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BURKE, WARREN, MACKEY & SERRITELLA, P.C.

JULY/AUGUST 2006

BWM&S BULLETIN

VOLUME 5 • ISSUE 2

RELIGIOUS & HUMAN SERVICES

RELIGIOUS ORGANIZATIONS IN THE UNITED STATES:

A Study of Identity, Liberty, and the Law



James Serritella

Jim Serritella, of Burke, Warren, MacKay & Serritella, P.C., is the Editor-in-Chief of *Religious Organizations in the United States: A Study of Identity, Liberty, and the Law* (Carolina Press, pp. 834). This is a book about law and religion. It is meant for lawyers, religious leaders, and anyone who is interested in religion and how it functions in our society.

The civil law relating to religious organizations in the United States is for the most part derived from the law relating to commercial organizations or secular not-for-profit organizations. Jim Serritella observes that this is a poor fit and that there is need for “better legal language and concepts” for religious organizations. This need is especially acute with respect to the

Continued on page 4



Associates' night out at The Cell: The firm's annual associate baseball outing took place on July 6. Given that the evening featured the World Champion Chicago White Sox, the event grew to include partners and staff, too, and earned a mention on the scoreboard. And best of all — Sox Win!

LITIGATION

HEY, BUDDY, WANT TO BUY A BULLDOZER?

BWM&S Gray Market Case Raises Concern Among US Supply Chain Participants

Unlike the “black market,” where transactions are truly illegal, “gray market” transactions may not be illegal, but merely “unauthorized” by the manufacturer. “Gray market” refers to the flow of goods through distribution channels that are not authorized by the manufacturer or producer. This often occurs when the price of an item is significantly higher in one country than another. In these cases, manufacturers and producers often do not have legal redress, and find themselves resorting to different avenues to discourage the practice.

For example, some trade organizations such as the National Electronic Distributors Association, have initiated

Continued on page 3

INSIDE THIS ISSUE:

- Buying Back Your Own Trademark2
- BWM&S Strengthens Wealth & Succession Planning Practice4

NEXT ISSUE: Downtown grocery stores on the rise, the firm grows again, and more.

BUYING BACK YOUR OWN TRADEMARK: THE REALITY OF CYBERSQUATTING

Imagine that you are building a company from the ground-up. When it's time to launch your company's website, a must in today's technology-oriented world, you find that someone has already purchased the domain name of your company. The person who has bought it is now looking to sell the domain back to you for a tidy profit. Welcome to the world of "cybersquatting," when an



Chris Schafer

individual registers an internet domain associated with a trademark in "bad faith." Bad faith is implied by, among other things, the attempt to sell the domain name to the holder of the mark, in order to make a profit. Though it is still a relatively gray area, the following areas are generally NOT considered cybersquatting: registering and selling generic domain names,

registering a domain name that incorporates a trademark but the registrant has a legitimate interest, and a legitimate "gripe" or complaint website that uses the Company's name in the URL. The most well known examples of cybersquatting occurred prior to passage of governing legislation, and before companies realized that securing their domain name was high priority. Companies such as Avon, Hertz, and Panavision were some original big-name victims of cybersquatting. Once seen as "entrepreneurs" in the early days of internet, cybersquatters are now violating government regulations.

In 1999, The Anti-Cybersquatting Consumer Protection Act (ACPA) was effected. The ACPA enumerated a cause of action for cybersquatting, and also certain rights of individuals in domain names corresponding to their personal names. Consequences for cybersquatting under the ACPA can include either forfeiture or cancellation of the domain name, or transfer of the domain name to the owner of the relevant trademark.

"There are several factors relevant to what constitutes as 'bad faith' under the ACPA," says Chris Schafer, an attorney with Burke, Warren, MacKay & Serritella, P.C.

"These factors include who owns the relevant trademark, prior use of the trademark, the intent of the registrant of the

Welcome to the world of "cybersquatting," when an individual registers an internet domain associated with a trademark in "bad faith."

mark, and whether or not the person offers to sell the domain name to the trademark holder, without having used the domain name in commerce."

A second way of resolving cybersquatting disputes is through the Uniform Dispute Resolution Policy (UDRP), which was enacted by the Internet Corporation for Assigned Names and Numbers (ICANN). Schafer points out that "within domain name contracts and agreements exists a clause requiring domain name registrants to be bound by the UDRP. They also require mandatory arbitration by ICANN-accredited bodies in the event of a domain name dispute. However, there is a provision allowing 'appeal' to a court of competent jurisdiction during or up to 10 business days after the decision. Remedies are similar to those available under the ACPA and include cancellation of the disputed name or transfer of disputed name to the complainant."

Factors that indicate bad faith under the UDRP include whether or not the registrant has registered or acquired the domain name primarily to sell it to the owner of the trademark or to a competitor of that owner.

What businesses can do to protect their domain names:

Businesses seeking to protect their trademarks and domain names have several options other than proceeding through mediation or litigation. These include the use of multiple registrations (e.g. *businessname.com*, *businessname.biz*, *businessname.org*), the use of a unique name (which would limit exposure from generic or descriptive marks), and simply having good customer relations, including the prompt fielding of and response to complaints. If you have questions about cybersquatting, please contact Chris Schafer at 312/840-7086 or cschafer@burkelaw.com **B**

BULLDOZER

Continued from page 1

communication and advertising campaigns to help explain the disadvantages of the gray market to authorized suppliers. In other industries, alliances of larger companies have been formed, such as the “Alliance for Gray Market and Counterfeit Abatement,” to



Fred Mendelsohn

combat the gray market on several fronts, including lobbying and coordinated law enforcement efforts.

Though the gray market isn't a new

phenomenon, it often takes on different forms in different industries. In a case recently filed by BWM&S's Fredric Mendelsohn on behalf of Hyundai Construction Equipment U.S.A., Inc., the exclusive North American distributor of Hyundai heavy construction equipment, the gray market involves the importing of heavy equipment originally destined for other countries (e.g., China) and not authorized for sale in North America.



Hyundai has filed suit to shut down the distribution of these gray market goods.

In the Hyundai case, the supplier has a remedy, in part because units that surfaced in various places in the United States bore fictitious and/or obliterated serial numbers. According to Mendelsohn, “Under federal unfair competition, trademark and importation laws, like the Tariff Act, distribution of these goods is illegal, because the products are intended to confuse end users.”

Other gray market remedies are based upon damage to a company's goodwill and within anti-dilution statutes. According to Mendelsohn, “Federal trademark laws, which cover more than just federally registered trademarks, can be used to prevent consumer access to shadow goods sailing under false colors.”

The import of goods not authorized for sale in the United States can include anything from pens to cameras, luxury automobiles to perfume, computer software to memory and integrated circuits, as well as heavy construction equipment. In the luxury automobile

market for example, importers take advantage of exchange rates and the lower prices of goods destined for sale in other markets,

often with lower emission and safety restrictions. The “shadow” distributors who deal in such items are then able to sell cars at deeply discounted prices to the chagrin of the authorized dealers.

Consumers Beware – Gray Markets Affect The Entire Supply Chain

Consumers of gray market products are not entitled to the normal benefits that usually go along with products, such as warranty protection. Instead, they are left without the support of the manufacturer's customer service organization all together. Gray market goods pose additional risk and liability exposure to their purchasers. The goods may not have interchangeable component parts, and may not be accompanied by operating manuals and product warnings written in English. Gray market goods may also not satisfy US regulatory requirements, such as those relating to safety and emissions.

The exact size of the gray market in the US is anybody's guess, but all signs show that it is growing. “US imports and exports are higher than at any time in history,” says Mendelsohn. “This volume creates opportunities for some to bend or break the rules for financial gain. As a result, manufacturers, like Hyundai, are getting more aggressive in policing their product pipelines.”

Fred Mendelsohn concentrates his practice in complex commercial litigation including market channel matters, such as issues connected to the gray market. He can be contacted at fmendelsohn@burkelaw.com or 312/840-7004. **B**

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WEALTH & SUCCESSION PLANNING

FIRM STRENGTHENS WEALTH & SUCCESSION PLANNING PRACTICE

BWM&S welcomes associate Melissa L. Cover as the newest member of its Wealth and Succession Planning practice group.

Before joining BWM&S, Cover practiced at another mid-sized Chicago firm where in addition to estate planning,



Melissa L. Cover

probate and estate administration work, she gained valuable experience in real estate and corporate matters.

A native of Peoria, Illinois, Cover's father is also an estate planning attorney. Though she has gained valuable insight from him, it was not entirely his influence that led her to follow in her father's footsteps. "I did not enter law school with the intention of going into estate planning. My Trusts and Estates

professor, Frances Foster, at Wash. U. was the first to really pique my interest in the field," says Cover. "From there I

became drawn to the idea of helping people get their affairs in order, often in a time of need and confusion." Cover was also drawn to the nature of the practice; balancing the intellectual side of complex problem solving with the need for building long-term personal relationships.

On joining BWM&S, Cover says, "After meeting the attorneys at BWM&S, I became aware of the professionalism and mentoring potential the firm offers. I have enjoyed working with members of the practice group. We have a large and sophisticated practice, but also a personal one. I look forward to both meeting and working with more of the firm's clients."

Cover received her B.A. in economics from the University of Illinois at Urbana-Champaign in 2000, and her J.D. from Washington University School of Law in St. Louis in 2003.

Cover is active in the the Chicago Bar Association and the Mayflower Foundation, a charitable organization focused on fundraising for children in need. Melissa Cover can be contacted at 312/840-7097 or at mcover@burkelaw.com. **B**

RELIGIOUS ORGANIZATIONS

Continued from page 1

legal structures that religious organizations use to conduct their work. The available structures were, for the most part, derived from those used in the commercial world and do not address the special circumstance of religious organizations. According to Serritella, the new book reflects the desire "to plumb a firm and improved

foundation of a new jurisprudence for organized religion."

The study includes the work of scholars and practitioners from DePaul University, the University of Chicago, University of Texas, Boston College, University of Notre Dame, Brigham Young University, Seton Hall University, University of Saint Thomas, University of Missouri, Valparaiso University, University of North Carolina, University of

Cincinnati, and elsewhere. Patricia B. Carlson, another Burke, Warren, MacKay & Serritella attorney, is also a contributor.

Religious Organizations in the United States is available from www.caplaws.com, amazon.com, and barnesandnoble.com. Jim Serritella can be reached at 312/840-7040, and Patricia Carlson can be reached at 312/840-7076. **B**