

WHAT'S NEW AT HOLLAND & BONZAGNI?

Welcome everyone to the First Edition of our bi-annual Newsletter! Feel free to contact us for topics you would like to see discussed in our next issue.

We welcome Karen Alberts who joined our firm this past January as a Legal Assistant. Karen holds a B.S. in Legal Studies from UMass. And prior to joining our firm, she worked in the Patent Department at MIT.

Also, our search for a building site is ongoing - with our goal to locate and break ground in 2002. ■

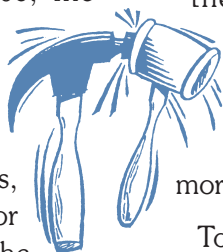
NEW TOOLS TO STOP

Cybersquatters

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Back in the early 1990s, the Internet was in its infancy. Few companies recognized the Internet's economic potential, but some entrepreneurs did. Those individuals, known as "cybersquatters" or "cyberpirates," bought up the top-level domain names of many well-known companies (e.g., trademarks followed by ".com", ".net", and ".org"), without any intention of ever using those domain names themselves. Instead, the cybersquatters sat and waited, thereby earning their moniker.

When Internet usage skyrocketed, around 1996-1998, companies hustled to go onto the Web, knowing that's where customers would try to locate them. Since customers typically try to find a company's website by typing in the company's main trademark, followed by ".com," companies



flocked to try to register their brands as domain names. Unfortunately, the cyberpirates had gotten there first (e.g., coca-cola.com).

If a company wanted a snared name, it only had two choices: pay the cybersquatter a ransom (typically \$5000-\$50,000) to transfer the domain name, or pay to litigate. Litigation often cost much more, with mixed results.

To combat these modern-day thieves, companies lobbied Congress and the domain name registrars. The result was two recently installed systems, specifically designed to address cyberpiracy: the United States Anticybersquatting Consumer Protection Act ("ACPA"), signed into law on November 29, 1999 as part of the federal Trademark Act; and the Uniform Domain Name Dispute Resolution Policy ("UDRP") adopted by the Internet Corporation for Assigned Names and Numbers ("ICANN"), available January 1, 2000.

Please see *Cybersquatters*, Page 3

PROPER TRADEMARK USAGE

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In order to protect your registered trademark, you need to employ a proper statutory notice with it to tell the world that the mark has been federally registered. To do this, we suggest that you refer to the mark in the following manner:

FOOT TOWN® shoe stores

The mark should always appear in capital letters, bold letters, or fanciful print. The generic description of the goods to the right of the trademark can be located below it and should appear in less conspicuous type (either upper or lower case). You can use whatever general description you want, but it is best to keep the description generic such as the suggestion we have given above.

Please see *Trademark*, Page 3

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BUSINESS METHOD PATENTS UNEARTHING YOUR COMPANY'S HIDDEN ASSETS

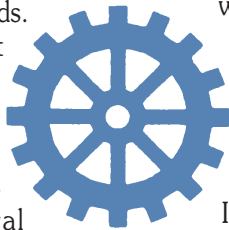
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While the first covered shopping mall was opened in Minnesota in 1956, it wasn't long before practically every region in the United States had something similar. But what if that first entrepreneur had obtained a patent for his or her invention, characterizing it as a "method for operating retail stores"? Sound impossible? Back in the '50s, it might have been, for such so-called "business methods" were presumed to be unpatentable, along with such things as natural phenomena, abstract mathematical algorithms, mental steps, and items found in nature.

However, with the advent of computers and the information age, that presumption gradually weakened, and was put to rest in 1998 by the Court of Appeals for the Federal Circuit (the "Federal Circuit") with the case of *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368, and still further, in 1999, with the case of *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352. Now that the status of business method patents is no longer clouded, companies should take advantage of a potential strategic and financial boon by obtaining patent protection for all the unique aspects of their businesses.

State Street Bank and AT&T Corp.

In *State Street Bank*, the patent at issue involved a computer-implemented "hub-and-spoke" arrangement for administering mutual funds. In a patent infringement suit, the federal district court held the patent invalid as being an unpatentable business method. The Federal Circuit reversed, noting that while it was sometimes thought that business methods were not patentable (because of old case law, dicta, and the fact that certain business-related



patents had been struck down as not being new), there was no *per se* restriction against patenting business methods under current U.S. law. The spirit of this holding was reaffirmed in *AT&T Corp.*, driving the point home that business methods are and have been patentable subject matter, and opening a floodgate of new patent applications at the Patent Office.

What Is a "Business Method?"

In a broad sense, a "business method" is just that: a process or series of steps for conducting, organizing, or managing a business or related activity. For example, a method for selling ice cream (a business) might include the steps of: (i) transporting ice cream through residential neighborhoods in a refrigerated vehicle; (ii) broadcasting music over a loudspeaker to announce the vehicle's presence; and (iii) selling ice cream to those who come out to meet the vehicle. Other business methods might involve sales procedures, customer service, product quality assurance, data management, employee training, and billing systems.

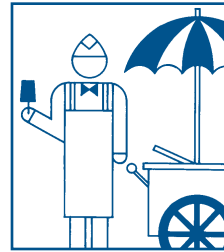
These days, the vast majority of patent-eligible business methods, like the one in *State Street Bank*, involve computers and/or the Internet. This is because most Internet- and computer-related business methods are new, while most other business methods, like selling ice cream out of a refrigerated truck, are old and well known. However, there is no requirement that a business method invention involve computers, software, or the Internet to be patentable, as long as it is new, useful, and non-obvious.

Why Patent a Business Method?

All patents allow the patent owner to prevent others from practicing

(making, using, selling) the claimed invention for twenty years from the filing date of the patent application. Offensively, if the invention relates to the core of your company's business plan, e.g., to a key product or the way in which business is carried out, a patent can protect or increase your company's market share (imagine if someone had obtained a patent for drive-thru banking or fast food in the 1970s!), or give you an advantage over your competitors (e.g., in a recent case, Amazon.com was able to temporarily prevent Barnesandnoble.com from using 1-click ordering on the Internet).

Defensively, a patent can reduce the chances of your competitors obtaining patents that might be used against you, although there is a limited defense to infringement available for companies that were the first to invent, but not patent, a business method. More importantly, however, even if a business method invention is only peripherally related to your business, or if you are not interested in gaining market exclusivity, a patent can be an excellent source of income from licensing. This is especially true considering that the real value of a patented invention may not be known for several years.



Identifying Business Method Inventions

Given the potential benefits of securing patent protection for qualifying business methods, it is incumbent on companies to identify potentially patentable inventions. Here are some suggestions for doing so:

- Take a close look at everything your company does related to conducting business, both internally and externally: products, services, internal organization and operations, information flow and management, etc.
- Don't assume something is unpatentable – even conceptually simple

inventions may meet the requirements for patentability.

- Draw on your (and others') common sense and business experience – frequently, you will have an idea if what your company is doing has been around for a long time, or if it might be something new.
- Do some research – review industry literature (business texts, technical journals, etc.), check online to see if other companies are already doing something similar, and take a look at what others have patented. Good sources for the latter include: the national system of Patent and Trademark Depository Libraries (at the Hartford Public Library, the Physical Sciences Library at UMass. Amherst, and the Boston Public Library); the U.S. Patent Office's website at uspto.gov; and the European Patent Office's website at ep.espacenet.com.
- Finally, consult your patent attorney. He or she can act as an effective "sounding board," and may even have some idea right off the bat if an idea looks promising. Additionally, further, more extensive patentability searches can be performed to further determine whether or not it is worthwhile to file a patent application.

Conclusion

Even before the Federal Circuit's decisions in *State Street Bank* and *AT&T Corp.*, shrewd companies realized the potential for business method patents. Since this acumen has largely been affirmed, it is incumbent upon companies to at least assess the strategic and other benefits of identifying and patenting their unique methods of doing business. As the marketplace becomes ever more crowded, doing so may provide unique competitive advantages and additional sources of income, further insuring a company's success and longevity. ■

John Kramer is an associate at Holland & Bonzagni, and holds an undergraduate degree in electrical engineering.

PROPER TRADEMARK USAGE

Continued from Page 1

The above-listed trademark form is a proper trademark usage and should appear the first time that you use the trademark in each piece of your literature. For any subsequent appearance of the mark

in that piece, you can use just the mark with the ®. No listing of the goods is necessary.

Use of the ® is proper for federally registered marks only. Any non-registered trademark, or state registered mark, can employ a "™" notice after the mark. ■

Cari Mazza is a Legal Assistant at Holland & Bonzagni, and holds a B.S. in Legal Studies from BayPath College.

NEW TOOLS TO STOP *Cybersquatters*

Continued from Page 1

By far, the best tool is the UDRP! The UDRP is an expedited administrative proceeding by which the true company can secure its domain name, usually with little hassle or expense. The procedure normally lasts 2-3 months and costs approximately \$3000-\$6000, which includes attorneys' fees.

To succeed under UDRP, the complainant has to prove four elements: (1) rights in a trademark or service mark; (2) the domain name at issue is identical or confusingly similar to that trademark or service mark; (3) the domain name registrant (cybersquatter) has no rights or legitimate interest in the domain name; and (4) the domain name is being used in bad faith (e.g., the domain name registrant tried to sell that name to the complainant). The complainant will prevail only if all four elements are satisfied.

As of August 9, 2001, 7369 cases had been filed under the UDRP and 6095 were decided [see www.icann.org/udrp/proceedings-stat.htm]. The complainant prevailed approximately 78% of the time. Other cases were settled or are still pending.

There are two major drawbacks to the UDRP. No damages are awardable (in fact, all that happens is a transfer of the domain name), and the domain name registrant can pursue the matter in Court, if it is unhappy with the administrative result.

The second procedure – the ACPA – involves litigation. It is more complex but has its advantages. Damages (which are statutorily set) are automatically awarded to the prevailing plaintiff. In addition, if the defendant resides in another country, the domain name itself can be litigated domestically – something unavailable under prior law. In that instance, however, the plaintiff must waive its right to damages.

Whichever route one prefers, Justice is probably around the corner. A lot better than just a few years ago. ■

Donald Holland is a partner at Holland & Bonzagni, and holds undergraduate degrees in applied mathematics and mechanical engineering.

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