there is a moral to this story, it is that trademarks that describe or praise the product may be the most popular with business people, but they are more difficult to defend. 🧠

The Sound of Music

Copyright Infringement Hits Sour Note

How similar is too similar in a claim of copyright infringement? The answer may surprise you, especially when it comes to music.

INDEPENDENT CREATION

Copyright law is fundamentally different from patent law. If you make, use or market an invention covered by the unexpired patent of another who previously invented it, you are an infringer. This holds true even if you never saw or knew about the other person’s patent or the other

person’s invention, and even if you reinvented the same thing independently of the other person.

But copyright law doesn’t work that way. The *only* way for copyright infringement to occur is for someone to have access to the copyrighted work and to copy it without permission. No matter how similar the accused work is to the copyrighted work, if that likeness did not result from copying — if it resulted from independent creation — there is no copyright infringement.

Of course, striking similarity often results from copying, and in many cases a defendant's claim of independent creation may be viewed with extreme skepticism if his or her work is nearly identical to the copyrighted work. But in some areas of the arts, it's not unusual for two independently created works to greatly resemble each other. One of these areas is music.

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The vocabulary of music — the eight-note scale used for most compositions — is limited. The possible combinations of those notes are, of course, unlimited; but only a small fraction of those permutations is pleasing. A recent decision has demonstrated how these observations affect music copyright litigation.

THE MUSIC STARTS

Ronald Calhoun was a church musician who wrote a religious song entitled “Before His Eyes” in 1969. The song was recorded and released, but never caught on. Calhoun seems to have been the only one who performed it publicly.

Later, in 1976, Robert McGee, a pastor at a Seattle church, wrote a religious composition titled “Emmanuel.” McGee's composition was published in English and other languages, and widely used in churches. Christian Copyright Licensing Inc., a clearinghouse that deals with religious music, ranked it in the top 20 most requested songs.

When Calhoun came across a publication of “Emmanuel,” he thought it infringed his copyright and proceeded to sue McGee's publishers. The trial court found the two compositions “practically identical,” but nevertheless held in favor of the defendant's publishers. An appellate court affirmed this decision, explaining that:

“Given the limited number of musical notes (as opposed to words in a language), the combination of those notes and their phrasing, it is not surprising that a simple composition of short length might well be susceptible to original creation by more than one composer.”

But the clincher was the testimony of McGee's witnesses, who stated they had actually observed him in the act of composing “Emmanuel” during a church service. The court ruled that this testimony constitutes uncontradicted evidence of independent creation fully negating any claim of infringement. McGee won because of the testimony of those eyewitnesses.

EASY LISTENING

In this case, the uncontradicted proof made the court's decision an easy one. Original creation by more than one person is not as unlikely as some may think — especially in the field of musical compositions. 



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