

Two New Tools To Combat Cybersquatting

By Eric W. Penzer
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For the better part of a decade, those involved in E-commerce have been plagued by "cybersquatters", i.e., individuals that register domain names and later resell or license them back to the rightful trademark owners. Although lawsuits against cybersquatters have been filed since at least the mid-1990's, until recently traditional intellectual property law required courts to attempt to fit a proverbial round peg into a square hole in order to provide relief. In the last few months, however, two new tools have emerged to assist trademark owners in battling cybersquatters.



With the November 29, 1999 enactment of the federal Anticybersquatting Consumer Protection Act ("ACPA"), trademark owners finally have appropriate ammunition to combat cybersquatters. The ACPA gives a trademark owner remedies against those who in bad faith register, use or traffic in domain names identical or confusingly similar to a trademark. Available remedies include preliminary and permanent

injunctive relief, damages — including statutory damages — attorney's fees in exceptional cases, and the turnover of the infringing domain name.

While the ACPA is an important tool in combating cybersquatting, an alternative to litigation exists, albeit with limited remedies. On October 24, 1999, the Internet Corporation For Assigned Names and Numbers ("ICANN") adopted its Uniform Domain Name Dispute Resolution Policy ("Policy"), effective January 2000. Neither damages nor injunctive relief is available in disputes brought under the Policy. This is much more limited than the remedies available under the ACPA. Although the remedies are limited to cancellation of the cybersquatter's domain name registration, or transfer of the registration to the rightful trademark owner, the Policy provides a relatively fast and cost-efficient alternative to litigation.

Unlike ICANN's previous dispute resolution policy, it is not necessary that the domain name be identical to a registered trademark. The Policy provides relief

continued on page 2

It's a Wired World: Flexible Leases for Internet Companies

By Robert E. Sandler
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By now the explosive growth of Internet and related companies is a well reported fact. While the experts might argue about the exact amount of growth anticipated, there is no argument that a rapid rate of growth will continue. From a real estate perspective, these businesses are often characterized by unique space needs such as high ceilings, heavy floor loads, high speed wiring and are viewed as high credit-risk businesses with rapid growth demands. The success of startup Internet companies has created a large market of space users characterized by these unique space demands and busi-

continued on page 4

Our Inaugural Issue: Tell Us What You Think

During the past year, we have produced programs and advisories on business law topics that are relevant and timely for our clients. One of the topics that clients and friends most frequently ask about is the growing area of "cyberlaw" or "techlaw."

It is clear that "techlaw" is not a separate area of the law but an area that affects all

segments of business law, integrating with corporate and real estate law, litigation, and tax, for example.

Our hope is to educate and inform you of developments that affect your business. Please take a few moments and return the postcard inserted within to let us know

continued on page 2

INSIDE THIS ISSUE

Leasing in a Wired World	1
Two New Tools to Combat Cybersquatting	1
Linking and Framing Risks	2
Construction and the Internet	3
What are Courts and Legislators Doing About Spam?	3

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Linking and Framing Risks

By James M. Wicks
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"Linking" is a great tool of the Internet, allowing users to freely jump from one site to another, without having to search or type in the website address. What are the risks or legal pitfalls associated with linking? What is the potential liability for linking? Is "framing" or "deep-linking" permissible?



There have been several challenges to linking practices, some of which have generated surprising results in the courts. "Framing" — where one links to another site, and the linker frames the site to which it links. If this "framing" creates possible consumer confusion as to the source of the framed article, then liability may arise. For example, in one of the earlier cases involving framing, several major news publications sued TotalNews, a site that provides links to various news publications (e.g., Washington Post). Once the user clicked the link to the particular news publication, the TotalNews site "framed" the linked publication, thus hiding the advertising from the news publication itself. The case ultimately settled, and TotalNews changed its site as a result.

"Deep-linking" is a link that by-passes the linked site's home page, circumventing the home page advertisements, going

directly to the subsidiary pages of the linked Web site. Those who have had deep-links to their sites have successfully challenged this practice on copyright infringement. The concept is that such "deep-linking" may create confusion to

"Another theory developing in the courts is the concept of "contributory infringement," holding a linker liable for copyright infringement that appears on the Web site to which it is linked."

the user as to the source of the page linked to, and is likely to by-pass or hide advertisements.

Another theory developing in the courts is the concept of "contributory infringement," holding a linker liable for copyright infringement that appears on the Web site to which it is linked. Recently, the Mormon Church successfully argued that a Web site providing links to pages at other Web sites that it knew contained infringing copies of the Church's copyrighted works, were "contributing" to the infringement. A federal court in Utah issued a preliminary injunction directing the defendant to remove the links from its Web site.

How do you reap the benefits of linking, while at the same time avoid or minimize the attendant risks? Here are some suggestions:

- Seek permission before deep-linking to another's sub-pages.
- Read the "terms and conditions" of the site linked to and consider whether your link complies.
- Review the content of the site to which you are linking to determine whether potentially infringing or defamatory material exists.
- Your link should avoid creating the appearance of a relationship, sponsorship or ownership that in fact does not exist.
- Use a disclaimer on your site advising users that by using the links provided, they are leaving your site and going to another over which you have no control over content.
- Perhaps most importantly, draft linking or framing license agreements with key sites that you are linking to.

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Cybersquatting

continued from page 1

when it is demonstrated that:

- The domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights
- The respondent has no legitimate interest in the domain name, and
- The domain name has been registered and used in bad faith.

Disputes filed under the Policy are resolved in a matter of weeks, and at a fraction of the cost usually incurred in litigation. Trademark owners are already

beginning to take advantage of the relief available under the Policy.

It remains to be seen which of the tools now available to trademark owners will become more prevalent. Certainly each has its benefits and disadvantages. One thing that is clear, however, is that these new tools provide long-overdue protection to trademark owners and will go a long way towards putting cybersquatters out of business.

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Our Inaugural Issue

continued from page 1

what you think about our inaugural issue, if you'd like to receive the next issue by e-mail or via the U.S. Postal Service, and if you think anyone else might want to receive a copy of "techLAW."

Upcoming issues will address other corporate and Internet-related issues, look at the ongoing sales tax "controversy" and focus on the rapidly growing body of case law about copyright and cybersquatting issues.

Thank you for your input. We hope you enjoy this issue of "techLAW," and take the opportunity to tell us what you think.

Construction and the Internet: Building with the Web

By Andrew L. Crabtree
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Every builder, contractor, or project owner knows that even the smallest construction job may be fraught with inefficiencies, mistakes and delays. Industry experts estimate that these problems account for up to a full one-quarter of all construction costs. It is no wonder: builders, suppliers, architects and engineers all must come together and work on a myriad of documents, from legal contracts to technical drawings. Countless faxes get exchanged for even the slightest change. Federal Express reportedly made \$500 million last year just from shipping blueprints. More importantly, mistakes matter - building is famously one of the most litigation-prone industries.

Cyberspace, however, may prove to be a significant boon to those concerned with the real space made of bricks and mortar. Several new Internet companies have sprouted to make construction into a more

efficient and profitable business. Though some hardhats have been reluctant, it is estimated that in 2 or 3 years, at least 10% of the industry will conduct business online. Many larger contractors will then be demanding that their subs and suppliers get online.

Sites like Bid.com, Buzzsaw.com and Cephren.com allow for bidding on materials, design collaboration and contract administration in a way that saves time and eliminates mistakes. Imagine an owner who wants a doorway moved. The contractor, architect, engineer and construction manager can all review and print the same architectural drawings straight from their computers, without wasting time for the drawings to be printed, packaged and delivered; plus they can get instant feedback. Additionally, work schedules and CPMs can be posted, for all to see. And when the project is over, the same information is available to the building's maintenance team.

For residential builders, Buildnet.com takes a different approach. Rather than set up Web sites of individual jobs, it links the

back-office systems of the builders and suppliers just like modern supermarkets and their suppliers are linked, leading to efficiencies of time and scale.

Buzzaw.com is likely to be popular because it takes advantage of its use of AutoCAD software that is already widely used by architects. This makes it easy to integrate the design and architectural drawings into the Buzzsaw site. Cephren, a merger of Blueline.com and eBricks.com, creates a Web site for each project so that the necessary parties can check blueprints and orders, check specifications and agree on delivery dates. Importantly, the site creates a virtual paper trail, including who saw what when. When the inevitable legal disputes arise, such a concise record enables easy accountability and faster resolution. It's the new math of the Internet - every second counts.

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What are Courts and Legislators Doing About SPAM?

By Jennifer M. Mone
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"Spam" in the electronic world is basically another form of junk mail or unsolicited advertising that comes to your computer via e-mail instead of your postal box. Use of the term "Spam" is said to derive from an old Monte Python comedy skit where the word Spam! is chanted incessantly in a restaurant, and repeated throughout the menu, to the point of absurdity. Likewise, electronic Spam is everywhere, using so much of available bandwidth that it slows down the Internet.

Spamming is easy and inexpensive, allowing businesses to reach a large audience quickly. Whether your business has "spammed" to market your product or services or you have been a victim of

unwanted e-mails, you should be aware that spam has not gone unnoticed by legislators or the court system.

Lawmakers are preparing to do battle with spammers through new legislation. Although some states (i.e., California, Tennessee, Rhode Island, Virginia, Washington, Delaware) have actually enacted anti-spam legislation, neither New York nor the federal government has yet to do so. There is clearly an anti-spam effort underfoot in the New York state legislature, however, as there are as many as eight pending bills addressing the issue of unsolicited e-mail.

Depending on what state the spam is sent to, and the form in which it is sent, it could be illegal. For example, Delaware actually makes it a criminal misdemeanor to intentionally or recklessly send unsolicited, bulk commercial e-mail. Other states allow spam, but require the e-mail adver-

tisements to include opt out instructions or to include "ADV" in the subject line of the e-mail. As more and more states enact legislation, businesses should become aware of the various legal requirements before spamming across the country.

A lower court in Washington recently concluded that Washington's anti-spam law violates the federal commerce clause and is therefore unconstitutional. As states enact legislation, there are likely to be more such constitutional challenges.

In addition to new legislation, courts have been interpreting existing laws, such as the Computer Fraud and Abuse Act (prohibiting a person from intentionally accessing a computer without authorization), common-law trespass, and false advertising laws, to prohibit or limit the use of spam. Many of these cases are brought by online computer services such as America

continued on page 4

Spam

continued from page 3

Onlineand Compuserve to prevent commercial enterprises from sending unsolicited e-mail advertisements to subscribers.

Most commentators advise that recipients of unwanted e-mail advertisements should NOT respond by reply e-mail to spam received. Once you reply, the sender knows it has a valid e-mail address - very valuable information! One option is to send the spam message to the Internet service provider ("ISP") of the sender and ask the ISP for assistance in stopping the abuse. (E-mail headers will help identify the sender and the sender's ISP.)

Users of bulk commercial e-mail advertising should be on the lookout for new legislation, both federal and state, regulating the use of unsolicited e-mail advertising. Of course, those who are plagued by junk e-mail will be happy to know that their legislators are working towards laws to protect consumers and the Internet from being overrun with unwanted e-mail advertisements.

Leasing to Internet Companies

continued from page 1

ness characteristics which are forcing the commercial real estate industry to adjust. Brokers need to familiarize themselves with the capabilities of facilities in order to better serve this rapidly expanding and unique client base. Real estate lawyers, along with brokers, must be able to focus on different leasing issues and concerns, such as how these tenants can grow or leave their existing space in this industry.

Internet companies need leasing flexibility to take advantage of the changing market. The rapid growth of this industry has created businesses which outgrow their space in very short periods of time, as well as having little or no credit background, creating a number of issues for landlords to deal with and consider. Companies negotiating space leases require special attention and a flexible approach to some of the basic lease terms, such as security deposits, access to premises by landlords, electricity provisions, assignment and subletting and landlord services, and the

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demand for certain tenant oriented provisions such as expansion options and termination rights.

Leasing flexibility is crucial to Internet and other E-businesses in this changing and competitive business environment. Attempts should be made to obtain more liberal subletting rights, and attorneys must stress all of the usual assignment and subletting protective provisions for tenants, such as reasonableness standards regarding landlord's consent, sharing of profits and requests for the removal of recapture provisions. This will allow tenants to warehouse unneeded space and give them the option of easily regaining it from the subtenant. Tenants will benefit from this arrangement if flexible subleases are negotiated with short terms and clear termination rights.

An alternative approach to achieving space flexibility for these growing businesses is to negotiate for additional space to be added to the leased premises in the future. This right provides for the benefit of allowing for growth, but does not saddle the tenant with the initial burden of

eLaw Briefs

In case you missed it . . .

Farrell Fritz recently put on programs focusing on the concerns of companies with an Internet presence. On February 16, we hosted the L.I. Chapter of the American Corporate Counsel Association for "Navigating Cyberspace: A Look at Managing Legal Issues Online," focusing on legislative, tax, litigation and corporate concerns. On March 9, Farrell Fritz and C.W. Post hosted "Leaders of the New Economy: The Many Faces of eBusiness," a seminar which studied the eBusiness concerns of Corporate America. If you are interested in the materials from either of these programs, please contact Melissa Kane at (516)227-0623 or e-mail to mkane@farrellfritz.com.

Internet Author Of Counsel to Firm

Jonathan Ezor, author of Clicking Through: A Survival Guide for Bringing Your Company Online and Director of Legal Affairs at Mimeo.com has rejoined Farrell Fritz, serving Of Counsel to the firm and providing advice about Internet and technology law.

responsibility for more space than will be needed at the beginning of the lease term. An alternative means of achieving flexibility to expand the leased premises is to negotiate a right of first refusal, giving the tenant the option to lease additional space before certain space is leased to a third party. Another alternative for achieving flexibility is to negotiate a longer initial term or more option terms, coupled with a termination right. The advantage here is to negotiate a more favorable overall economic package giving the tenant flexibility to terminate the lease if it outgrows the space, or if the space is otherwise no longer suited for its needs.

The Internet industry presents a whole new challenge for the real estate profession, including lawyers, brokers and other real estate professionals, who must fully understand these businesses and how they operate.

Robert Sandler is a partner in the Real Estate Department at Farrell Fritz and represents commercial landlords and tenants in lease negotiations and real estate transactions.