



ideas on **intellectual property law**

october/november 2003

in this issue

What's in a Name?

The Court Tackles Internet Cybergripping

The Skyy's the Limit

Copyright Infringement of Photographs

Paradise Lost

Capacity and Standing Affect a Patent Claim



CARR

Intellectual Property Law

Protecting Your Share of the Marketplace.

CARR LLP
670 Founders Square
900 Jackson Street
Dallas, Texas 75202
www.CarrIP.com
214.760.3000

What's in a Name?

The Court Tackles Internet Cybergripping

In Internet parlance, a Web name with “sucks.com” attached to it is known as a “complaint name.” Registering and using such names is known as “cybergripping.” But how far can someone go before violating federal trademark laws? A recent case showed just how powerful — and how legal — cybergripping is.

THE CYBER SQUABBLE BEGINS ...

Henry Mishkoff, a Web designer by trade, lives in Texas. On hearing that the Taubman Corporation (Taubman) was building a shopping mall called “The Shops at Willow Bend” nearby, Mishkoff registered the domain name “shopsatwillowbend.com” and created an Internet Web site at that address.

Mishkoff had no connection to Taubman’s mall, except for the fact that it was being built near his home. Therefore, this looked like a clear case of “cybersquatting” — incorporating someone else’s name or trademark into a domain name, and holding the domain name for ransom at an exorbitant price.

But Mishkoff was clever enough to hide any such intentions, and to avoid blatant trademark infringement. He avoided offering the domain name for sale to Taubman. His Web site featured information about Taubman’s mall, with a map and links to individual Web sites of the tenant stores. The site also contained a prominent disclaimer, indicating that Mishkoff’s site was unofficial, as well as a link to Taubman’s official site for the mall, found at “theshopsatwillowbend.com” and “shopwillowbend.com.”

Mishkoff described his site as a “fan site” with no commercial purpose. The site did, however, initially contain links to the Web site of a company run by Mishkoff’s girlfriend, where she sold custom-made shirts under the name “shirtbiz.com,” and to Mishkoff’s site for his Web design business, known as “Webfeats.”

THE BATTLE STARTS ...

When Taubman discovered that Mishkoff had created this site, it demanded that he remove it from the Internet. Taubman claimed that Mishkoff’s use of the domain name “shopsatwillowbend.com” infringed on Taubman’s federally registered service mark, “The Shops at Willow Bend.” When Mishkoff failed to comply, Taubman filed a lawsuit, alleging infringement under the Lanham Act (the federal trademark act), and asking for a preliminary injunction and surrender of Mishkoff’s domain name.



In response, Mishkoff registered five additional domain names:

1. taubmansucks.com,
2. shopsatwillowbendsucks.com,
3. theshopsatwillowbendsucks.com,
4. willowbendmallsucks.com, and
5. willowbendsucks.com.

All of these domain names link to the same site. It contains a running editorial on Mishkoff’s battle with Taubman and its lawyers, including exhaustive documentation of his proceedings in both the trial court and on appeal, and a first person narrative from Mishkoff. (See “You Be the Judge,” on page 3.)

The trial court initially granted Taubman's motion for a preliminary injunction, enjoining Mishkoff from using the domain name "shopsatwillowbend.com." Taubman then filed a motion to amend the preliminary injunction to include the five "complaint names." The trial court allowed the amendment, and enjoined Mishkoff from using the complaint names as well.

Mishkoff then appealed to the 6th Circuit Court of Appeals, and Mishkoff created a sixth complaint site referring to the law firm representing Taubman in the appeal.

THE COURT SPEAKS ...

What was Taubman's comeuppance for this kind of behavior? In the recent case of *Taubman Co. v. Webfeats*, the appellate court handed Mishkoff a victory!



The appellate court dealt with the first domain name — the cybersquatting site — separately from the five complaint names — the cybergripping sites. (The sixth cybergripping site — referring to Taubman's law firm — didn't become involved in the lawsuit.)

Cybersquatting. With respect to the cybersquatting site, the court held that it fell outside the scope of the Lanham Act because that act regulates a defendant's commercial use of the infringing trademark only in connection with the sale or advertising of goods or services. Because Mishkoff had removed the links to his girlfriend's shirtbiz.com site and his own Webfeats site, the court said that his cybersquatting site was no longer commercial in nature.

The court distinguished previous cases which had held that the mere act of cybersquatting was a commercial act in itself. In those cases the defendants had made a regular business of registering large numbers of cybersquatting domain names

You Be the Judge ...

Straight from his cybergripping Web site, here are some of Henry Mishkoff's comments about his battle with Taubman Corp. over the "shopsatwillowbend.com" Web site:

About Taubman's lawsuit: "They've taken what started as a straightforward trademark dispute and have managed to escalate it into a free-speech issue."

About his first Web site: "Because very little information about the proposed mall was available on the Net, I decided to create an unofficial 'fan' website with information about it."

About why he believes he's not infringing: "My high-level, non-legal, layman's understanding of trademark law was that its purpose is to prevent one party from profiting by causing confusion with the goods or services of another party — and I was clearly not trying to profit in any way whatsoever."

About his "sucks" Web sites: "I will not create websites at those domain names unless you proceed with litigation against me."

and attempting to sell them to trademark owners. In Mishkoff's case, on the other hand, there was only one cybersquatting domain name, and the only offer to sell that domain name to Taubman had come from Taubman itself, not Mishkoff. (They offered only \$1,000, and Mishkoff turned them down.) Thus the court concluded that Mishkoff's cybersquatting activities didn't violate the Lanham Act.

In addition, the court held that an essential element of trademark infringement — a likelihood of trade identity confusion — was missing in this case. Mishkoff had included in the cybersquatting site a disclaimer of any connection with Taubman, plus directions for linking to Taubman's own Web site. Therefore, said the court, it was unlikely that the public would mistake Mishkoff's site for Taubman's.

Cybergripping. But what about the five cybergripping domain names? These are even further outside the Lanham Act's scope, said the court. Not only are they noncommercial in nature, but Mishkoff has a First Amendment right to express opinions critical of Taubman on the Internet or anywhere else. Plus,

a Web site critical of Taubman is hardly likely to be mistaken for Taubman's own, so no infringement existed in any event.

This case clearly illustrates the need for the Anti-Cybersquatting Consumer Protection Act (ACPA), which was adopted in 1999. Under the ACPA, Taubman would have needed to show only that Mishkoff's cybersquatting domain name was registered in a bad faith attempt to profit from Taubman's trademark.

Why didn't Taubman proceed under the ACPA? Although the court's opinion didn't discuss the matter, the ACPA was likely unavailable because Mishkoff's registration of his cybersquatting domain name preceded the act's effective date.

THE BUMPS ALONG THE WAY

But not even the ACPA would forbid Mishkoff from expressing critical opinions in his cybergripping Web sites, so long as he doesn't use those sites for commercial purposes and engender trade identity confusion in the process. Thus, in a free society, Taubman (and its law firm) have to live with some verbal bumps and bruises. 💡

The Skyy's the Limit

Copyright Infringement of Photographs

The wit who said you can never be too rich or too thin was not thinking about "thin copyrights." Way back in 1884 the U.S. Supreme Court held in *Burrow-Giles Lithographic Co. v. Sarony*, that copyrights can protect photographs just like any other original work in the graphic arts. Thus, photographers have a powerful tool to pursue someone who makes a *direct* reproduction of a copyrighted photograph from the original negative or by photocopying a print. But copyright protection isn't so powerful

when the accused infringement is an independently taken photograph of the same object.

COPYRIGHTS AND PHOTOGRAPHY

Photography is different from other graphic arts: The mechanical aspect of the photographic image-recording process guarantees that two different photographs will necessarily have considerable similarity to each other if they include the same object.

Courts don't protect a copyrighted work from infringement if the expression embodied in the work necessarily flows from a commonplace idea.

Does this mean that once someone photographs the Taj Mahal, every subsequent photograph of the Taj Mahal is an infringement? No, because copyrights are different from other intellectual property rights. For example, a patent is infringed even if the infringer independently reinvented the same thing, and didn't know about the first inventor, the first invention or the patent. But with copyrights, only a person who has access to the copyrighted work and copies from it is an infringer. So if you take your own photograph of the Taj Mahal in a completely independent manner, you aren't an infringer — even though your photograph will necessarily be quite similar to others taken previously. In fact, as an independent creator, you're entitled to your own copyright on the resulting Taj Mahal photograph.

But direct reproduction isn't the only way of illegally copying a photograph. If you have previously seen a copyrighted photograph of the Taj Mahal, and use it as a guide in making your own photograph — with the result that your photograph is the same or nearly so — then that too is infringement. The recent case of *Ets-Hokin v. Skyy Spirits Inc.*, raised this very issue.



ORIGINALITY AND COPIES

In 1993, photographer Joshua Ets-Hokin took a series of photographs of Skyy's blue vodka bottle for Skyy's marketing campaign. Later, however, Skyy hired two other photographers to photograph the bottle again, and it used these later photographs in advertising and marketing materials instead of Ets-Hokin's photographs. Ets-Hokin then sued Skyy for copyright infringement.

The trial court dismissed the suit on the ground that the photographs weren't sufficiently original to merit copyright protection. But Ets-Hokin appealed, and the trial court's decision was reversed because it conflicted with the still-authoritative decision in *Burrow-Giles Lithographic Co. v. Sarony*.

So the case went back to the trial court, which again ruled in favor of Skyy. This time it did so on the ground that, though Ets-Hokin's copyrights were valid, their scope of protection was too narrow to encompass the accused photographs. Ets-Hokin appealed again, but the second time around the appellate court upheld the trial court's decision.

IDEAS AND EXPRESSIONS

The appellate court explained that the law doesn't protect a copyrighted work from infringement if the *idea* underlying the work can be expressed in only one way. Otherwise a monopoly could result on the underlying idea. In such an instance, the work's *idea* (which copyright law cannot protect) merges with its *expression* (which copyright law can protect). When a work's protectable and unprotectable elements are inextricable, the whole is treated as unprotectable.

In addition, courts don't protect a copyrighted work from infringement if the expression embodied in the work necessarily flows from a commonplace idea. When a copyrighted work's features are indispensable, or at least a standard way of expressing the idea, those features are treated as ideas and thus aren't copyright-protected.

THIN AND SIMILAR

The court then applied these well-established principles to the present case. Although the Ets-Hokin and Skyy photographs are indeed similar, said the court, that similarity is inevitable given the shared concept or idea of photographing the Skyy bottle. When you subtract the unoriginal elements from the scope of Ets-Hokin's copyright protection, he is left with a "thin" copyright, which protects against only virtually identical copying of the original photographs.

And just how similar were the accused Skyy photographs? According to the



court, they weren't virtually identical to those of Ets-Hokin. Indeed, the court thought they differed in as many ways as possible within the constraints of a commercial product shot. The lighting, angles, shadows and highlighting differed. So did the reflections and background. The only constant, said the court, was the bottle itself.

GOOD AND BAD

The accused photographs, therefore, were held not to infringe. This should be good news to all of us amateur photographers, but bad news to professional shutterflies who want to stop copycats. 💡

Paradise Lost

Capacity and Standing Affect a Patent Claim

In a recent patent case, both the capacity to sue and standing to sue were at issue. What are capacity and standing? Capacity deals with a person's or entity's legal ability to sue in any litigation. (For example, does a corporate entity have the same capacity to sue that a person has?) Standing requires a party to have a personal stake in the particular litigation's outcome. Neither capacity nor standing concerns the ultimate merits of the substantive claim being litigated.

LOOKING FOR PARADISE

Paradise Creations was incorporated in Florida in 1985. For unknown reasons it was a little careless about filing the required annual report, and therefore was administratively dissolved under the Florida corporation statutes in 1996.



Heedless of this detail, Paradise continued on its way, eventually acquiring exclusive rights to a U.S. patent through a series of transactions occurring in 1997 and 1999. Then — still ignoring its own nonexistence — Paradise sued UV Sales Inc. in a Florida federal court for patent infringement in 2000. But UV's lawyers discovered there was "trouble in Paradise." So, in June 2001, they filed a motion for summary judgment on the ground that because Paradise didn't exist, it lacked the capacity and standing to sue.

Seven days later, Paradise obtained reinstatement of its corporate existence from the Florida Department of State. It did so under a Florida statutory provision providing that reinstatement "relates back to and takes effect as of the effective date of the administrative dissolution and the corporation resumes carrying on its business as if the administrative dissolution had never occurred."

Paradise then went back into court with a motion to file an amended complaint, arguing that the reinstatement by Florida retroactively gave Paradise both the capacity and standing to sue. But the trial court rejected that argument and granted UV's motion for summary judgment. Paradise appealed to the Court of Appeals for the Federal Circuit (which hears nearly all patent-related appeals), and that court affirmed the trial court's decision.



FINDING CAPACITY

Relevant state law governs matters such as the existence of a corporation created under that law, and the capacity of such corporations to sue and be sued. But federal law governs matters such as who has standing to sue for patent infringement, because patents are purely a creation of federal law.

Standing to sue for patent infringement is purely a question of federal patent law.

The appellate court ruled that, under federal law, Paradise had to have both capacity and standing on the day the suit was filed against UV, not later. But what law do the federal courts look to in determining Paradise's capacity to sue at the critical 2000 date? State law — because that was the law governing Paradise's existence or nonexistence. And it just so happens that, under Florida law, a terminated corporation *does* have a limited capacity to sue and be sued, notwithstanding the termination.

So Paradise passed the first federal hurdle: It had the capacity to sue in 2000 when it filed suit against UV, even without the benefit of the subsequent reinstatement.

NO STANDING

But the standing ruling went the other way. Standing to sue for patent infringement is purely a question of federal patent law. Paradise lacked standing because it didn't have any rights under the patent when it filed suit.

Why? Because under Florida law, it didn't exist at the time it purported to acquire those rights. And (unlike the capacity issue) no special provision of Florida law enables a corporation to acquire property rights while dissolved.

Thus, as to standing under federal law, Paradise couldn't repair the damage after the fact. It had to have such standing when it filed the lawsuit in 2000. The subsequent restoration under Florida law was irrelevant under federal law. And so "Paradise Lost."

Although it is of small consolation to Paradise, one of the three appellate judges dissented on the ground that a terminated Florida corporation's ability to acquire property rights during a dissolution period is a state law matter. And under Florida law, the corporation's dissolution is treated as though it never happened.

STILL STANDING

So before any corporation plans to enforce its patent rights, it needs to make sure its house is in order. The merits of the case don't matter if the plaintiff isn't entitled to be in court in the first place. 💡

Create.



Fabricate.
Formulate.
Generate.
Initiate.
Innovate.
Originate.
Propagate.
Update.

Go ahead: Create.
We'll protect you.



Proud sponsor of:



Carr LLP Dallas, Texas 214.760.3000

www.CarrIP.com

©2003 CARR LLP. ALL RIGHTS RESERVED