

# The Metropolitan Corporate Counsel

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## Your Domain: Trademark And Copyright Issues In The Online Marketplace

*The Editor interviews **Jeanne Hamburg**, a Member of the firm and Chair of the IP Internet Law Group at Norris, McLaughlin & Marcus, P.A.*

**Editor:** Please describe your practice.

**Hamburg:** I have been practicing law for 20 years, and for about 15 of those years my focus has been exclusively on intellectual property and, specifically, trademarks and copyrights. I handle both transactional work and litigation.

**Editor:** What are some of the more common trademark issues facing your clients on the web?

**Hamburg:** One of the most common is called cybersquatting. Another is the purchase from a search engine such as Google of another party's trademark as a keyword. Almost everyone who owns a website or uses the web to promote their business will confront these issues.

**Editor:** Please tell us more about cybersquatting.

**Hamburg:** Cybersquatting is the bad faith use of a trademark in a domain name. A cybersquatter uses someone else's trademark to attract attention to the infringing domain name, to the detriment of the trademark owner. For example, the cybersquatter may be trying to direct traffic away from the trademark owner's website to its own. For instance, let's say I'm a manufacturer of blue jeans, and I purchase the domain name [www.levisbluejeans.com](http://www.levisbluejeans.com). Clearly, I am seeking to capitalize on the goodwill of the Levi's brand in order to encourage sales of my own blue jeans (which are not Levi's brand jeans).

Cybersquatting can usually be dealt with most effectively in a uniform domain name recovery proceeding, or UDRP. A UDRP is an arbitration that generally takes no more than two or three months from commencement to decision, and it is instituted in any one of the

number of arbitral forums that were approved for the resolution of such disputes by the Internet Corporation for Assigned Names and Numbers, or ICANN. Such forums include the National Arbitration Forum, or NAF, in the United States and the World Intellectual Property Organization, or WIPO, in Switzerland. A UDRP is cheaper and faster than a federal court case, which can be brought under a law called the Anticybersquatting Consumer Protection Act, or the ACPA.

However, if there are other acts of trademark infringement, sometimes the client will opt for a federal court case, which gives the client the opportunity to both collect damages for trademark infringement and to receive immediate injunctive relief. One of the limitations of a UDRP is that there is nothing preventing a persistent cybersquatter from registering another variation on the trademark owner's mark and doing the same things all over again. Under the ACPA, a federal court can issue an injunction stating that the cybersquatter may not use any variations of the trademark owner's mark on the web in domain names.

By contrast, the arbitral panel in a UDRP case is limited to ordering transfer of the particular domain name in issue to the trademark owner. As a practical matter, however, a UDRP can be an effective deterrent. And, importantly, a federal court case is obviously going to be a lot more expensive and time consuming than a UDRP.

**Editor:** Can cybersquatters use "click-through advertisements" to unlawfully generate revenues from their activities?

**Hamburg:** Yes. Click-through advertising generates revenues for the party providing the click-through ad services; usually there is a commission on any sale resulting from the



**Jeanne  
Hamburg**

click through or perhaps a payment every time a user clicks on the ad. The provider of the click-through advertising services will register a third-party trademark domain name and then use that domain name to host advertising that is competitive with the trademark owner in a fashion not unlike deceptive "bait and switch" advertising. Users who click on the domain name to reach the trademark owner's website are then presented with an array of opportunities to purchase from direct competitors of the trademark owner. In cases where click-through results in payments, there is an incentive for the advertiser to use third-party trademarks unlawfully.

**Editor:** What are "keyword purchases" from a search engine, and what trademark issues do they pose?

**Hamburg:** Keyword purchases can be made by anyone who does business on the web. Say someone owns a website and wants to direct traffic to it. The individual (or company) purchases certain "keywords," or terms that will direct a user to the purchaser's website, from the search engine, usually Google. Those terms could be third-party trademarks. For example, say I am Mercedes and I want to direct people to my website. I could theoretically purchase the term "BMW" from Google so that every time a user types "BMW" into a search engine, the Mercedes.com website pops up high in the search rankings. Is Mercedes infringing BMW's rights in its trademark? This remains an open question, and one day the Supreme Court will have to answer it, because courts all over the country are pretty evenly split on the question.

**Editor:** In what courts are these issues decided?

**Hamburg:** Generally speaking, trademark infringement cases can be brought in either state court or federal court. Most commonly they are brought in federal court because federal judges have more expertise with these issues than state judges do.

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**Editor: How easy is it for your clients to protect copyrightable content online?**

**Hamburg:** Today it is much easier, thanks to passage of the Digital Millennium Copyright Act, or DMCA. The DMCA is a federal law that makes Internet service providers, or ISPs, liable for online copyright infringements that are the subject of demands for takedown by the copyright owner. This means that even if copyrights are being infringed anonymously, a copyright owner can still demand the infringing content be removed by the party who owns the site that hosts the content. Some examples of ISPs that often receive DMCA takedown notices are Google's Android Marketplace, eBay, Amazon and Apple iTunes, all of which host third-party content. ISPs can be held liable in a court of law for copyright infringement if they do not remove the infringing content.

One of the reasons that these ISPs are such frequent targets of DMCA takedown demands is that none of them check on whether the developers or other third parties they are allowing to sell on their sites are infringing anyone's copyright before they make those developers' content available on their sites.

**Editor: Do eBay and its issues with counterfeiting fall into this category?**

**Hamburg:** Absolutely. Louis Vuitton, for instance, has had a field day with eBay, which has sponsored auctions for merchandise that is not genuine – in this case, handbags with counterfeit trademarks. The burden is squarely on the shoulders of the copyright or trademark owner to pursue a site that is making infringing goods available to the public.

More commonly the European courts find eBay to be responsible and the American courts do not. American courts feel that it would be too much of a burden for eBay to police its auctions when it really is the intellectual property rights owner's obligation to police their own IP.

**Editor: Speaking of Europe, how do you handle companies doing business abroad?**

**Hamburg:** Of course, the Digital Millennium Copyright Act only applies within the United States. Other countries have laws that may or may not provide equivalent protections to the DMCA, so in those instances we use an agent who can advise us and assist us in protecting our client's rights abroad. These agents, and we have many around the world, enable us to consider and make recommendations as to the best course of action under the law in that country.

**Editor: What are the more common trademark and copyright issues that arise when one of your clients is launching a website?**

**Hamburg:** Clients often do not realize that they must address ownership of a website domain name and content if they enlist the help of a website developer. Many assume that they will own the domain name and the website if they hire someone to register the domain name and develop the site for them. This is not the case. The client must reach an agreement with the developer, and that development agreement (best drafted by experienced counsel) should, in addition to addressing all of the key milestones for development of the website and defining the expectations for the completed site, address ownership of the domain name for the site and ownership of the site content.

Ownership of the domain name is potentially a *trademark* issue if the domain name includes a trademark that is also prominently used on the site. Ownership of the website content, meanwhile, is a *copyright* issue. In order to effect a transfer of copyright of the website content to the client, there must be language that addresses the conveyance of copyright or a "work made for hire." Also, the developer may secure third-party assistance, in which case the third party may have a copyrightable interest in the content. Good counsel will make sure that not only is the right copyright language in the agreement but also that it is secured from the right party.

**Editor: What types of documentation do you recommend your clients have in place before launching a website?**

**Hamburg:** In addition to the development agreement, the client should have terms of use that address the user's interactions with the site as well as a privacy policy. The terms of use should address interactive website features such as blogs, copyright ownership of user submission and a site advertising policy (if the site accepts third-party advertising). The terms of use should also address the handling of accusations of copyright infringement based on site content, and if access to copyrighted content is being provided, it's important to have a click-through license agreement.

**Editor: What are "click-through" license agreements and what trademark and copyright issues do they pose?**

**Hamburg:** A web user literally clicks through the agreement, accepting its terms with the click of the mouse to reach particular content on a website. The click-through license agreement governs the use of the content on the website. For instance, the license may allow the user only to make a specified number of downloads of the content it reaches or allow the user only the right to use the information personally, or it may govern whether and how he or she may transmit the content to others. It's important for everyone

– especially employees who may be subjecting their employers to liability under the copyright law – to read click-through agreements carefully and understand them before doing anything with the content they reach. To this end, it is often helpful for employers to have web usage policies for their employees. We recently had a large federal copyright and trademark case in the office arise against our client due to its employees' unwitting entry into a click-through agreement, and they subjected their employer to considerable liability because they subsequently used the content they reached in ways that were prohibited by the license.

**Editor: What kind of liability would their employer be exposed to?**

**Hamburg:** A great deal of liability! The Copyright Act is one of the few laws in the United States that potentially requires the losers of copyright cases to pay their adversary's attorney fees. In addition there are statutory, that is, automatic, damages of up to \$150,000 per infringement. Those statutory damages accrue as a result of the copyright registration, and they relieve the copyright owner from having to prove actual loss or damages, so the exposure is quite significant.

**Editor: What types of services can your law firm provide in the area of Internet law and intellectual property?**

**Hamburg:** There are many, but I will give you just a few examples. We can help a client draft all the documentation required to start a website; we can protect copyrightable content being used on the site through copyright registration, and we can enforce copyrights and trademarks being infringed online. We can defend accusations of online infringement and prosecute and defend copyright, trademark and breach of license disputes brought in court and arising from online activities. We can bring and defend UDRP cases; we can help clear third-party content for use online by a client just to make sure that the client can use that third-party content and advise when they need permission to use the content to avoid exposure. We can draft click-through license agreements, and content subscription and aggregation licenses for online content. We can help with due diligence of intellectual property assets unique to the web in the context of an asset or stock purchase or licensing transaction. We can advise on permissible (and impermissible) uses of trademarks in keyword acquisition, click-through advertising, blogs and other forms of marketing and promotion unique to the web. And we can draft web usage policies in a way that protects employers from undue exposure from claims resulting from misuse of content accessed via the Internet.