

Chappell Law Firm, P.L.L.C.

Cherie M. Chappell, M.A., J.D.

Attorney & Counselor At Law

P.O. Box 5243
Edmond, OK 73083-5243
Phone: 405.340.7755
Facsimile: 405.340.7757
Email: cmc@chappelllawfirm.com
Web: www.chappelllawfirm.com

19 December 2000

Mr. Corry Hong
President and CEO
Unicom Systems, Inc.
1032 Cove Way
Beverly Hills, CA 90210

RE: Letter sent via email, dated December 18, 2000, to Mr. Chip Rosenthal of Unicom Systems Development.

Mr. Hong:

This letter is to advise you that I represent Mr. Chip Rosenthal, and am hereby responding to your aforementioned letter alleging trademark infringement and a claim under the Anticybersquatting Consumer Protection Act of 1999 against Mr. Rosenthal. You are hereby advised to direct any further and/or future correspondence to my office, directly.

I was very surprised to learn of your letter and your claims, particularly because the allegations you raise have no basis in law or in fact. I question your motives and legal basis for writing your letter and submit that it was written solely for the unlawful purposes of threat and intimidation.

It is apparent from your letter that you did not consult legal counsel before your letter was sent. If you did consult with counsel, it is apparent that the individual with whom you consulted was not familiar with the legal issues you were alleging or did not properly research your claims.

President Clinton signed the Anticybersquatting Consumer Protection Act into law on November 29, 1999. The bill was signed into law as P.L. 106-113 and codified at 15 U.S.C. §1125(d), and is designed to "protect consumers and promote electronic

commerce by amending certain trademark infringement, dilution, and counterfeiting laws," creating a new cause of action for trademark owners against cyber squatters as well as providing protection against the unauthorized registration of personal names as domain names. However, contrary to your assertions, the Act does not provide blanket protection to the trademark owner or owner of a personal name protected as a mark, rather it provides a remedy against the "bad faith" appropriation of the mark.

Rather, the Act provides remedies against anyone who, with a bad faith intent to profit, registers, traffics or uses a domain name that:

- (1) Is identical or confusingly similar to a mark that was distinctive when the domain name was registered;
- (2) Is identical, confusingly similar, or dilutive of a mark that was famous when the domain name was registered;
- (3) or Infringes marks and names protected by statute such as the Olympic symbol or Red Cross.

There are several factors that must be proven to show bad faith, including the registrant's intent to divert customers, whether the registrant offered to sell the domain name, the warehousing of multiple domain names owned by others and the intent to tarnish or disparage a brand. A court can also consider factors that may establish the absence of bad faith, including the registrant's genuine prior use of the domain name, any trademark or other intellectual property rights in the domain name, whether the domain name is the legal name or the commonly known name of the registrant, and the registrant's valid noncommercial or fair use of the domain name.

In this situation, Mr. Rosenthal first registered the internet domain name www.unicom.com on February 26, 1990, according to the records of Network Solutions. Mr. Rosenthal's domain name registration occurred more than seven years PRIOR to your registration of your domain name www.unicomsi.com, and seven years PRIOR to your trademark registration of your Typed Drawing of "Unicom" (SN#75311390), (5) Words in Stylized Form: "Unicom Systems, Inc. Corporation California" (SN#75311438) and your Typed Drawing of "Unicom Systems" (SN#75311386). Please be advised that your reference to Registration Number No. 2308224 refers to your Typed Drawing (SN#75311390) and not an exclusive use of the word "unicom."

You do not have an exclusive trademark on the use of the name “unicom” because there were numerous companies using the name in interstate commerce long before your company’s founding and long before your federal registration. As such, you do not have any legal right to the domain name www.unicom.com that was properly registered by Mr. Rosenthal in 1990.

Further, notwithstanding your misinformation about the legal standards applicable under the ACPA, it is obvious that you have also been gravely misinformed about the remedies available under the ACPA. Remedies under the ACPA are limited to injunctive relief if the domain name was registered prior to the enactment of the Act. In this case, Mr. Rosenthal’s registration predates the act by more than nine years. Thus, you would not be able to recover any monetary damages or attorneys fees under the ACPA, even if you had a viable claim.

On the issue of trademark infringement, please be aware that your allegations have not been taken lightly. A claim of infringement of any kind is very serious and could result in a countersuit against you (individually) and your company for defamation.

On December 18, 2000, a search of the U.S. Trademark Electronic Search System (TESS) was conducted and showed 42 separate entries with various derivatives of the word “Unicom.” Of these, 19 entries are “live” (presently in use and good standing) and 3 of those entries belong to your company, and are mentioned above.

Of your three entries, none of them register the name “unicom” as the sole intellectual property of any one individual or company. In fact, the TESS database shows a number of companies using the name “unicom.” There are probably hundreds of other companies using the unregistered trade name “unicom.” At no time, even after your aforementioned federal registrations, have you ever had the exclusive use of the word “unicom.” My research even found other companies using the name “Unicom Systems.” This research can be used to prove that you have not been policing your registered marks, thus making them voidable. As such, your allegations of trademark infringement against Mr. Rosenthal are frivolous, at best.

The elements for a successful trademark infringement claim have been well established under both federal and state case law. In a nutshell, a plaintiff in a trademark

case has the burden of proving that the defendant's use of a mark has created a likelihood-of-confusion about the origin of the defendant's goods or services. To do this, the plaintiff should first show that it has developed a protectable trademark right in a trademark. The plaintiff then must show that the defendant is using a confusingly similar mark in such a way that it creates a likelihood of confusion, mistake and/or deception with the consuming public.

According to your own website, “UNICOM Systems, Inc. is a privately held software company, which develops and markets IBM and compatible mainframe system software products.” On the other hand, Mr. Rosenthal’s company, Unicom Systems Development, is a private computer consulting company that also produces computer related publications. Although both entities work in the computer industry, both work in very different areas of that industry.

Because trademark rights arise in the United States from the actual use of the mark, be advised that Mr. Rosenthal has a well-established common law trademark in Unicom Systems Development and the internet domain name www.unicom.com. Although common law trademark rights are generally limited to the geographic area in which the mark is used, Mr. Rosenthal has been using both trade names in commerce in the State of Texas and nationally via the internet (and public registration with Network Solutions) as early as 1990. No registration is required in order to establish common law rights to a trademark.

Further, because Mr. Rosenthal’s common law trademark has been in existence for more than seven years prior to the federal registration of any of your company’s marks, a countersuit could be brought if you were to pursue this matter, alleging that your company actually infringed on Mr. Rosenthal’s common law marks, which were registered with Network Solutions and used in interstate commerce as early as 1990, thereby challenging the legitimacy of your registered marks.

Moreover, you have been misinformed regarding the remedies available to plaintiffs under a trademark infringement lawsuit. The most common form of relief granted to a successful plaintiff in a trademark infringement lawsuit is an injunction against further infringement. If the infringed mark were federally registered, as in your case, attorneys fees would also be available to a successful plaintiff. Monetary damages

are also available under the Lanham Act, but in practice are rarely awarded in trademark lawsuits.

I hope that it has been made perfectly clear that not only are you not entitled to Mr. Rosenthal's registered internet domain name www.unicom.com, but you also have no basis in law or in fact to assert a claim for the same. It is the hope of Mr. Rosenthal that this letter will suffice to put an end to this matter and that you will cease and desist from harassing him further.

Very Truly Yours,

Cherie M. Chappell
Chappell Law Firm, P.L.L.C.

cc:ff/cmc

Mr. Leonard "Chip" Rosenthal