

## Some Legal Risks Of Doing E-Business

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### Protecting Your Trademarks and Copyrights and Avoiding Related Problems with Linking, Framing and Metatags

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Many legal risks are implicated by doing business online. This summary highlights some of those risks and offers tips on how your e-business can attempt to minimize them. Trademarks, service marks and copyrights are valuable intellectual property rights. The Internet and the World Wide Web provide new opportunities for you to exploit these types of intellectual property. The same technology affords others easy access to infringe your intellectual property. The availability and widespread use of metatags, linking and framing also pose related legal issues which should not be overlooked in while engaging in online activities. Whether text, graphics or some combination of both, these are the symbols you use to identify the source of your business, products and services. Obtaining a federal registration for your mark affords you the exclusive right to use the mark on those products that the U.S. Trademark Office approves for your mark. The trademark "LEXIS" may afford exclusive rights to use that mark in the classification of legal research services, but does not prevent an automobile manufacturer from using the same mark to identify a car.

Even if you have not registered your marks but have used the marks in commerce over a period of time, you have probably acquired what are referred to as common-law rights in the mark. To properly protect your marks, you should consult a competent trademark attorney. Even though using your marks in commerce accords you basic rights in them, the additional measures of registration and periodic review of proper use are essential.: Your marks will undoubtedly be prominently displayed on your web site. The ease with which items can be copied online puts your trademarks and service marks at risk of unauthorized use by would-be infringers. This cyber fact of life means that you should, on a regular basis, police the World Wide Web for infringing uses of your marks. Plugging your trademark into a search on a variety of search engines can be an enlightening experience, but is only the first step. Should you discover an infringing use, it is necessary to take the additional steps that may be necessary to stop the infringing use. This may include sending a 'cease and desist' letter (or e-mail) or even filing and pursuing a legal action for infringement.: A domain name is technically not intellectual property, but simply an internet address. A domain name may, however, operate as a trademark and many businesses also use their trademarks as domain names. What happens if your trademark is part of someone else's registered domain name? Disputes arise over domain names because, often, more than one person has registered or acquired rights in the same mark, but for different goods or services.

The mark "ACME" may be federally registered to identify automobile parts, and, at the same time, used by a chain of restaurants. If the auto parts business is the first to register the domain "acme.com", the restaurant chain will likely not succeed in taking the name away from it (short of a negotiated price for the transfer of the domain name). Further, if an individual having the surname "Acme" registers "acme.com" before either of the companies, neither may succeed in stopping the individual's use. If, however, Mr. Acme web site was selling auto parts or advertising restaurants, an argument could be made that his use of the acme domain name was infringing and would cause a likelihood of confusion in the mind of the consuming public.: Should you discover that your trademark has already been registered as a domain name by another non-infringing user, such as in the acme example, you may choose to register a more descriptive domain such as "acmecarparts.com" or "acmegrill.com" or even "gotoacme.com".

If your trademark has been registered as a domain name by another and is being used for what you believe is an infringing use, there are some options for resolution. One alternative is the Uniform Domain Dispute Resolution Policy

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(UDRP) adopted by the Internet Corporation for Assigned Names and Numbers (ICANN). The UDRP is an arbitration proceeding which examines the parties' respective rights and the equities between them with respect to the disputed domain name. Many disputes have been resolved under the UDRP, which has recently been largely criticized as favoring the domain name registrant in the vast majority of cases. Another potential drawback to the UDRP procedure is the hefty filing fee of \$2000. You may find that, as a practical matter, it is cheaper to purchase the domain name rather than proceed to obtain it under the UDRP.

A second alternative is to file a court action under the Anticybersquatting Consumer Protection Act. Similar to the UDRP, evidence of bad faith on the part of the domain name owner is required to obtain relief. The advantage of this alternative over the UDRP is that the Act provides for actions in rem meaning a proceeding against the domain name rather than the owner. This can be invaluable if the domain name registrant is difficult to locate or outside the jurisdictional reach of the court.

Once you have registered the domain name you desire, it is critical to renew the domain name on a timely basis. There are a plethora of online services that will "back order" a domain name, so if you do not timely re-register your domain, there will likely be someone else standing by waiting to snatch it up at the first available opportunity.

Finally, if your domain name functions as a source identifier for goods or services, you may be able to register the domain name/trademark with the U.S. Patent and Trademark Office. For example if the auto parts business advertises "acme.com - your source for online auto parts", you could seek a federal trademark registration for the entire domain name rather than just for "acme". Metatags are words or phrases contained in the hidden hyper-text mark-up language (HTML) code of a web site. They are generally invisible to the user, but are seen and used by the user's browser to retrieve relevant sites while conducting a search using a search engine. Problems can arise when site developers use words that are the marks of another as metatags.

While using someone else's (particularly, your competitor's) trademark as a metatag may result in increased traffic to your web site, it may not be your best marketing approach. Under a traditional trademark infringement analysis, the likelihood of any confusion between you and your competitor will be dispelled as soon as the user arrives at your web site and sees your products and services rather than those of your competitor. However, some courts addressing these circumstances have held that "initial interest confusion" is created which unfairly draws attention to the web site using the metatag. Loading your web site with your competitors, or others, trademarks as metatags may lead to trouble.: The content displayed on your web site is most likely copyrightable subject matter. It may take a number of forms, some examples of which are: (a) original works that you have created from scratch, (b) pre-existing public domain material which you have compiled in a creative way, or (c) third parties' works which you have permission to display. Material which is created for your web site may be registered with the U.S. Copyright Office for a minimal registration fee of \$30.00 per work. Although neither the © notice nor registration is required for the copyright to attach to your work, there is no reason not to take both of these steps. Registration affords you the opportunity for increased damages and remedies in the event that someone infringe your rights. You can also include a legend on your home page (and, ideally, on all pages) which indicates that no one may link to your web site without permission.: Linking is accomplished by providing highlighted text on your web page which, when clicked on by a user, takes the user to the home page of the linked site. The ability to jump from one site to another is one of the Internet's most unique and appealing features. Affording your users the ability to access other sites may be important and highly relevant to your e-business objectives.

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Realize, however, that the manner in which you are linking can implicate copyright and trademark infringement, not to mention unfair competition.

Technically, a link is a copy of the linked site's home page and, therefore, a potential copyright infringement, although this practice has been generally accepted throughout the e-business world as well as the courts. Deep linking, whereby the link takes the user to a page other than the home page of another's web site, has not been similarly embraced. Litigation has ensued between owners of sites set up as deep links on other sites. Courts have expressed concern with the practice of deep linking without permission from the linked site and have been responsive to the linked site's argument that all users must enter through the home page and be exposed to the online advertising that is targeting to all users.

The most obvious way to avoid problems with linking is to enter into a linking agreement with the owners of the web sites to which you will offer links on your site. A linking agreement may also include a license for you to display a trademark associated with the link site as part of the link. If a linking agreement is not practical and you still wish to offer links on your site, use words, as opposed to proprietary images or others' trademarks, to describe and create the link. Explain the connection (or lack thereof) between the your business and the linked site. Abide by any copyright notices or others contained on the linked site. Finally, try to confirm that the linked site does not contain material that infringes someone else's rights.: A variation on linking is called framing, in which the frame of the original site remains and surrounds the linked site. Given that the url address of the original site also remains on the screen, the potential for user confusion is much greater than can occur in linking. At a minimum, the user may reasonably believe that the framed site is somehow connected with or sponsored by the original site. Framing may also lead to a distortion of advertising objectives for the framed site since the original site's advertisements may block all or part of the framed site's advertisements. As a general rule, framing without the permission of the framed sites is not recommended. If you decide that framing is necessary, post a disclaimer of any endorsement or warranties in connection with the framed site.

In conclusion, proceeding with some caution with respect to your trademarks, service marks, copyrightable materials, domain names and metatags and in your linking and framing practices can help to minimize costly and time consuming disputes for your e-business.

For more information on the legal risks of doing E-Business or any other E-Business issue, contact your Miller Canfield attorney. This message is for general information only and should not be used as a basis for specific action without obtaining further legal advice.