

# The Metropolitan Corporate Counsel

www.metrocorpcounsel.com

February 2013

© 2013 The Metropolitan Corporate Counsel, Inc.

Volume 21, No. 2

## The Evolving World Of IP And The Internet

*The Editor interviews Karol A. Kepchar, Partner, Akin Gump Strauss Hauer & Feld LLP.*

**Editor:** Please tell us about your background and current practice.

**Kepchar:** I'm primarily a trademark and copyright litigator and an intellectual property strategist in the context of mergers & acquisitions and financial restructuring. I also do quite a bit of counseling in Internet and social media-related issues and domain name disputes. I started my career in a small IP boutique in Philadelphia, where I had the great opportunity to develop an Internet-related practice in the mid '90s, just as the Web was becoming more widely used for business. Our IP boutique merged with Akin Gump in 1999, and that's when I joined the firm.

**Editor:** It seems the Internet has cast a new and often challenging light on legal doctrines in the intellectual property space that once were considered settled. Please start our discussion with an overview of this development.

**Kepchar:** The core principles of IP law actually have changed very little, but the application of those principles to the Internet and mobile device spaces has really required us to do some new thinking. For example, the legal system of protecting trademarks around the world is based on geography. Someone with established trademark rights in the U.S. doesn't necessarily have those rights in other countries. The Internet turned that jurisdictional concept on its head, and we see entities with equally valid rights – not infringers – in different geographic locations who happen to be accessible and viewable side by side on the Internet. Therefore, we've had to update the way we analyze the common law scope of trademark rights and the likelihood of confusion in light of how the

website is used and where the content is directed.

**Editor:** How can a party be sure it has adequate protections for IP rights that preexisted these jurisdictional developments?

**Kepchar:** In simplest terms, the Internet offers another channel of trade – an electronic version of a national- or international-scope advertisement. Obviously, it's much more complex in practice. As the Internet became an additional channel for brick-and-mortar companies to do business or to advertise, companies began bumping against each other because of the way search engines return results based on search terms. A search for "Amazon," for example, will give you websites on the Amazon River, Amazon.com and perhaps Amazon Juice Bar. In this completely different trademark landscape, the challenge becomes sorting out whether coexisting uses of an identical term are infringing.

One of the early approaches was to look at the website and consider its scope of business. For example, a restaurant with two locations in New York State puts up a website with content directed toward patrons within a 50-mile radius of their restaurants. Meanwhile, another restaurant with the same name in California has a website directed to clientele within its 50-mile radius. On a factual basis, you can see there's little likelihood of confusion, and that's really the legal crux of the matter. So it became the rule of thumb to look at the totality of the circumstances, including the content, the branding and also the target audience. If the websites contain similar logos, slogans or color scheme – or if the overall look and feel is similar – then the infringement analysis will determine



**Karol A.  
Kepchar**

whether confusion as to affiliation or source is likely.

**Editor:** What remedies may enable companies to operate side by side with confidence?

**Kepchar:** The fundamental concern is that some mistake or diversion of trade will result if businesses with similar names come up in a website search, even though they are in different geographic locations. Businesses worry that Internet users won't go any further than the top search result and, as a result, that there will be a lost opportunity for the company that appears later in the results.

Now, part of the problem arises simply from the nature of the Internet, and there's not always a trademark conflict to begin with. Where a conflict does exist, there are technological remedies, such as jump pages or redirect pages, which are fairly common solutions for companies operating in different countries. Here, instead of accessing the homepage by clicking a search result, you arrive at a jump page or a redirect page. This page asks you what country you're located in or if you are looking for a certain business, and then it redirects you to the right page. Often parties engaged in a trademark dispute will light upon this solution to make sure users are directed properly and the parties aren't losing business.

Another possible remedy is to use disclaimers, but these can be problematic because their effectiveness is dependent on placement and prominence, and there is no guarantee that users will land on the web page with disclaimer information. Certainly, Internet users have become savvy over time, but confusion can still occur. Given the different types of search engines and users' self-navigation, there is no perfect solution.

**Editor:** Given the total accessibility of Internet content, what are successful

**Akin Gump**  
Strauss Hauer & Feld LLP

*Please email the interviewee at [kkepchar@akingump.com](mailto:kkepchar@akingump.com) with questions about this interview.*

## strategies for defining and defending IP protection rights?

**Kepchar:** Proprietary Internet content may include software and copyrighted website content, and there are many strategies for protecting that content from copying and further distribution. Some Internet offerings are very clearly intended to be free and available for everyone to use and pass on, but website owners largely consider what they are doing to be proprietary. Digital rights management (DRM) has come a long way in terms of controlling access to digital works, such as websites, software and movies. For instance, online or “click-through” licensing is a very popular form of electronic licensing that lays out conditions – often restricting users to noncommercial private use or prohibiting further distribution. This gateway requires that the user affirmatively accept the conditions before access to content is granted, and it can be an effective enforcement tool.

In general, DRM is a moving target because it seems that it is often a step behind the bad guys, so attorneys and clients are constantly challenged to look around the next corner and keep up with the most creative pirates.

## Editor: What is the current thinking about infringement claims surrounding use of linking, framing and deep linking?

**Kepchar:** We are seeing fewer framing and deep linking disputes than we did five or ten years ago, in part due to the development of technology that prevents search engines from deep linking in the first place. Reduced dispute volume also can be attributed to some broad judicial pronouncements in the last decade, including the 2007 ruling in *Perfect 10 v. Amazon.com*. In this case, the Ninth Circuit found linking and framing not to be a violation of copyright, effectively closing the door on potential linking and framing cases under the copyright law.

Use of linking, framing and even pop-up ads has also been challenged under the trademark and unfair competition laws on the basis that such use is likely to confuse consumers or to be dilutive of the trademark. Perhaps due to mixed results, these cases also have become less frequent over the past five years, with trademark claims faring best versus linking and framing copyright claims.

## Editor: Please talk about the various venues for resolving disputes concerning Internet-related IP issues.

**Kepchar:** There is such a wide variety of Internet issues, including indirect liability for infringement, safe harbors or online liability, so I will focus on cybersquatting for purposes of this discussion. In the beginning, cybersquatting cases involving domain names were brought in court under the trademark infringement and unfair competition provisions of the Lanham Act. In 1999, the Lanham Act was amended, and the Anti-Cybersquatting Consumer Protection Act provided a tailored legal claim for bringing cybersquatting claims in court. Today, there’s a faster and much more streamlined administrative procedure under ICANN’s Uniform Disputes Resolution Process (UDRP), which requires a decision within about 60 days.

Because UDRP tribunals render decisions that are not precedential, there is no body of jurisprudence, which makes predicting results more difficult. Predictability may be an important factor in deciding whether to handle matters under the UDRP, but also important is the fact that its decisions have very heavily favored complainants – in as many as 80 to 90 percent of UDRP cybersquatting cases. So the UDRP forums are clearly attractive to complainants for cybersquatting claims.

The jurisdiction of the Trademark Trial and Appeal Board (TTAB) is limited to decisions as to the registrability of trademarks, so the TTAB is not usually dealing with cyber law issues. However, the TTAB may decide registrability when, for instance, someone decides to register a term used as a domain name as a trademark – also, the Board may make evidentiary rulings involving Internet evidence. As such, the TTAB may touch on cyber law issues.

## Editor: Social media websites are in the business of sharing content and providing widespread access to their branding elements. Where does IP protection begin for these companies?

**Kepchar:** Social media sites, such as Facebook and Twitter, rely in large part on user-generated content, and there has been some evolution in this space on the issue of IP ownership and protection. Some social media companies claim ownership of user-generated content placed on their systems, and that position has caused great anxiety among users and various levels of outcry on occasion.

From an IP perspective, social media companies could claim ownership of entire databases of content that they collect, organize and make available, even if a claim to

any individual posting is legally questionable. While branded links to social media sites are everywhere, companies like Facebook and Twitter still control use of their brands, probably through link licenses or other types of use arrangement. Quite the opposite of losing control of their brands, such controlled use makes their brands stronger because it creates more opportunities for users to be exposed to the brands and to link into their systems.

## Editor: We understand you take a process-based approach to managing and leveraging intellectual property assets. Can you please tell us what this means?

**Kepchar:** In-house counsel face enormous budget pressure. Legal departments are often considered a drain on company resources, and they are increasingly expected to add value to their business. So I decided to take a proactive, process-based approach that focuses on avoiding problems before they arise and helping my in-house counterparts create new sources of value and revenue for their companies.

Initially, I sit with clients and do a very granular analysis of the company’s IP assets. So far, this is routine, but we take the process further and look for opportunities to monetize those assets. We do benchmarking to competitors to get the latest information on creative approaches to developing IP and having it work for the company. Those results are mapped to company-specific factors, such as staffing, budget, information flows, committee and management structures, and the company’s broader priorities and strategy. Finally, all of that information is analyzed and used to develop a forward-looking IP business plan for the company, usually encompassing a two- to three-year time frame.

Actionable results include a possible assessment that company IP assets are under-utilized or that licensing programs can be improved. We could identify new licensing avenues and markets to explore; recommend using one of a few fairly robust IP auction outfits; or suggest opportunities for charitable donations. Such actions can make an IP portfolio more valuable for the company.

In broadest terms, it didn’t make the best sense for me as an outside lawyer, or for my in-house clients, to always deal ad hoc with problems. Instead, our process gets everyone lined up and sets a course for cost efficiencies, time savings and looking around the corner to see what IP challenges are on the horizon. This approach has been very helpful to our client base.