

FOCUS ON Legal

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Trademarks and the Internet

Last month we witnessed the collision of trademarks and electronics in cyberspace. Let's try to pick up the debris.

The truth is that established principles of trademarks and unfair competition should, and probably will, continue to guide judges in determining the bounds of trademark usage in cyberspace in ways analogous to, if not identical to, the use in print or any other media.

Trademark law is a subset of the larger area of unfair competition. Trademarks, like copyrights, trade secrets and patents, are primarily concerned with the manner in which businesses compete. Trademarks also serve an important function of protecting consumers and facilitating the consumer decision-making process. When consumers see a certain brand, they can count on the consistency of the quality without conducting a major investigation every time they want to make a purchase.

What is considered fair or unfair on the battleground of the marketplace is unfortunately very subjective, and is arguably closely tied to a particular judge's economic, philosophical, moral, religious or cultural value system. Nonetheless, Federal and state legislatures do write laws governing intellectual property and unfair competition, and the courts do set precedents in this area.

HOW TO PROTECT YOURSELF

What should you or your client do to help protect yourselves in cyberspace or in the information highway's fast lane?

First of all, with regard to trademarks, you should do a trademark search to make sure that those great brand names that you have devised are not already being used by someone else. Under established principles of trademark law, the person who first uses a mark has the superior rights in the mark (assum-

ing that the goods or services are closely enough related that there will be a likelihood of confusion).

The second thing that should be done, once the decision has been made to go forward with a mark, is to file a Federal Trademark Application. Since 1989, it is possible to file an application based on an intent to use the mark (the old requirement of shipping a product across state lines before you could even apply has gone by the wayside). As between Company A and Company B, neither one of whom has used the particular mark, if Company A files a Federal Intent to Use application on February 1, 1996 and Company B files its application on February 2, 1996, the Company A will have superior rights, regardless of who actually uses the mark first in commerce. Thus, it is strongly recommended that you or your clients file federal applications promptly.

Last month we discussed the InterNIC and their policy of granting domain names. As you can appreciate, InterNIC would prefer to stay out of domain name or trademark squabbles. InterNIC now demands that a domain name applicant warrant that the applicant is not infringing on another's intellectual property rights. However, if a trademark owner can present proof of prior use and prior registration of a particular mark, then InterNIC may place a disputed domain name into a suspended status pending the resolution of the larger trademark issues. This resolution will presumably take place in a court of law, the only place that can determine who has the right to use a particular trademark. (The Trademark Office's Trademark Trial & Appeal Board will only determine who has the right to register a mark.)

The Internet crosses national boundaries with a single bound. A trademark registration in the United States provides no protection in other countries. Each country has its own trademark laws, and its trademark registration procedures. To the extent that you or your client expects to have substantial sales in a foreign country, it behooves you to obtain trademark rights in that country. With the exception of some countries that have developed a common law derived from the English, in most other countries of the world it does

not matter who used the mark first ~ the company that registers the mark first has the superior rights in the mark. It would be a crying shame if your or your client's great new brand is excluded from some exciting new market because someone beat you to the punch, either by serendipity or because they intended to preclude the use of that brand in that particular country.

Cyberspace has created some problems for the U.S. Trademark Office application procedure. Typical of these is the fact that some products that are shipped via the Internet do not have labels, and each trademark application must submit specimens of use before they can issue as a registration. (Service mark applications, however, do not require labels. Advertisements or promotional materials may suffice because there is no "product" as with a trademark application but only a "service".)

One of my clients creates software for developing "catalogs" used at websites. All transactions involving the product occur on-line. As a specimen of use, we recently submitted the first page, including the trademark, of what is downloaded. There is recent precedent at the Trademark Office permitting such use, so I am optimistic that these specimens will be accepted.

Copyrights and the 'Net are in the news often, and the main issue is: "Is the provider responsible for what the subscribers do, if the subscribers, for example, infringe copyrights, or distribute pornography, or libel some third party?" Clearly, providers should obtain indemnities from subscribers, but that may be of no avail if the subscriber heads south of the border, literally or figuratively. The trend appears to be to keep the providers on the hook as though they are the publishers with knowledge of the activities, but I can see legislation taking steps to limit the liability dependent on the degree of knowledge of the provider. This is clearly a hot topic for the nineties and the years to come as the Internet proliferates.

Next month we'll talk about the protection of marketing methods and marketing ideas. I mean, really, what's the big idea?

Attorney and Ad Club Legislative Affairs Committee Chairperson Roy S. Gordet welcomes all manner of comments and questions, and suggestions for future columns, by e-mail at rsgordet@ccnet.com.

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