

# INTELLECTUAL PROPERTY LITIGATION IN THE DIGITAL AGE: 2018 SPRING SYMPOSIUM

On April 22, 2018, the *International Comparative, Policy & Ethics Law Review* presented its bi-annual symposium titled, *Intellectual Property Litigation in the Digital Age*. What follows is a transcription of the panel discussion at the Benjamin N. Cardozo School of Law.

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I. INTRODUCTION: CHRISTOPHER GRIMALDI, EDITOR-IN-CHIEF, *INTERNATIONAL COMPARATIVE, POLICY & ETHICS LAW REVIEW*

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MR. CHRISTOPHER GRIMALDI:

Good evening, everybody. Thank you for coming out tonight. This is the Intellectual Property Litigation in the Digital Age Symposium hosted by the International Comparative, Policy and Ethics Law Review.

Our law review focuses on topics that transcend borders and affect international policy. We try to analyze the policies of various countries and compare them against each other in order to analyze how well the policies achieve their goals. This is our inaugural year, so we have a rather limited history.

In this year alone, we've had some significant accolades awarded

to us. Right now, our first volume is being housed in the Library of Congress in Washington, D.C. The first issue of Volume One was distributed at a U.N. conference in Bangkok, where it was requested by the Head of the U.N. Commission for Human Rights. We've had over 700 copies special ordered by the American Center for Law and Justice, down in South Carolina.

I want to thank everyone for coming out here tonight. The format we are going to be using for this presentation is as follows: each speaker is going to be allotted approximately 30 minutes to speak. Following their presentation, we will take two or three questions from the audience. After the speakers have concluded, we're going to do another ten or fifteen minutes of general Q & A.

The purpose of tonight's event is to examine various facets of intellectual property and how the law has evolved to operate in the digital age. As technology advances, intellectual property professionals are facing new challenges arising from the digital world. Issues involving online counterfeiting, domain names, and cyber-squatting occur more frequently than ever. The ICPELR has invited these experts in IP to discuss these with us.

## II. TRADEMARK LITIGATION SESSION: PAUL LLEWELLYN, PARTNER, ARNOLD & PORTER KAYE SCHOLER LLP

*Mr. Llewellyn has extensive experience in all aspects of intellectual property matters, including representing high-profile clients in the food, liquor, pharmaceutical, and luxury goods industries in numerous trademark litigation proceedings. Paul is a contributing author to LEXIS's Practice Advisor Series on various trademark topics. His work is also consistently recognized by Chambers USA, the Legal 500 US, and World Trademark Review 1000.*

### MR. PAUL LLEWELLYN:

I'm very happy to be here tonight. I don't know what the mix is of folks who have taken a trademarks class or survey class that's covered trademarks and not. Let me ask if you've taken a trademarks class or survey class on trademarks, raise your hand. That's pretty good, but I'll try to do some basics, also. I thought that it would be interesting rather than just try to do a Trademarks 101, and rather than to just talk about traditional advertising that happens to be online, instead, to talk about these types of online and social media uses like I have listed here: domain names, URL's, keywords, hashtags - and how the courts have handled those in the trademark sphere. Conceptually, they're a little bit different than a traditional ad that happens to be online, for example.

The focus of trademark infringement, as most of you know, is usually likely to confuse you. What we see in a lot of these cases and what we've seen the courts grapple with over the years since the beginning of the internet is also a separate issue of trademark use and use in commerce as they look at these different new ways to use words online and figure out how to deal with them.

I'm going to start near the end of the presentation and give you this quote from this case, which is one of the first cases to address hashtags as trademarks, where the court made the sweeping statement, "Hashtags are merely descriptive devices, not trademarks, merely a functional tool." I'll talk more about this case later. I saw this and I thought, "That's pretty interesting, that's a pretty broad statement for a court to make to say a hashtag is not a trademark."

What is a trademark, before we get into the meat of this? That is a good question. What is a trademark? As most of you know, a trademark is a word or other thing that identifies and distinguishes source.

The function of the trademark is to identify the exclusive source of goods or services. As I said before, confusion is paramount. The question is always, whether prospective consumers are likely to be confused as to the source.

Where does all this come from? It comes from 50 U.S.C. 1114 which is the statute providing a cause of action for infringement of a registered trademark. There, you see some key concepts that are "use in commerce," "use in connection with the sale or advertising of goods or services", and "likely to cause confusion." There's a similar statute, if you care, 15 U.S.C. 1125 covering unregistered marks.

Tying it together, you have the basic elements for the trademark infringement claim. You need to have a valid mark, you need to show the defendant used it in commerce in connection with the advertisement or sale of goods and services and that it is likely to cause confusion.

As you see here, there's at least two kinds of use that you have to show. You have to show using commerce and use in connection with goods and services. There's a third kind of use that comes up a lot in the cases I'm going to talk about, and that's this concept of trademark use.

There's a recent case, a few years ago now, involving Oprah Winfrey that really highlights this concept. The case went up to the Second Circuit twice. It wasn't an online case, but it's helpful to explain this concept of trademark use. The plaintiff here had a registered trademark for "Own Your Power," which was a phrase that Oprah happened to use on her TV show and on the cover of her magazine as we see there, "Own Your Power."

She was sued. She moved to dismiss. She said, I'm not making trademark use. This is just the use of a phrase and encouraging people to take charge of their lives, and I'm not using it to brand a good or

service. This is essentially a kind of fair use defense.

Fair use defense is a defense that's in the Lanham Act that says if you're using a word descriptively, and in its common English language sense, and you're not using it as a trademark, if you are doing that in good faith just to describe something rather than a product, it's not infringement. I have this helpful graphic here, a Target graphic to drive that home for you.

The Second Circuit disagreed with Oprah the first time on appeal. They said, Trademark use, maybe you're making trademark use and maybe you're not making trademark use, but that's not an element that the plaintiff has to prove. They have to show that you're using it in commerce which is different than trademark use. Maybe you can show that it's not trademark use but it's fair use later on. In fact, on remand, she did show that, in addition to showing there wasn't any confusion, she showed that if there was, it was a fair use because she was using it other than as a trademark. It wasn't a trademark use.

That's a long way of explaining this concept of trademark use that we're going to see a lot in these cases. Just to cover all the grounds here, there's also this concept of nominative fair use in addition to descriptive fair use where you're not using a trademark to refer to your product but you're referring to somebody else's product. You're referring to a competitor.

I'm really old, so I remember this thing called "The Pepsi Challenge" where Pepsi would say, "Come and take the Pepsi challenge, and you're going to prefer this to Coke." They were saying, Coke, Coke, Coke, Coke, Coke in the ads but they were using it to refer to Coke, not them, so that was not using as a trademark to refer to themselves and it was okay. It was another kind of use other than as a trademark to refer to your own services.

We have at least three different concepts of use here. We have use in commerce, use in connection with advertising of goods or services, and trademark use. Why do we care about this? Why am I talking about this? Because when the internet came along, suddenly there's all these different ways to use words and to use trademarks that didn't fit into the neat boxes that already existed. What I will talk about for the rest of my presentation here is how the courts have grappled with that in the internet context as they try to figure out what is and isn't trademark infringement.

The early cases, when the internet came about, the early trademark cases, were about registrations and domain names. I don't want to talk too much about domain names and trample on Marty's ground. If I start trampling, I want you to make some noise.

MR. MARTIN SCHWIMMER: I relish the competition.

MR. LLEWELLYN: As you may or may not hear here later, some

of the early cases where somebody would just register somebody else's trademark as a domain name, not use it for a website, but just register it. Courts pretty uniformly were holding that that's not a use in commerce in connection with the advertising or sale of goods or services, so there wasn't really much they could do about it.

Then this Panavision case came along and let me tell you what the guy did. The guy registered Panavision, and he set up a camera in Pana, Illinois, and it was like a webcam of Pana, Illinois. Panavision, which is this local website.

Panavision, the camera manufacturer, sued him for infringement and dilution, and the courts were really struggling with this because he wasn't using it to sell goods or services. It was the Ninth Circuit, and there was something they didn't like about this guy because he was obviously a cyber squatter.

He had, in fact, tried to get money and tried to sell the domain name to Panavision. And they said, "Ah, there's a use in commerce. You tried to sell the domain name. That's using it in connection with goods and services. That's good enough for us. You're liable for dilution."

I'm not going to go into how crazy it was to find a trademark dilution here, but it was a great example of the court really bending, because this didn't fit into a box but they wanted to find liability there. Ultimately, this all worked out with, what Marty's going to talk about, the ACPA and UDRP, where they came up with a whole new framework to deal with domain names because the existing trademark infringement, trademark dilution scheme didn't really work for it.

It's not like that was the last domain name case. There's certainly cases where you can use a trademark in a domain name and it's more obviously in connection with goods and services. But, when you think about this concept of trademark use and whether a mark is being used to signify source or something else, you still have to wonder when you see 501 in the domain name like this on the left, 501usa.com, where people are selling Levi's jeans, when you see that is your expectation that that must mean that that's indicating source, that these are the 501 people or could it be they're just selling 501 jeans?

This is a theme we'll get back to later on, this idea that a lot of this is driven by what the expectation of the viewer is whether something is a trademark use or not. It's not in some of these courts that we're going to see, just kind of declare it's not a trademark use. Rather, it really comes down to what consumers expect when they see these things and these new technologies. You see exactly that in cases addressing use of trademarks in URL's. We're talking about the words on the other side of the dot com. Courts face the same issue with use: Is this in connection with goods? Is this a trademark use? Is it the type of use that

the Lanham Act, that the trademark law, cares about?

In the first case here, the plaintiff sued for infringement of its GoPed mark for motorized scooters because the defendant's URL had GoPed in its directory hierarchy that comes after the dot com. The plaintiff was also upset that the defendant's website endorsed the unsafe practice of popping wheelies with GoPed scooters, but that didn't really come into play in the court's decision.

What the court did hold was that, as a matter of law, the Lanham Act just didn't apply. They said, "As a matter of law, use at the secondary level in a URL does not suggest sponsorship endorsement because the mark did not appear in the domain name." As a matter of law, it doesn't count as trademark use. It's not what the Lanham Act cares about.

We see the same thing in the second case here, interactive in the Sixth Circuit, the court said, "Because post-domain paths do not typically signify source it is unlikely that the presence of another's trademark in a post-domain path would ever violate trademark law." That's stunning in itself, but when you hear about what happened in this case, it's even more surprising to me.

The defendant used to sell the plaintiff's product. Their URL directory hierarchy had the claimant's brand name in it. Then they switched to selling somebody else's product but they didn't want to change the URL because the links were up and the search engines were finding it, so they just left it there and they're selling somebody else's product. The court said, "It's unlikely that they would ever violate trademark law," because the court doesn't think, apparently, that consumers would expect that the URL might tell you something about the source of the product. There's no explanation in the case why the court would think that. There's no survey of consumers; there's no evidence that that's what consumers think. That's just the courts looking at this new technology and making a declaration.

On the flip side, sometimes the courts see something like this and they say, "Oh, yeah. People are going to be confused." In this Playboy case, the terms Playboy and Playmate, if you search for them in this Netscape browser (which is this old browser that no longer exists) you would get a banner ad for some adult sites.

The courts said, "Well, if the user types that in, and then they type in 'Playboy' or 'Playmate', and then they see a banner ad, they're going to think that they're affiliated, because not only does the thing pop up but it instructs the user 'Click here.' It must be a connection to what I just searched because it says, 'Click here.'"

It's just an example of these courts. This is 2004. The decisions back then are really entertaining because the courts go to great length to explain how the internet works, what a domain name is, what a website

is, and all this stuff that we take for granted now. I think that's kind of symptomatic of what else is going on here, which is they're applying their own reaction to seeing this technology maybe for the first time and saying, "Consumers are going to think this."

The cases involving Google Ad words do the same thing. Some of the cases just say, "As a matter of law, because it's a different link and it's a distinct thing from the search term, the result is a distinct thing, it's not the kind of use that's going to confuse anybody, so it's not infringing."

On the other hand, there are cases that go the other way. The ad's not clearly labeled so it's going to be infringing on Google Ad words, the Google ad pops up. Again, it's the courts again and again, I think, substituting their judgement for the evidence in the case of what the consumers would think and saying, "People are not going to be confused," because not just generally, because they're likely to confuse you or not, but because this is the kind of thing where consumers wouldn't expect this to be source identifying or they would expect it to be source identifying. It's the kind of thing that they would expect a to be a trademark use or not.

Then the Second Circuit came along and took a different approach in keyword cases, and they created their own entire genre of confusion in the process. This case, 1-800-CONTACTS, involved a company that served pop-up ads on the computer. That's also kind of a thing of the past now. Whoever came up with the idea of a pop-up blocker on your browser, I hope got a Nobel Prize for it.

The way it worked was, the defendant, after somehow getting you to install their software on your computer, would monitor your search terms. When you did certain search terms in your browser, they had a list of search terms and index thing internally, and they would serve ads based on it. They got sued by 1-800-CONTACTS because when someone searched 1-800-CONTACTS they were serving ads for a competitor.

The Second Circuit said, "This is not something that the trademark laws is concerned about at all. This is not even a use in commerce. They have an internal list. It's like somebody thinking about words in their head, nobody's using any marks here, and we're just not going to find that actionable under the Lanham Act."

That spawned a couple years' worth of, "Is it a use in commerce? Is it not a use in commerce?" It was not a use in commerce everywhere in the Second Circuit, but pretty much everywhere else it was a use in commerce. There are cases on both sides of this issue, and it was this very existential thing for trademark lawyers who are practicing in this area for a very long time.

Then, the Second Circuit, Judge Leval, came to the rescue with

RescueCom a couple years later where they went to great pains to say that the 1-800-CONTACTS decision was not wrong, but it was very, very different. It was a purely internal use. They relied on this definition of use in commerce in the Lanham Act that only is supposed to apply to whether you're making sufficient use to get a registration.

They said this RescueCom, this Google case, Google was selling people's trademarks in their Ad words program. That's different. They're using it in connection with goods and services, kind of like the Panavision case. This is the kind of use that the Lanham Act cares about. They even went to the unusual step of having this entire separate appendix in this decision, explaining why Congress should clarify some things about use in commerce. [Sarcastic] I'm sure Congress immediately acted on that because they get this advanced-sheet from the Second Circuit and rush to the appropriate committee this information. They didn't clear it up, and there's still a lot of confusion about it.

Where are we now? What's the latest thing that - somebody that's 20 years younger than me might know the more latest thing - but one of the latest things is hashtags. Social media presents many of these same issues regarding use and consumer expectations that, I think, the courts have struggled with in other contexts. Hashtags is an obvious example of that.

There are a couple different issues with hashtags. One is, can they be protected as a trademark, and the other is if you use someone's mark in a hashtag is that infringement?

The example I have here is a typical early social media post. Some guy that likes Nike and he likes horror movies, and he's got some sort of combination of those. In the picture are sneakers with this "hashtag Nikes." Well, that's probably not a use in commerce. It's probably not actionable. Nike probably doesn't care about this at all.

In addition to uses like this, as we all know if you spend any time at all on Instagram or any social media platforms these days, there's a lot of advertising. It's not just people posting pictures of somebody's sneakers. You can't spend a lot of time on Instagram without getting deluged with ads or with people wanting to follow you because they're selling stuff. What we're seeing is that these commercial uses of hashtags that social media, are generating some of the same kinds of questions about use as the other cases. It's these questions about whether this is the kind of thing that trademark law cares about.

In this early case, this is the first one I could find involving a hashtag, the defendant designed shirts for the plaintiff's fraternity collection then they went off, and did their own thing after the deal ended on a competing site, and they were selling things, and they were promoting it on social media using hashtag Fratcollection, hashtag Fraternitycollection. In a motion to dismiss, the defendant said, "This

can't even count as trademark infringement." The court said, "Well, at least at the motion to dismiss stage, I'm going to accept the idea of using somebody else's trademark as a hashtag in your post could deceive consumers and could be the kind of thing the trademark law cares about."

The next case to come along is this Eksouzian case that I started with. Here, it's not quite a trademark case. There was a settlement of a trademark disputes, there was a contract. But, here, the plaintiffs had this trademark, Cloud Pen, and one side had agreed not to use Cloud next to Pen as a trademark. So, they did hashtag Cloudpen on their advertising and social media. As I said earlier, the court here said, "Hashtags are merely descriptive devices and are not trademarks. It's merely a functional tool. It's not actionable. There's nothing wrong with this."

There's a lot wrong with that because the notion that just because something is scripted that it can't be a trademark is wrong as many of us know, even a descriptive mark can become protectable and can have trademark significance. What the court does here is not assess what consumers might actually think or expect or whether they might be confused.

On top of that, they've misread the Trademark Office's own position on whether hashtags can be trademarks. The Trademark Office has this thing called the TMEP, which instructs trademark examiners about how to examine applications. And, they very clearly say that if something is protectable, it's still protectable if you put a hashtag mark in front of it; and if something is not protectable, if it's merely descriptive, it's merely descriptive if you put a hashtag mark in front of it. It's a pretty unremarkable position that they have.

Basically, the same rule applies that always applies. This is the tired old example I always use in trademark law. The word apple is not protectable for the fruit, but it's protectable for the computer. Hashtag apple is not protectable for the fruit, but it's protectable for the computer also. The same concept applies, you would think, but back and forth the courts go on it.

There have been two more cases that I've found reported on the issue. This one here, the court said, "Yes, of course, a hashtag can be a trademark." They granted a preliminary injunction. In the fourth case, back to the Central District of California again, the court agreed with the Eksouzian decision. Maybe because they were both cases involving vaping products, I don't know if that was important or not.

In the second vaping case, the court said that, again, "Hashtags are merely descriptive devices, not trademarks. There is no evidence that their using the mark Drip Club in advertisements for products as opposed to using it as a hashtag," as if the social media posts where they

were saying hashtag Dripleub weren't advertisements. It makes you wonder whether the judge who wrote this had ever used social media platform or had any understanding of how any of this works.

I made this little diagram to try to kind of wrap my head around this—it's a very sophisticated use of PowerPoint as you see here—because I don't think it always makes a lot of sense. I think what we see is that where there's a new medium, where there's a new way to use words, there's uncertain expectations, because people aren't really sure. What is it that I'm seeing here? Do I expect this to be source identifying? Do I expect this to be just a descriptive thing or a hierarchical structure of somebody's website? Is it an ad? Is it not an ad?

There are these expectations at the top, and people may or may not expect it to be a trademark use. They may or may not be confused. All that fits together to figure out if there's infringement. At the end of the day, I'm wary of some of these decisions we see where the courts just say, "Use of the URL can never be infringement." "Use of a hashtag can never be a trademark use or never constitute infringement."

I think judges should know better than to write opinions in those kinds of sweeping terms in them; because, at the end of the day, in trademark law, expectations of consumers are what matter. And those the expectations include whether you expect the manner in which something's being presented to you to be source-identifying or not. And, as these new media evolve and new media come out and become better understood, I think courts need to keep up with that.

### III. COPYRIGHT LITIGATION SESSION: ELEANOR M. LACKMAN, PARTNER, COWAN DEBAETS ABRAHAMS & SHEPPARD LLP

*Ms. Lackman handles a broad range of contentious intellectual property matters on behalf of well-known and up-and-coming clients in the media, entertainment, e-commerce, fashion, sports, technology, and consumer products industries. Variety chose her as the only litigator in its 2016 round-up of "Hollywood's New Leaders" and featured her in its 2017 "Legal Impact Report." Law360 has twice chosen her as among five or fewer "Rising Stars" in media and entertainment law, and in 2017, Euromoney Legal Media Group named her "Best in Copyright" at its Americas Women in Business Law Awards.*

MS. ELEANOR M. LACKMAN:

Good evening, everyone. Thanks for sticking around and being

here late on a Monday for this topic. Copyright issues in the digital age are incredibly complicated. For those of you who've take a copyright law class, you probably know that the two elements for copyright infringement are ownership and substantial similarity.

In the digital age, these questions are not all that common. There are a lot of other issues that come up. As I thought about this presentation, I thought about the types of cases that I've seen in the past five or six years and thought I would go over some of the types of issues that we see and try to categorize them in some way, and, hopefully, I'll do it justice.

The first area I thought of was where technology tests the limits of the Copyright Act. The current Copyright Act was drafted over the course of the 1960s into the early 1970s and was enacted in 1976. We're talking about digital copyright law.

When the new act was enacted, replacing the 1909 Act, everyone said, "This is great. This is going to be a Copyright Act for all time. This is going to deal with technology. It's going to be technology neutral. It's going to evolve. We don't need a new Copyright Act for a long, long time," which is probably a good thing because I can't imagine Congress doing anything in IP much less another Copyright Act.

What we see though, is that technology really is testing the limits of the Copyright Act. I want to go over a few cases that we've seen.

The first one I thought I would mention is a pending case right now. It's on appeal before the Second Circuit. Capitol Records versus ReDigi. This case involves something that was never envisioned in 1976, the concept of selling your used mp3's just like an old used record store, a used CD store.

ReDigi argues that through their service you listen to these songs and you want to resell them, you pay \$.99 on iTunes, you want to sell them to someone else. You upload them, ReDigi takes a cut, someone else then gets that copy, and then the original is deleted from your drive. It tries to be functionally similar.

In the analog world there is a defense called first sale that would defend you from liability. Say you buy a book, you can sell it freely. Once you have the material object, you can part with it. ReDigi, however, makes a copy. The Southern District of New York found that because the person who obtains the song, the file, actually is not getting the original, but because a copy is being made, the first sale defense doesn't apply.

You can sell your used records or used CDs, if anybody has them anymore, or any used physical copy, but you can't do this on the internet. Right now, the court is considering this. The case was recently argued. It was a long argument. The panel was very interested in this

issue.

Again, one of the things that litigators keep in mind is the familiarity of these judges with these concepts. Do these judges have iTunes accounts? Do they understand what ReDigi is? Do they understand how the ones and zeros work? They were very fascinated by a very strange convoluted argument about ones and zeros floating around. You wonder how this is going to come out, but that's pending right now (in the Second Circuit), so stay tuned.

The Second Circuit issued a couple weeks ago a decision in another copyright case. It's an interesting issue involving one of the limits of fair use. I'll go over what fair use is just briefly for those who aren't familiar with it. Fair use is, like first sale, a defense to copyright infringement. It's an affirmative defense, on the defendant to prove.

There are four non-exclusive factors that are balanced and weighted in conjunction with the purposes of the Copyright Act. The factors are taken into account when someone uses a work without permission and the use is substantially similar, so we're not talking about de minimis use or uses that are not similar.

If someone takes a whole work, the questions are, "What's the purpose of the use? Was it commercial? Was it transformative? Does it create a new meaning or message?" This really harkens back to the concept of fair commentary, First Amendment, and free speech theories - the Copyright Act shouldn't prevent someone from speaking freely. So, they look at: why was the work used? Did you change it from the original in some way? Are you giving it some new meaning?

The second factor is whether the work is fiction or nonfiction, essentially. The theory is that facts are entitled to less protection than fiction works. With fiction works, it's less likely to be found a fair use of fiction as opposed to nonfiction.

The third factor is how much did you take from the original. Did you take more than you needed to take?

The fourth factor, which according to this decision actually is becoming very, very strong, is what's the effect on the market for that use. That was a major factor in this case – *Fox News v. TVEyes*. What TVEyes does is copy 1,400 television channels 24 hours a day, seven days a week.

They offer a subscription service, and you can search for how many times a term was mentioned. How many times were Hillary Clinton's emails mentioned on Fox News in this 24-hour period versus on CNN in a particular 24-hour period? That's what it did, pretty cool service.

They offered a few features that go beyond the search. One was that you can watch clips. The clips were ten minutes long, so these were long clips. You could download these clips. You could email them to

people. You could archive them.

The Fox News court found that this was too much. They said it interfered with the market for their clip licensing and that this was a commercial service. It was about \$500 per year to get the service that TVEyes was engaged in. Fox had a split decision below but primarily won for Fox's appeal; at the end, they won on everything except for search, finding that they took too much. This is not a fair use. This is a use that should be licensed. We'll see what TVEyes is left with at the end of the day.

Another case that was kicking around for a while is FilmOn. This is loosely related to the Aereo case, which you may have heard of a couple years ago. The question in this case involved an analog of taking an antenna, digital or rabbit ears, at home or on your roof where you can get broadcast television for free - which is okay. But say you then rerouted the broadcast to your phone. There was a huge question as to whether a commercial service that came in to offer this broadcast over your phone violated the Copyright Act.

The real question here is this a commercial use, a private use, or were these public performances? The courts were split. The lower courts were split. Ultimately, the same thing happened with the Aereo case.

The Supreme Court, because of all the splits, took the case and they basically said, "If you offer a bunch of individual antennas, or rabbit ears, or little antennas and you assign them to people, but you're taking the same stuff and retransmitting to a bunch of people, that's a public performance." That case created a lot of litigation, a lot of money for a lot of lawyers for a long time, but was a really tough question for the limits of the Copyright Act.

A couple weeks ago we got a decision about bundling. You sell a DVD, or you make it available for rent, and it also comes with a digital download code. Disney sued Redbox for splitting these up and saying, "I will rent you the download code, and I will rent you the physical DVD," so you've got two customers for one thing. Disney asked for a preliminary injunction. The courts said, "No injunction, and by the way, this is copyright misuse."

So, there's another defense we don't hear about very much, but here it is in the digital age that Disney's actions were misuse of copyright and this restriction on selling the download codes apart from the physical product is unfair.

Cartoon Network versus Cablevision is a bittersweet case for me because I litigated it on the winning then losing side. Similar issues involving public performance. You have a DVR in your house, everybody has these nowadays.

What Cablevision did was they took this "DVR" and they put this

into their facilities. They, basically, took the hard drive away: instead of coming out to your house and waiting for the cable guy to show up, you could have the DVR, what they called a DVR, inside their facility and if it broke, the cable guy would just fix it on the headend side. No problem.

A bunch of parties (Cartoon Network just happened to be one of the parties in the caption of the appeal), particularly several studios and networks sued claiming that this was a video-on-demand service, not a DVR. This is not a case involving Sony Betamax or anything like that. This is a video-on-demand service which is essentially the same thing as a public performance.

The district judge said, "Absolutely, this is a public performance." The Second Circuit said, "No, it's not." Speaking of broad decisions, the Second Circuit said, "Don't cite this decision for anything," and, of course, the parties in *Aereo* and *FilmOn* relied on it heavily to their peril.

*Authors Guild versus Google, Google Books*. The question was whether Google Books scanning millions and millions of books, so they're copying millions and millions of books - and copying violates the Copyright Act by its terms - does this violate the copyright law? Is it a fair use?

Unlike in *TVEyes*, where they copied all those television shows, the courts said, "Yes. This is a fair use. This is completely fine." Part of the difference was that the amount that was available was only snippets, only short parts - really short - not clips like *TVEyes* describes them, but actual really short clips. They found that, looking at these factors, the fair use tipped in Google's favor.

Interestingly, they talk about a factor called the public benefit. Now, this is starting to come up in a lot of these types of cases. Does this benefit the public? Does this benefit the blind? Does this benefit other people? The court weighed that pretty heavily, as well. It goes to show that when you compare these two, how difficult these issues can be.

Lastly, of course, *ABC versus Aereo*. That was split. This is the interesting thing, the courts disagreed. District lower courts disagreed. The appellate courts disagreed. So, here you have very smart judges on the same set of facts where a loss gets filed in three or four different courts coming to different conclusions. It tells you how tough these issues are and how they're evolving. The Supreme Court came out and said, "*Aereo*, you shouldn't have relied on *Cablevision*. You're done."

Just to sum up, these are the kinds of questions that we're seeing. What are the boundaries of fair use? Can you make digital copies? What about e-books? If you're done reading a book on your Kindle, can you under the Copyright Act just send a copy to your mom or to your

brother? Some of the terms of service that are in the downloads do allow for this because people want that. As a legal matter, though, there could be an issue.

What is a public performance? That's a huge question. Are these private performances if you watch something one on one? Nobody watches things in crowds anymore. Everyone watches things either on their phone or by themselves. We've become a very introverted society. That's a big question. What is a public performance, which is licensed, as opposed to a private performance, which isn't?

To give you a very horrible example of the difference, a private performance would be you singing in your shower. A public performance would be a transmission of either a live performance to an audience or a transmission to a place open to the public which could include, for example, a transmission of a television programming or watching something on demand on the same copy.

Is it copyright misuse when you sell a download code? These are really tough questions. That's the area that, in my view, had the most impact when I think about the cases that are really big in copyright litigation in the digital space.

\* \* \*

There's another area that I thought of affecting copyright in the digital age, which is music licensing. It was complicated enough before, but now it's worse. That's pretty much my conclusion.

On the music licensing "mess," there are a few relevant questions that are kicking around. So, say, you want to make a copy of the composition, you have to get rights from the publisher. If you want to make a copy of the recording, you have to get it from the record company. If you want to play the music, you've got to get rights from the performing rights organization such as ASCAP, BMI or SESAC. If you want to remix it, you've got to get different rights. If you want to attach it to a commercial, you've got to negotiate it.

There are statutory rights that allow you to make copies. It's very complicated, but in the old days this structure came up around old media. Now if you've got a service like Spotify, for example, where music is uploaded, a copy is made, and it's performed.

Getting licensing has become much more challenging because you have to get different rights, and most are administered by different people. A few years ago, there was a question about downloads. A download goes from one place to another just like a transmission of a movie. The question came up of whether you have to pay ASCAP, BMI, SESAC in conjunction with a download. The answer was no.

How about the sale of music files on iTunes? Is that a sale or a license? It sounds like a sale, but the Ninth Circuit held that it was a license, at least under a contract that existed.

All these older contracts - and maybe they've all been renegotiated by now - all these older contracts found that the fee structure, the payment structure, for downloading on iTunes were licenses and they paid much higher. You can imagine that the record companies weren't too pleased.

The big question involving Spotify's pending case filed recently by Wixen Publishing, which is a major-minor publisher, is what if you can't find the rights in the music that you want to stream? If you want to make it available, what do you do?

There's been music that has been put up where the rights have not been obtained and no one could find the owners. You need to get permission from every single author. Who knows if the song is old, who knows what the status is. Maybe the publisher is out of business. This is really complicated stuff, especially when you consider that there are millions of songs out there on these services.

Spotify hasn't done this with everything. They've been putting some money aside and the publisher doesn't think that's good enough and they've sued.

Another question that's kicking around: international legal and legislative developments. The European Union has different performing rights organizations in every single country. You have to get rights everywhere. They were talking about this thing called the Digital Single Market that's supposed to try to harmonize and streamline the process of licensing.

The U.S., today the House just passed the Music Modernization Act, which is supposed to streamline the process and make the task of getting licenses easier. This has been a very frustrating situation for people in the digital music space for a long time. Perhaps we're seeing a glimmer of progress. That's that area.

Area three: the challenges of copyright enforcement. We have, on the one hand, your copyright owners. Back in the day, you'd have bootlegging, you'd have some other types of copying, people were making copies internally of books and articles. It was pretty small scale. Then, all of a sudden, you had all of these guys [digital platforms such as YouTube and BitTorrent] show up, and it becomes a bit of a tidal wave. In fact, I think BitTorrent's logo is pretty apt.

How do you go after this situation where platforms are protected by the Digital Millennium Copyright Act, but there are millions and millions and millions of infringing files being uploaded every single day? There have been some challenges to the enforcement. One is you can send a notice to YouTube because some clip is up there or some show is up there, but it's going to pop back up. Someone else is going to upload it right away.

There are businesses that have now popped up, and all they do is

monitor the internet all day long. It wasn't always this way. The Digital Millennium Copyright Act, which you can find at section 512 of the Copyright Act, does provide a safe harbor for platforms against liability. They're not in trouble because there's infringing content on the platform, but they have to take it down. This becomes this game of whack-a-mole. There's been discussion about whether this notice-and-takedown does anything. Should there be notice and stay down?

There are big questions kicking around right now: What's the platform's responsibility for copyright infringement on its site? If you have moderators, does that take you out of the DMCA? Are you no longer a passive platform? Is it possible you are too close to the activities? What if you know that there's something up there? What if you know that the guy who's uploaded this stuff, has uploaded a bunch of other infringing material 200 times and you don't take any steps?

What does a platform need to do? We obviously can't get to the point where the platform needs to monitor everything that comes up. The platform is not supposed to be an expert in copyright law, or what's legal, or what isn't legal, or who has licenses and who doesn't. But, how far does that go? It's a big issue kicking around right now.

Here's another huge question: Is what's paid to copyright owners fair on these platforms, the platforms who pay? You hear about Spotify, you get something like \$.000008 per stream and it takes a million streams to get \$1,000, let's say. It's hard to make money on these platforms. So, there's a big push to get increased compensation to try to get to the point where the parties were before, back in the physical era.

Then there's international enforcement. What do you do when something is on a foreign service site? What if the copyright law is not particularly well developed? That was what SOPA and PIPA were designed to address, and then everyone knows what happened to that. And, if you don't know what happened to that, there's a reason why. So, that's what's going on online; we're also dealing with all that enforcement.

The last area I want to cover, quickly, is the rise of the "photo troll." I hate to use this pejorative term, but it's not my term, it's a term that's been adopted by judges. In the Southern District of New York right now, the number one violator of copyright infringement lawsuits is this young, enterprising attorney called Richard Liebowitz. He has roughly 400 lawsuits a year in the Southern District of New York. He is suing over use mainly by media companies of photographs that appear on websites. Since you do want your photographers to get paid, is litigation the first point of compromise or the first point of resolution? I don't think so; but some people clearly do.

In the process, we've discovered all kinds of new issues. The biggest one is the concept of embedding. If someone posts a photo on

Twitter and you put a frame around it on your page - say for example, you are CBSnews.com. And you see that there's a photo that's up, and it's on Twitter, and you want to show it but you don't make a copy of it. So, it's sitting on another server, and you put your frame around it, or you embed it. Is that okay? Does that violate anyone's rights?

Well, you're not taking a copy, and according to the Ninth Circuit you're not making a display. Except, on February 16th of this year, in the Southern District of New York, Judge Forrest decided, "Well, actually, I think it is a violation of display right to do that." The decision has just been certified for interlocutory appeal to the Second Circuit. Depending on how the Second Circuit comes out, we might have a circuit split. We might be in the U.S. Supreme Court.

The reason it went up on appeal so quickly was because of how important this issue is. For a long, long time media companies have been relying on this idea that you can just embed something as long as you're not making a copy of it or storing it on your server. Not so, at least in front of this one judge. We're getting some new and interesting letters these days.

There are also questions about copyright management information. Another part of the Digital Millennium Copyright Act, in addition to the safe harbor, is a provision relating to the removal and the integrity of copyright management information, which includes metadata, the owner's name, and that sort of thing. It's a violation to remove it with the intent to conceal your infringement and to further other infringement. So, if you don't want someone to know that a photograph was taken by Annie Leibovitz, and she's got a watermark in there, and you take it out because you want to get it out there and you don't want anyone to know you took it, you don't want her to know you took it, and you want to encourage other people to use it because they don't know who it is: that would be potentially a violation of those sections.

These sections were a very sleepy area of the Copyright Act for a long time until these cases came up, and they've been coming back extensively because a lot of times people right-click and the metadata doesn't come with it, or they pull it off of Google Images. The thing that the plaintiffs' lawyers really like is that there are statutory damages available for these violations. So, even if they don't have the photo registered before the use, they can still get statutory damages.

Another big question, now that it is easier to detect photos than it used to be: do the statute of limitations defenses apply, do laches defenses still apply? If someone posted something online three years ago or five years ago, before the software could discover it, has your statute of limitations run? We don't know.

Then there's the question of what the proper measure of damages is for infringement. Because of the volume of cases that are being filed

and claiming statutory damages, we know under section 504(b) of the Copyright Act that the damages for an unregistered work are a reasonable license fee and the attributable profits of the infringer; the attributable profits, not all of their profits.

Under statutory damages, it's in the court's discretion, and there is almost a rule evolving, due to the volume of cases that are being filed, that the proper measure of damages is three times what a reasonable licensee would have paid. In most cases, three times a reasonable license fee is still about \$500. An index number to file a lawsuit is \$400.

It really calls for the next question: should these claims be assigned to small claims court rather than brought in federal court? I think, yes. There is legislation also being discussed - it's very early - about potentially creating a small claims court. It may be the case that these plaintiffs' lawyers put themselves out of business by pushing forward a small claims court.

If that court is created, the owner of the copyrighted work can defend themselves or represent themselves, no lawyers required. There's a certain set of remedies that are available. They've talked about what kinds of defenses, it's got to be very streamlined. Again, why would you share part of your proceeds with a lawyer if you could do this yourself? So, the small claims court may come into being.

So, there's a lot kicking around in the world of digital copyright litigation. It keeps us very, very busy.

#### IV. DOMAIN NAME DISPUTE SESSION: MARTIN SCHWIMMER, PARTNER, LEASON ELLIS LLP

*Mr. Schwimmer is best known as the publisher of The Trademark Blog, the world's oldest blog devoted to trademark and copyright law, as well as a Twitter microblog (@trademarkblog). Well-known in domain name circles, Mr. Schwimmer participated in the first reported domain name dispute, MTV v. Curry (1994). Active in domain name politics, he was involved in the shouting match in the cafeteria of the University of Santiago in 1999 that led to the final version of the Uniform Dispute Resolution Proceeding (UDRP). Mr. Schwimmer is a panelist for UDRP proceedings administered by the World Intellectual Property Organization. He has been widely quoted in the press for his views on intellectual property issues.*

#### MR. MARTIN SCHWIMMER:

I was thinking that a theme of our careers has been the difficulty in fitting new forms of IP and new technology into the existing forms. I'm

going to be talking about cybersquatting, which was a brand-new tort that did not exist when I began practicing trademark law. I'm going to be talking about winning disputes, and I want to give some of the historical context of the creation.

I want to give some of the historical context of the creation of ICANN and the UDRP. And if you have no interest in IP law whatsoever, this still should be of interest to you because it kind of represents something that's fairly amazing. You have these organizing principles about the law, its country, and its national nature.

Usually, the authority is some aspect of the government. And with cybersquatting, it's sort of odd in that a major form of enforcing domain name dispute is by approaching a private entity, ICANN, in a non-national forum.

I will be talking quickly about the elements of UDRP. We'll see it in practice, and we'll be seeing it in different cases. To make a point, I will virtually not talk about the Anticybersquatting Consumer Protection Act, or ACPA, because it was so little used by practitioners in my view.

If there is time, I'll wrap it up with a grand theory of everything so that you can somehow apply our experience with domain names so to help us in the coming disputes with social media, keywords or search terms, or whatever it is that you use to navigate in virtual reality.

I get a daily email from the World Intellectual Property Organization, which is a UN-affiliated NGO, non-governmental agency, which is tasked with coordinating the world's intellectual property protection systems.

It is one of the providers of arbitration services to domain name owners. When you register a domain name without regard to which register it is, you will agree to a registration agreement. And in one of those clauses, you will agree to jurisdiction of UDRP, if there is a complaint lodged against the registration of your domain name.

On Friday, I always scan this. I tend only to blog the cases that the complainant denied. Approximately 80% of UDRPs are defaults. Most of the rest settle prior to the decision. I think only 5% a year of these are won by respondents. Not coincidentally, they tend to be most of the ones in which the respondents show up.

So Merck, which is the European pharmacy, not the American one, went after Merckgroups.com, one of those which apparently is a Denmark concrete company. The Converse sneaker people went after converseusa.com. The Sandos Cancun Resort went after this and four other domain names that incorporated Sandos plus some resort thing. This complaint was denied. It was the only complaint where the respondent prevailed on credit. Thea Pharma.net, Thea Pharma is a large French pharmaceutical company. Covanta Holding Corporation,

apparently, is a large financial institution in New Jersey, who went after Covanta Holding. It prevailed. And Escrow GMBH a German subsidiary of Escrow.com went after EscrowGMBH.com.

So, as I said, complainants on all of these were default with the exception of Sandos Cancun. So, what does that mean? Why do I think that DNS dispute history is relevant even to people who are not going to practice domain name law?

Because here's commercial regulation adapting to new technology that didn't conform to the conditional organizing principles of most economic activity. Governance was not dictated by governmental or geographic principles, but by function. The names are used to navigate across the internet.

What's the domain name system? It's a global addressing system. One thing I was struck by what Paul was talking about is that the court looks at this and says it's a functional thing, which may be true in a sense. But when we see, in our lives, symbols and things that start off with some sort of function as being an address, and they achieve, to use a trademark lawyer's term, "secondary meaning" and begin indicating source.

I'm afraid to ask this side of the room if they recognize it, but do you guys, 800-325-3535? That was a jingle I heard ad nauseum. It's Sheraton's 800 number, and then the next line of the jingle is "Sheraton makes things happen." That is an example of something that is, in effect, a navigational aid, like 1-800-MATTRESS and things like that, which achieve a secondary meaning and begins functioning as a trademark.

Paul touched on this issue about if something is being used as a trademark and the record comes out that it's in the "eye of the beholder," the beholder being the consumer, how do they perceive this?

One of the things that's sort of weird is somebody asked me, "Why in the world did they just allocate these domain names to anyone who asked for them?" And part of the answer to that is, it started off as a somewhat innocuous navigational concept which, once we see the world wide web, suddenly domain names can begin to function as, in effect, training names and that's when all the trouble began.

So DNS has this functional purpose of translating an understandable alphanumeric domain name like YD.edu [phonetic] into the numerical IP address that the computer is going to use, and it will ask people to go to a specific server. And they are hierarchical, and here you see that they decide to divide domain names into hierarchical names. They could've called them sausages; they could've called them anything.

At the top, you have what's called the root, the person who controls the root controls the world, controls the domain name system, and that

person will control which approaches the top level, the names. They could add or delete dot com, or dot org, or what have you. And, in this case now, an entity called ICANN controls the root. Going down, for example, to the left, a company called VeriSign controls the list of dot com names. And below that, MCI: this one's going to be an old diagram because MCI is defunct. But you see MCI will have delegated to it the power over the MCI at the second level domain.

It is a worldwide system and it's somewhat asymmetrical. This has to do with the fact that Dr. John Postel, just wanted to get things done. His motto was "rough consensus and running code."

The people who constructed the internet just needed a working thing, and they were not lawyers. In fact, they had an expression, "You've got to get this to work before the lawyers come in and ruin everything." And they succeeded. I think that some of the chaos in the domain naming system is the price that we'll pay for that; but, as a technical system, the domain name system works.

You see there are two types of top-level domains: generic and the typical country codes. And on the right side of this, we see country codes such dot JP for Japan, dot US, and so on. Looking at the timeline—and I do this just so that you understand the basic context of which of these things happened.

We have the Army funding a nuclear-war-proof computer network. That was the reason why the Department of Defense developed the ARPANET. And from '69 to '83 they're running things, and they're keeping the list of each computer on the Internet in this dot text file. By '81 to '83, they realize there's going to be something called the "Civilian Internet," and they need a somewhat better system.

These computer scientists exchange a lot of ideas. At one point, instead of dots, they were going to be exclamation points in domain names. And things are very happy from 1983 up until about 1993.

At this point, what's going on is the creation of the World Wide Web. The World Wide Web is going operational in '91/'92 and it's just like how graphical user interfaces with Windows lead to an explosion in the number of people who can use a computer: the World Wide Web lead to an explosion of people who suddenly use the Internet.

The Department of Commerce can no longer keep track of all the domain names in the world, so they award what I believe is a minority set-aside contract: the job of administering the domain name system to a private company called Network Solutions, Inc. And Networked Solutions, Inc., actually becomes a government agency under this contract.

Things really start happening in 1995. Network Solutions, Inc. is purchased by a very sophisticated defense contractor and the defense contractor explains to the Department of Commerce that they should be

allowed to charge for domain names. So, DOC agrees and they charge \$100 per domain name at a time that we're already seeing maybe 2 million or 3 million domain names being registered a year, and the marginal cost of registering a domain name is now in the cents.

Imagine doing that 10 million times 100 with the internet growing. Immediately, they lop off \$35 of that because that was going to the government, and there was a decision that the Department of Commerce, as an executive branch agency, was not allowed to charge a tax. They're not. So, Network Solutions is now getting \$65 per domain name. A lot of what occurs are the other communication companies in the world, saying, "We want a piece of that," and this is what's going on.

In 1997, the government, the National Telecommunications Infrastructure Agency, convenes a process to create some new form of running the domain name system. And in 1999, the Internet Corporation for Assigned Names and Numbers, or ICANN, a not-for-profit California organization, becomes ICANN.

This is some trivia that I'm leaving to the side: the very first dot com domain names, Symbolics dot com, registered in March 1985. EDN, which was a consulting company, the second dot com. When you get bored, you can go and look at the creation names, and see, for example, how much earlier Apple was than Microsoft in registering their domain names.

I mentioned before, generic top-level domain names, dot com, dot net, dot org, what have you. As an example of the non-lawyer mentality of getting things done, but still said, Okay, I think countries should have their own top-level domain name. Does anyone have a list of countries? So, the International Standards Organization says, "We've got a list of 200 codes." Only it's not really countries. It's countries, and regions, and municipal districts. So, you see that Brazil is BR, Bhutan, BT. I actually was hired by British Telecommunications at one point, who wanted me to purchase dot BT from Bhutan.

Bouvet Island had the very interesting code of BV. So, if you're a Netherlands' company where BV is a suffix, you might like that. Bouvet Island, pictured here in its entirety, is the remotest piece of land on earth, I'm told. It is owned by Norway. It was uninhabited, and Norway believed that it should not have been spoiled with dot BV.

This is not the view taken by Taula, which, as all of you know, is the closest island group to Tonga in the Polynesian islands. It is a country. It is very flat and very in danger of being swamped by climate change. It needs the money, so it has dot TV. So, you can see the value in that. VeriSign has purchased dot TV, and it pays, its SEC filings show, approximately \$3 million a year to the country of Taula.

Cybersquatting is, and people can disagree, registering a domain

name that is confusingly similar to a prior third-party trademark, to seek some sort of benefit. Most commonly, an effort to block the trademark owner from using the domain name. Now, this definition was true during the mid-90s.

I'm giving you the cybersquatting timeline so that all of these things: the creation of the domain name system, the creation of ICANN, the creation of the UDRP, and what's going on in cybersquatting, are all intertwined. As I said, in 1983, you have these dot coms being registered. In 1993, you have graphical web browsers, which is what's making the World Wide Web usable to a huge audience.

1994 is the MTV dot com case, which I'm going to talk about. October 1st, 1994, a writer for Wired magazine, back when there were magazines, wrote an article called "Billions Registered." And he tells people that there's this thing called NSI, and they will give this thing called domain names to anybody. All you have to do is be the first one to ask, so try it out. He got McDonalds dot com, and you guys should try this. Although there already had been cybersquatting at this point, this was the match to the gasoline. And this began a somewhat busy 5- or 6-year period for trademark lawyers who pretty much got every single trademark runner in the world who got hammered in some way shape or form by cybersquatting.

1996 is the effective date of the Dilution Act. 1998 was the case that Paul referred to called Panavision, and I will explain the significance of that. November 1999 is the time that Congress amended the Lanham Act by adding 43(c), the Anticybersquatting Consumer Protection Act. December 1989 is the effective date of UDRP.

Now, I suppose in the grand scheme of things, if you assume that the deluge began October 1994, some form of affordable administrative solution was in place by December 1990. That's how long the United States took to respond to the cybersquatting issue.

Here, in parallel, is what's going on. Now the creation of ICANN is being driven in two different ways. The trademark lobby is pushing the United States government to stop the ongoing onslaught of cybersquatting while, more importantly, the large telecommunication companies in this country - MCI, ATT — are telling Congress, "You can't let NSI just print money. You've got to do something." They can't control it. Keep it. Great idea. Do something.

So in '95, NSI is charging money. '97 the Clinton Administration begins the process of what to do. They had green papers, they had white papers. September 1998, ICANN is created, and they spent a year hearing out the arguments. And in the bio, there was that joke about me being in the cafeteria at the University of Santiago. And this was people just hashing the final version of the UDRP. And it was hashed out, I want to say, October '99, and the first UDRP was WWE, bringing

the World Wrestling Foundation dot org or something. If you can guess who the complainant was, you can predict who's going to win—the UDRP.

Now, this is where I'd like to indulge myself. This is my ZS computer from 1993, and it has a 386SX chip. Didn't have a full 386 chip. You can see that there's room for a 5½-inch disk and a 3½-inch disk. Some of you wonder what disks are.

This is a version of the modem that I used. I did the math today. This one is 1200 bits per second. I upgraded immediately to 2400 bits per second. I spent \$400 an Intel 9600 bits per second. These days, your BIOS service would be perhaps 500 megs as much as a gig per second which means it's 20,000 to 40,000 times faster than what I was working with, printing out templates for this case. At one point, I was worried that I was not going to make the 12-week preliminary injunction deadline because this was going to take so long to print out a sample.

This is what people, who are geeking up to use the computers in 1993, were doing. They were getting disks that either had online services such as CompuServe, or when they would open magazines again, there was this thing called Magazines. And you would open it and this CD would fall out. And this is how you got into your computer and load America Online. And you get onto America Online and it would show you very pretty forms of content. This was like a newspaper. And after a while, you could actually download content of Internet, very, very slowly. And then the Internet occurred - and this is a dramatic rendering of trademark lawyers encountering the unknown.

Here's another thing that gets me: white-washed posters on construction sites. That was worth finding out.

I actually learned that there was going to be a magazine called "Wired." It seemed sort of cool. This is the very first issue of Wired. You had the Tired and Wired comparison, and MTV was tired, and MTV dot com was wired. And there's article that there's this VJ. There used to be this thing called music television. And the talent that would say, "Here's a new music video," - they were called VJs. And there's this guy named Adam Curry who was one of the VJs, and he apparently had something called a website. I had never heard this word before that article.

So, I go to McGraw-Hill bookstore - there used to be this thing called "bookstores" - and McGraw-Hill had this really big science and technology bookstore on 6th Avenue. So, I got this book, and it had two pages on the World Wide Web, which explained what a website was. Our firm calls our client, MTV, and we said "Hey, there's this thing, this website called MTV dot com," and they go "We know."

They were already unhappy about it because they got Wired earlier

in the morning than I had. We're on the case. I get put on the case because I have a modem. I then try to figure out how does one access the Internet. The first thing I do is I get a web browser. Before we had other things, we had text web browsers. So, I go onto MTV dot com and everything is shown as illegible graphic. I have to find out what's going on, so I speak to an NYU student, who was studying computers. He tells me that there's this thing called a graphical browser.

The first one was Cello. In the newspaper, they said today is Mosaic's anniversary. It's 20 years old today. That was the first well-known graphical browser. And I finally see MTV dot com in all its glory. And Adam Curry was the disillusioned VJ, and he was a tech head. And he found out that NSI would give domain names to anybody. So, he gets MTV dot com, because that's where he works, and he's trying to convince MTV not to go to reality programming. They don't listen. He gets into a fight, and he leaves. And he says, "By the way, I registered MTV dot com in my name."

Without getting into the confidential settlement, there was a lawsuit. It was one of the first reported domain name cases. As an attorney, I had to deal with the incomprehensible concept that apparently the government entity that is allocating domain names is this private company called NSI. And it's acting as the internet assign domain name authority under contract, which was something that we had trouble grappling with.

This was settled, but it exposed the original legal problem. Not that I would tell you things that were said during the confidential study room conversations, but what we did say was, "All right, look, the idea of not being able to use MTV dot com for music was beyond absurd. The judge didn't even make us file a prelim." Since Curry said he quit, obviously, it was a prelim. And then Curry said to us, "You know, it's registered in my name. I'm the admin contact. I could come out with a fly fishing website right now. I don't have to do anything at all."

And this is the original problem of cybersquatting. This is not trademark infringement. As Paul pointed out, trademark law is about the defendant using the trademark in commerce in some way. In 1994, a guy just sitting around, not doing anything with MTV dot com is not using a trademark in commerce, period, end of discussion. There was no law to get at this guy. At least there was no IP law now.

There was a weird situation that Curry was a former employee, so he had all sorts of corporate opportunity doctrine towards him; he'd been under contract. He was a highly-paid talent, so there were contractual things. But someone like Token, who had no contractual relationship to Panavision, was in a position to say, "I am showing you the vision of Pana."

Now Token's mistake was that he pulled this in 1998, just as the

Dilution Act is pulling into the station. So the dilution provision, 43(c) in the Lanham Act, which is supposed to go against merely unrelated use of a famous trademark, it was the only thing Congress had going, the only new legislation that they could come up with. So, cases like Panavision could have Congress say, "This is dilution."

And I tell my associates about the 20-or-so dilution cases during the mid-90s that deal with the domain names, to ignore them because it's not dilution. It's just what they had on hand.

To make a long story short, this was what started the need to create the Anticybersquatting Consumer Protection Act at the US Federal level, and it's what forced trademark owners to rally around INTA and lobby the government to create ICANN.

I would like to briefly discuss the elements of the UDRP. There are three things you have to establish in UDRP. First off, there's a very structured document called a complaint, and you submit it to one of the major providers, NAF or WIPO. Fifteen-hundred-dollar filing fee for the first domain name.

You, apparently - I checked this, this morning - with WIPO, you have an "infinite" number. And there has been at least one new UDRP against 1500 domain names ostensibly registered by the same guy. The three elements are: Complainant must own a trademark and what that domain name reflects is identical or confusingly similar to the domain; the registrant must have no rights or legitimate interests in the domain name; and the domain name must have been registered and used in bad faith.

To let myself off the hook, I will say that there is a very, very important document that, if you are interested in exactly how these things get litigated and what are the parameters, what are the contours of these three things, Google the term "WIPO overview." The WIPO overview is the closest that we have to a compendium of case law for domain names, and that's where you will learn things like if the domain name is "Walmart Sucks." Is "Walmart Sucks" confusingly similar to the trademark form? The answer in that case was, yes, it is.

And the second one: Is it a legitimate interest? So, for example, if I am a distributor of complainant's branded product but I'm not an authorized distributor, is that a legitimate interest? And the answer to that is, yes, you are.

And, finally, registered and used in bad faith. Which we won't discuss today.

Practically speaking, this is suggesting that you take three months to obtain a decision from the UDRP. Again, 80% or so are default. I think about 90% to 95% result in transfer of the domain name to the complainant. When the respondents show up, it tends to mean that they're invested enough in the name, and they have a meritorious

defense. So, when the respondents show up, they have a very high winning percentage.