telecommunications and networking, but it will not present unique issues in terms of patent eligibility for software.

C. TRADEMARK

A trademark is quite different from either a copyright or a patent. A trademark is any word, name, symbol or device, or any combination thereof, that serves to identify and distinguish the source of one party's goods or services from those of another party. A service mark is the same as a trademark, except that it identifies and distinguishes the source of services rather than goods. In this report, the terms "trademark" and "mark" are intended to refer to both types of marks.

The purpose of a trademark is twofold -- to identify the source of products or services and to distinguish the trademark owner's goods and services from those of others. As long as a trademark fulfills these functions, it remains valid. Trademark ownership rights in the United States arise through use of a mark. Continued use of a mark is necessary to maintain trademark rights. The owner of a trademark is entitled to the exclusive right to use the mark. This entitlement includes the ability to prevent the use, by unauthorized third parties, of a confusingly similar mark. Marks used by unrelated parties are confusingly similar if, by their use on the same, similar, or related goods or services, the relevant consumer population would think the goods or services come from the same source.

Unlike patent and copyright law, Federal trademark law coexists with state and common-law trademark rights. Therefore, registration at either the Federal or state level is not necessary to create or maintain ownership rights in a mark. For example, priority of trademark rights between owners of confusingly similar marks, regardless of whether

the marks are Federally registered, is based upon first use of the mark.[484]

Federal trademark law is embodied in the Lanham Act[485] and is based upon the commerce clause of the Constitution.[486] Therefore, to obtain a Federal trademark registration, in most cases[487] the owner of a mark must demonstrate that the mark is used in a type of commerce that may be regulated by Congress.[488] Additionally, the Trademark Law Reform Act of 1988[489] amended the Lanham Act to establish trademark rights, which vest upon registration following use of the mark in commerce, as of the filing date of a trademark application indicating a bona fide intent to use the mark in commerce.[490]

Goods and services to which a mark applies in a trademark registration are categorized according to the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of June 15, 1957, as revised at Stockholm on July 14, 1967, and at Geneva on May 13,

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484 Priority may also be established by the filing date of a Federal registration based upon an intent to use a mark (15 U.S.C. § 1051(b) (1988)) or a foreign filing (15 U.S.C. § 1126 (1988)).

485 15 U.S.C. § 1051 *et seq*. (1988 & Supp. V 1993). The Lanham Act, as amended, forms Chapter 22 of Title 15 of the U.S. Code.

486 The first Federal trademark law in the United States was found unconstitutional because it was premised on the patent clause of the Constitution.

487 Certain foreign-based applications may register without a showing of use in commerce. 15 U.S.C. § 1126(e) (1988).

488 15 U.S.C. § 1127 (1988 & Supp. V 1993). "The word 'commerce' means all commerce which may lawfully be regulated by Congress." This includes interstate commerce, commerce between the United States and a foreign country, and territorial commerce.

489 Pub. L. 100-667, 1988 U.S.C.C.A.N. (102 Stat.) 3935.

490 15 U.S.C. § 1051(b) (1988).

1977 (International Classification). This treaty, of which the United States is a member, is administered by WIPO. WIPO convenes a meeting of experts, including representatives of the United States, every five years to consider and adopt changes to the International Classification. These meetings will be an important means to effect changes to the International Classification to accommodate the changing goods and services available in connection with the NII and the GII. In preparation for the next meeting of experts, which is likely to take place in late 1995, a working group which includes the United States convened in March 1995 at WIPO to discuss proposals to amend the International Classification.

Remedies against trademark infringement and unfair competition are available to trademark owners under both state and Federal law.[491] In this regard, the owner of a Federal trademark registration has certain benefits. In a court proceeding, registration on the Principal Register constitutes *prima facie* evidence of the registrant's ownership of the mark.[492] Registration on the Principal Register may also be used as a basis to block importation of infringing goods[493] or to obtain remedies against a counterfeiter.[494] The Lanham Act provides that under certain conditions the right to use a registered mark may become incontestable.[495] Additionally, the Lanham Act provides for cancellation of registrations on certain grounds.[496]

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[491] *See* 15 U.S.C. §§ 1114 - 1121, 1125(a) (1988 & Supp. V 1993) for relevant Federal law provisions. State and common law unfair competition provisions include such torts as passing off and dilution.

[492] 15 U.S.C. § 1057(b) (1988).

[493] 15 U.S.C. § 1124 (1988).

[494] 15 U.S.C. § 1116(d) (1988); 18 U.S.C. § 2320 (1988).

[495] 15 U.S.C. § 1065 (1988).

[496] 15 U.S.C. § 1064 (1988).

Existing legal precedent accepts electronic transmission of data as a service and, thus, as a valid trademark use for the purpose of creating and maintaining a trademark.[497] Additionally, existing legal precedent applies the available remedies for infringement and unfair competition to such acts occurring through the unauthorized use of trademarks electronically.[498] However,

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[497] *See In re Metriplex Inc.*, 23 U.S.P.Q.2d 1315 (TTAB 1992), where the PTO's Trademark Trial and Appeal Board authorized registration of a mark identifying "data transmission services accessed via computer terminal" and accepted, as evidence of use of the mark, a print-out of the mark as it appeared on the computer screen during transmission.

[498] In the case of *Playboy Enterprises Inc. v. Frena*, *supra* note 386, the operator of a subscription computer bulletin board system (Frena) transmitted as part of its bulletin board system photographs owned by Playboy Enterprises Inc. (PEI). PEI's trademarks were obliterated on some photographs transmitted by Frena and PEI's "Playboy" and "Playmate" marks appeared on other photographs transmitted by Frena. These transmissions were without authorization from PEI. The court found, in part, that Frena infringed PEI's registered trademarks when it used PEI's "Playboy" and "Playmate" marks in unauthorized transmissions of PEI's photographs as part of its computer bulletin board system. The court also found Frena to have committed acts of unfair competition, in violation of Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a) (Supp. V 1993)), both by obliterating PEI trademarks from photographs and by placing its own advertisement on PEI photographs. Such acts made it appear as if PEI authorized Frena's use of the images on the bulletin board; *see also Showtime/The Movie Channel, Inc. v. Covered Bridge Condominium Ass'n*, 693 F. Supp. 1080 (S.D. Fla. 1988), *modified*, 881 F.2d 983 (11th Cir. 1989), *remanded*, 895 F.2d 711 (1990), in which the court found that interception of cable television programming broadcast via satellite which appropriates trademarks and trade names in a manner likely to cause confusion is unfair competition in violation of Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a) (Supp. V 1993)). *See also Pacific & Southern Co. Inc. v. Satellite Broadcast Networks Inc.*, 694 F. Supp. 1575 (N.D. Ga. 1988).

In California, a U.S. District Court has entered a preliminary injunction against the owner of a computer bulletin board system based upon claims of copyright and trademark infringement and unfair competition. In *Sega Enterprises Ltd. v. MAPHIA*, *supra* note 388, Sega demonstrated that the bulletin board system knowingly solicited the uploading and downloading of unauthorized copies of Sega's video games, and that whenever such a copy is played, Sega's trademark appears on the screen. Further, Sega's trademark appeared, with the BBS operator's knowledge, on file descriptors on the bulletin board. With regard to the trademark and unfair competition claims, the court concluded that there is support for the conclusion that the transferred games are

in the future, with widespread access to and use of the NII, both the legitimate and infringing electronic uses of trademarks may increase. Unfair competition may increase in the context of the NII to the extent that it may be easier to copy or remove trademarks from electronically transmitted information than from labeled products or from services identified in print media.

In the global context for trademarks, there are likely to be ramifications of global electronic transmission of trademarks in view of the fact that trademark rights are national in scope. Conflicts may arise where the same or similar trademarks are owned by different parties in different countries, or where different countries apply different standards for determining infringement. Additionally, conflicts may arise where terms are in general use in one country, but restricted as either trademarks or geographical indications in another country.

With regard to access to the NII, several conflicts have arisen where trademark owners are aware that third parties have registered Internet domain names that are identical to their trademarks. One of the first opportunities for a court to define the legal relationship between trademarks and the registration and use of site domain names on the Internet could be presented in an action presently in Federal district court in the Southern District of New York. The owners of the MTV cable network ("MTV") have filed an action seeking injunctive relief and monetary damages from a former employee who is offering a daily report about the rock music industry on the Internet using the site name "mtv.com." MTV is alleging, *inter alia*, trademark infringement and unfair competition.[499] In another

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counterfeit under the Lanham Act, and that confusion, if not on the part of the bulletin board users, is inevitable on the part of third parties who may see the copied games after they enter the stream of commerce.

[499] To send and receive information on the Internet, various organizations connected to the Internet must register their domains, networks and autonomous systems numbers with Network Solutions, part of the Internet

instance, Kaplan Educational Centers filed an action alleging trademark infringement and unfair competition against its competitor, Princeton Review, which had registered an Internet domain name of "Kaplan.com." Kaplan reported that an arbitration panel ruled, in an unreported opinion, that Princeton Review must relinquish all rights in the "Kaplan.com" name and transfer it to Kaplan. Other companies noted in the news that have expressed concern recently about third party domain name registration of their well-known trademarks include Coca Cola, McDonald's, MCI and Hertz.

D. TRADE SECRET

Unlike many of the other forms of intellectual property protection previously mentioned, trade secrets are generally protected by state law, not Federal law.[500] Trade secret protection is very limited. A trade secret holder is only protected from unauthorized disclosure and use of the trade secret by others and from another person obtaining the trade secret by some improper means.[501]

National Information Center (InterNIC). The InterNIC performs this function under a cooperative agreement with the National Science Foundation. Within the context of a prescribed format, the Internet user may register any domain name as long as the identical domain name has not been previously registered with the InterNIC by another party. According to the InterNIC, there is no state or Federal statutory or regulatory authority under which the InterNIC performs this registration function. The InterNIC does not conduct an examination of trademark or other records before registering a domain name. However, the applicant is required to follow a policy relating to assumption of responsibility and to potential conflict resolution. The InterNIC policy is available at URL http://rs.internic.net.

[500] Federal law does prohibit the disclosure of confidential information obtained by federal officials in the course of their official duties. *See* 18 U.S.C. § 1905 (1988).

[501] "A trade secret is commonly defined as any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it." RESTATEMENT OF TORTS § 757, Comment b (1939).