

Telecom Policy Report



Analysis, Insight and Forecasts on Regulation and Legislative Affairs

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BETWEEN THE LINES

Phoenix Center Zapped By SBC For 'Trademark' Infringement

Did The Baby Bell Act Out Of Concern Or Was This Simply Revenge?

Telecom policy wonks, take heed: If you're going to use made-up terms to simplify an otherwise complicated telecom lexicon, you had best make certain the made-up terms you use haven't been trademarked by SBC Communications.

That's exactly the lesson the policy wonks at the Washington, D.C.-based Phoenix Center for Advanced Legal and Economic Public Policy Studies recently learned — and they learned it the hard way.

As Phoenix Center President Lawrence Spiwak explains, the organization last January produced a white paper (they call it a "public policy bulletin") titled, "The \$10 Billion Benefit of Unbundling: Consumer Surplus Gains from Competitive Pricing Innovations." (The document can be found at <http://www.phoenixcenter.org/PolicyBulletin/PCPB8Final.pdf>.) In the paper, the Center empirically measured the gains to consumer welfare of the new "all-distance/all you can eat" competition produced by the market-opening provisions of the 1996 Telecom Act.

The Center's analysis revealed that the consumer welfare gain amounts to approximately \$10 billion per year, and those American households that have switched to these "all-distance" plans, on average, save approximately \$429 every year — more than a dollar a day.

IT'S NOT NICE TO SPANK A BABY

However, on April 26, the Phoenix Center received a "cease and desist" letter from SBC Communication's intellectual property attorneys claiming that the Center's use of the descriptive term "alldistance/all you can eat" competition infringed upon SBC's trademark of the brand name "ALLDISTANCE."

"Although our counsel has informed us that this claim is specious — particularly as we are not selling a rival product that could be

confused in the market, but are only using a descriptive, generic phrase in the context of conducting empirical policy research — it makes absolutely no sense for us to spend a penny of our limited resources to fight this ridiculous claim further,” Spiwak told *TPR*. “For this reason, the current versions of Phoenix Center Policy Bulletin No. 8 on our Web page have replaced the phrase “all-distance/all you can eat” competition with the phrase “nation-wide, all you can eat” competition.”

When *TPR* contacted Houston-based Haynes and Boone, LLP, the outside law firm SBC hired to bring heat on Spiwak’s “hole in the wall” gang, the attorney who wrote the “cease and desist” letter, Rita Irani, did not want to talk about it. “SBC is our client, and we don’t discuss our clients’ business with the press,” she said.

We then went to the source. SBC told us the following: “Phoenix’s claim that ALL DISTANCE is a generic phrase in the context of telecommunications products and services is false. In fact, it is a federally registered trademark which we own covering local and long distance telephone services. We are protecting a valuable intellectual property asset as any owner would do and are satisfied with the changes they made.”

TRADEMARK? WHAT TRADEMARK?

TPR ran the issue by a couple of its lawyer friends who expressed strong reservations about SBC’s claim. For one thing, SBC’s trademark is presented in an all-caps format. That alone clearly sets it apart from generic usage, as found in the Phoenix Center white paper.

Moreover, the SBC trademark refers to a competitive offering of service for which SBC expects to collect a fee. The Phoenix Center’s use of the generic term in no way represents a commercial offering for which the Center expects to be compensated. Hence, there is no competitive threat to SBC, nor is there significant risk that readers of the Phoenix Center document will reasonably interpret the Center’s use of the generic term “all distance/all you can eat” in such a way as to confuse it with SBC’s trademark.

Spiwak is taking this whole thing in stride. “The Phoenix Center has always openly posted opposing views on our Web page in order to promote an open dialog,” he told *TPR*. “By making SBC’s requested technical edit, we now expect SBC to have the professional courtesy of discussing the legal and economic merits of our work on a scholarly basis and to participate responsibly in the debate.”