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Using Intellectual Property to Protect Your Web Site

These days, everyone knows that the Internet plays an important role in the world's economy. Many businesses have started solely to serve clients through the Internet. Other more traditional brick and mortar businesses have adapted and now use the Internet to service their existing and new clients.

The purpose of this article is to address how intellectual property law can be used to protect an Internet business.

Available Protection For Internet Sites

There are certain fundamental aspects that Internet sites have in common.

First, an Internet site resides at a domain name or url. The domain name or url is like the street address of a Web site. For example, Amster, Rothstein & Ebenstein LLP's Web site is located at <http://www.arelaw.com>. By typing in this Web address, a potential client can visit the Web site.

Typically, Web sites also provide information in response to user requests or input. For example, in some instances the information provided may be as simple as descriptive text about a company or its products, and can be obtained simply by displaying a particular Web page.

Some Web sites are about selling a company's products. For example, at Web sites like <http://www.amazon.com> and <http://www.barnesandnoble.com>, a user can search for specific products and purchase them online.

Similarly, other companies may allow visitors to their Web sites to search for product or store information, for example, in an effort to encourage potential and existing customers to purchase and use their products or services.

Other Web sites are about selling content. For example, search engine Web sites, like <http://www.google.com> and <http://www.yahoo.com>, provide a list of potentially relevant Web sites in response to a user inquiry. Other Web sites, like <http://www.nytimes.com> and others, provide copies of their published articles to users in response to various inquiries.

Web sites can also provide other kinds of information in response to user input or queries. For example, background information regarding individuals or businesses can be obtained at Web sites like <http://www.whitepages.com> and maps or directions can be obtained at Web sites like <http://maps.mapquest.com>.

In addition to merely displaying data or other information in response to an inquiry, Web sites can also obtain, process, reformat and display data from other sources. For example, the U.S. Patent and Trademark Office provides text and image versions of U.S. Patents at its Web site, <http://www.uspto.gov>.

Other Web sites use this same information and reformulate the data (sometimes along with other data) in different forms, such as <http://www.google.com/patents> and <http://www.pat2pdf.org>.

Intellectual property and related laws can be used to protect these various aspects of Internet businesses. This article identifies various ways in which such protection can be accomplished.

* Relevant Intellectual Property Laws That Can Be Applied to Internet Businesses *

Intellectual property is considered property of the mind. Expressions of ideas, identifying information, inventions and business relationships can all be protected through different kinds of intellectual property law.

- Trademark law protects identifying information (e.g., your company brand) from being used in a confusingly similar manner by more than one company in a related line of business.
- Patent law protects new, useful and nonobvious ideas from being used by others.
- Copyright law protects original expressions of ideas from being copied by others.
- Contract law protects business partners as the parties to the contact agree.

Each of these areas of intellectual property law can have important impact on Internet businesses.

Trademark Law

In general, trademarks are used to identify a single source of products and services sold on a Web site.

A trademark is a symbol, a word, or another readily recognizable item, such as a brief musical snippet, that uniquely identifies the source or origin of goods. In other words, a trademark identifies where a particular product comes from.

Web pages commonly use word or logo forms of trademarks all the time. In the multimedia world that the Internet has become, it is not surprising to also visit Web sites where sound marks (e.g., the Harry Potter song on a Harry Potter Web site) are used to identify the source of the Web site.

Similarly, domain names for Web sites can also be based on a company's trademark, e.g., <http://www.amazon.com>, <http://www.panasonic.com>, <http://www.jvc.com> etc.

On the Internet, trademark law can potentially be used to protect competitors from selling goods or services with confusingly similar marks; and to prevent the use of domain names that incorporate your trademarks, and search engines and other software that use your trademarks to divert potential customers to competitor's Web sites.

These are important business tools that cannot be ignored when operating a business on the Internet.

To start with, as with other businesses, the selection and use of appropriate trademarks for an Internet based business is quite important. Selection of certain kinds of marks with popular descriptive terms in them can direct the flow of Internet traffic to your Web site.

However, adoption of that same kind of trademark can also result in consumers who look for your company's products or services being diverted to a competitor's Web site in a fair and reasonable manner.

Consider, for example, one of the leading "pop-up" cases from the Second Circuit involving the mark "1-800-Contacts." On one hand, whenever a consumer searches for "contacts," a Web site containing this mark will be returned.

Thus, many potential Internet consumers may potentially be driven to the Web site. On the other hand, when consumers search for the mark “1-800-Contacts,” consumers may be diverted to a competitor’s Web site since search engines can sell the key word “contacts” to competitors with minimal risk of being accused of trademark infringement.

Thus, while selecting a mark where the product being offered is part of that mark may direct traffic to the Web site, there may also be great difficulty in trying to stop others from redirecting traffic to their Web sites.

Another important consideration at the time of selecting a mark is whether others are already using the mark. Thus, it is prudent to do a “clearance search” prior to implementing a new mark.

Trademark law can also be useful in preventing others from adopting domain names which incorporate your company’s registered trademark. These third party domain names using your company’s marks can be harmful to your company’s reputation (depending upon their content) or can divert potential business leads away from your company.

While procedures like lawsuits and ICANN proceedings exist to force third parties that misappropriate your registered trademarks to return the domain names to your company, the easiest way to avoid such costly procedures is to register the various obvious derivatives of your company’s marks in the first instance to be directed to your Web site.

Spending \$50 today can save your company thousands of dollars in the future. In order to ensure that your company’s mark remain enforceable, best practices dictate that a proper system of monitoring and enforcing those trademarks be set up and maintained. Such a system typically includes the use of watch services to review filings with the U.S. Patent and Trademark Office, periodic Internet searches, following up with cease and desist letters, and if necessary, enforcement proceedings.

While these procedures may at times seem like expensive diversions to a company, the cost of not instituting these procedures can be greater.

Related State Law

In addition to federal trademark law, there are a host of related state law causes of action (e.g., unfair competition, tortious interference, trespass to chattels etc.) that can be used to address trademark-like injuries.

Unfair competition is a flexible cause of action directed to address unfair or fraudulent business practices. A cause for unfair competition can potentially address a wide range of conduct by your competitors that affects your business.

Examples of cases in which unfair competition claims have been invoked include false or deceptive advertisements, misstatements about a competitor’s products, and other false and misleading statements which injure a business or its reputation.

When actual or potential customers are diverted by improper means from your Web site, a cause of action for tortious interference with contract and/or tortious interference with prospective business relations may be appropriate.

Tortious interference claims can address the circumstances where your company’s trademarks are misused by other Web sites and cause inappropriate diversion of customers or prospective customers from your Web site.

Conversion claims apply when property is taken. Trespass to chattel claims apply when someone improperly intrudes upon your property. These types of causes of action have been used, for example, to stop third parties from robot mining data from a Web site.

Patent Law

Since at least the State Street decision in 1998, patent protection has been important with respect to the internet. Patents are issued for a limited time (20 years from earliest filing date) for new, useful and nonobvious ideas to the first and true inventor.

Prior to State Street, the conventional wisdom was that business methods could not be protected. In State Street and its progeny, the Federal Circuit shattered that concept, and allowed for patents to issue which produce a “useful, concrete and tangible result.”

While patent offices around the world are struggling with this issue, at least in the United States, novel and nonobvious techniques for manipulating data can potentially be subject to patent protection. Similarly, other novel and nonobvious business method techniques can also potentially be subject to patent protection (at least in the United States).

In the context of the Internet in particular, at least in the United States, patents can be used to prevent others from copying novel and nonobvious aspects of a Web site such as:

- How data is accessed and manipulated;
- Novel and nonobvious functions of your software;
- New business methods implemented by your Web site;
- New functionality of your software programs;
- New techniques used to block misappropriation of your data.

Because of the difficulties that the U.S. Patent and Trademark Office has had in grappling with manpower issues, confidential subject matter and the flood of applications in this area, it should be recognized upfront that obtaining patents in this area can be more costly, time-consuming and difficult than for patents in other more traditional subject matters.

Copyright Law

Copyright provides legal protection against original materials being reproduced without authorization. Copyright protection covers a large variety of original works.

It includes “literary works,” like books and magazines, computer software and related works, “musical works,” like songs and the accompanying lyrics, “dramatic works,” like plays, “pantomimes and choreographic works,” like dance movements and ballets, “pictorial, graphic, and sculptural works,” like paintings, pictures, jewelry, toys and statues, “motion pictures and other audiovisual works,” including movies, television broadcasts and DVDs, “sound recordings,” including MP3 files, and “architectural works,” like designs for buildings, and original compilations of data.

On the Internet, copyright law can be used to protect original content, articles, data compilations and other information on a Web site. Publication of content on your Web site or other Web sites can be protected by copyright law, but failure to timely register a claim to copyright can limit your damages.

Similarly, copyright law can potentially be used to prevent others from data mining content from your Web site and using your original content without permission.

In particular, manipulating, parsing, reorganizing, and merging public data with other data can lead to potentially copyrightable data. Copyright law can be an effective way to protect your data and other original content.

Similarly, if careful analysis is not done upfront on how a Web site obtains, manipulates and presents data and other information, that Web site can be the subject of a copyright infringement action by others. Here again, this is an area where consulting counsel in the first instance can save a business a lot of expense and aggravation over the long haul.

Ownership of copyrights is also a difficult area for many people to understand properly. In preparing copyright applications, companies are often lulled into thinking that since the form looks so simple, they do not need expert advice on how to fill it out. This is a place where the apparent simplicity can lead to disastrous results.

Identifying authors of a particular work and source materials from which a work was derived can be difficult. Also, making sure that a particular work made either with the assistance of or by another is a “work for hire” or properly assigned is another area where errors often occur.

Making sure the appropriate contracts are entered into when a copyrightable work is being prepared is important, and worth consulting a trained copyright lawyer in the first instance.

Contract Law

Contract law can be used to fill gaps in intellectual property law, and obtain protection that might not otherwise be clearly available.

The best time to work out scope of rights with a business partner is at the beginning of the relationship. At that time, parties are more willing to give and take with each other since the prospect of a successful and profitable business relationship is around the corner. Thus, at that time, provisions can be included in agreements that help ensure that intellectual property will be recognized and respected.

However, care must be taken on how the clauses are drafted to avoid the risk of such clauses becoming unenforceable.

Arms’ length agreements can be useful ways of establishing royalty rates for intellectual property. Care must be taken in specifying what is being paid for pursuant to the agreement: namely, services, goods, rights to use intellectual property, etc.

Noncompete clauses, so long as properly drafted considering appropriate state law, can provide protection that other areas of intellectual property law might not otherwise provide. For example, noncompete clauses can protect you from key employees leaving and stealing business or trade secrets. Again, care must be taken to come within the parameters of the particular state law which governs the contract.

Agreements which license rights to use your company’s trademarks can include remedies that are broader than the law might otherwise provide. Consequently, the uses that you tolerate by agreement can affect the uses that you can object to in future disputes. The failure to include certain necessary clauses in trademark licenses can have adverse results on the enforceability of such marks in future contracts.

Shrink wrap/click through agreements can be used to prevent misuse of your data by users. However, enforceability of such agreements may be an issue, depending upon the terms, conditions, choice of law and method and document by which the user acknowledges acceptance.

Contracts can also be used to fill other gaps that other forms of intellectual property law might otherwise leave open.

Conclusion

For Internet business, like other business, the use of intellectual property law needs to be carefully considered.

A strategic plan should be developed on how to identify your company's intellectual property, turn it into a tangible asset and properly enforce and protect it.

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