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Straight Talk about SOPA

ROBINS, KAPLAN, MILLER & CIRESI L.L.P.

Contributed by Hillel I. Parness, Robins, Kaplan, Miller & Ciresi L.L.P.

In 2011, rising concerns about foreign-based Internet piracy of intellectual property led to the introduction of the Preventing Real Online Threats to Economic Creativity and Theft of Intellectual Property Act[1] ("PROTECT IP") and the Stop Online Piracy Act[2] ("SOPA"). In December, the Online Protection and Enforcement of Digital Trade Act[3] ("OPEN") was introduced as an alternative to SOPA and PROTECT IP. The House Judiciary Committee held two days of debate over SOPA, but the year closed without approval or rejection of that or the other legislative efforts. January has already seen a number of significant developments, however, the full impact of which continue to be discussed:

- On January 14, the White House issued a statement in response to letters opposing the pending legislation. In its statement, the Obama administration noted that it "will not support legislation that reduces freedom of expression, increases cybersecurity risk or undermines the dynamic, innovative global Internet."[4] The administration recognized, however, that "online piracy is a real problem that harms the American economy" and that "existing tools are not strong enough to root out the worst online pirates beyond our borders," and called upon Congress to create "legislation that provides new tools needed in the global fight against piracy and counterfeiting."[5] The White House also recognized that legislation may include provisions "covering Internet intermediaries such as online advertising networks, payment processors, or search engines."[6] The White House also made a number of statements about the prospective litigation, including that it be "narrowly targeted only at sites beyond the reach of current U.S. law [and] cover activity clearly prohibited under existing U.S. laws."[7] The White House further stated that Congress should "avoid legislation that drives users to dangerous, unreliable DNS servers and puts next-generation security policies, such as the deployment of DNSSEC, at risk," and in the case of provisions dealing with support services, "prevent overly broad private rights of action that could encourage unjustified litigation that could discourage startup businesses and innovative firms from growing."[8]
- On January 18, Wikipedia and other sites reportedly engaged in a "blackout" of their sites as a protest to the pending legislation.[9]
- On January 20, Senate Majority Leader Harry Reid announced that the Senate vote on Protect IP that had been set for January 24 would be postponed "[i]n light of recent events."[10] In a written statement, Senator Reid emphasized that " [c]ounterfeiting and piracy cost the American economy billions of dollars and thousands of jobs each year, with the movie industry alone supporting over 2.2 million jobs. We must take action to stop these illegal practices."[11] He also expressed optimism that the "stakeholders" will "reach a compromise in the coming weeks."[12]
- Later that day, Lamar Smith, Chairman of the House Judiciary Committee and sponsor of SOPA, issued a statement in response to the statement of Senator Reid. In his statement, Representative Smith stated that with

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> regard to SOPA, "we need to revisit the approach on how best to address the problem of foreign thieves that steal and sell American inventions and products," and stated that his committee would "postpone consideration of the legislation until there is wider agreement on a solution."[13] At the same time, he stated that "[t]he problem of online piracy is too big to ignore. American intellectual property industries provide 19 million high-paying jobs and account for more than 60 percent of U.S. exports . . . Congress cannot stand by and do nothing while American innovators and job creators are under attack."[14]

In order to engage in real debate about SOPA and the other bills, it is imperative to understand the bills and how they fit with existing legislation. This article thus opens with overviews of each of these bills, and closes with a number of observations in response to some of the more prevalent criticisms of the proposed legislation. Some of the key points to bear in mind are:

1. Supporters of the bills appear to be motivated in substantial part by frustration with the inability of the existing laws, as interpreted by the courts, to provide meaningful relief from Internet-based intellectual property infringement.
2. Under the bills, moving against problematic websites or the services supporting them necessarily involves proving one's case in federal court or before ITC judges.
3. This is not the first time Congress has introduced new laws, and created new remedies, directed at the particular challenges raised by the Internet. Recognizing this fact can provide context and experience by which to judge whether the new legislation is as radical or problematic as some have suggested.

Stop Online Piracy Act (SOPA)

The current iteration of SOPA was introduced in the House of Representatives on December 12, 2011, in the form of a Manager's Amendment that replaced the full text of the prior version of the bill.[15] The provisions that give the U.S. Attorney General the ability to initiate legal action against "foreign infringing sites," and that allow civil litigants to bring lawsuits against "sites dedicated to theft of U.S. property," are at the heart of the proposed law.[16] In both instances, SOPA includes procedures whereby certain types of Internet support entities would have to stop supporting problematic sites.[17]

– Attorney General Lawsuits

Under Section 102 of SOPA, the Attorney General would be empowered to initiate lawsuits against "foreign infringing sites." SOPA defines "foreign infringing sites" as foreign-based websites (or portions of websites) directed at the U.S. or otherwise subject to personal jurisdiction in the U.S., and used by people in the U.S. such that, if the websites had been domestic, would have run afoul of the existing criminal copyright, counterfeiting, or copyright anticircumvention statutes.[18] This portion of SOPA thus appears to be directed at foreign websites over which the U.S. courts may already have jurisdiction, and which are engaging in serious intellectual property violations.

SOPA would allow the Attorney General to initiate a federal lawsuit against the registrants or owners of a foreign infringing site (or against the website itself, if the registrants or owners cannot be located). After notice to the proprietors of the site, the Attorney General would be able to request, and the court would be able to order, injunctive relief against the website to "cease and desist from undertaking any further activity as a foreign infringing site."[19]

SOPA would also allow the Attorney General—with the further permission of the court—to take a court order for injunctive relief against a foreign infringing site and serve it upon four classes of support services: service providers, internet search engines, payment network providers, and internet advertising services.[20] SOPA would require these parties to respond "expeditiously," using "technically feasible" and "reasonable" (sometimes "commercially reasonable") means. The preventative action to be taken depends upon the support service provided, with SOPA specifically contemplating that:

- **Service providers** prevent access by U.S. subscribers to such sites;
- **Search engines** prevent serving "direct hypertext link[s]" to foreign infringing sites;
- **Payment providers** not complete payment transactions involving U.S. customers with the sites; and
- **Advertising services** stop providing advertisements to the sites or for the sites, and stop providing or receiving compensation for advertisements in connection with the sites.[21]

The current version of SOPA includes language apparently intended to address concerns that the bill would legislate specific technological steps. For example, SOPA says that a service provider shall "take such measures as *it determines* to be the least burdensome, technically feasible, and reasonable means," and further includes a "safe harbor" that such measures so determined by the service provider "shall fully satisfy such service provider's obligation."[22] Similarly, concerning the actions to be taken by search engines, SOPA would require that the court order be "narrowly tailored by the court, consistent with the First Amendment to the Constitution, to be the least restrictive means."[23] The original version of SOPA did not have this language, and instead referred specifically to "measures designed to prevent the domain name of the foreign infringing site (or portion thereof) from resolving to that domain name's Internet Protocol address." These changes appear to have been made in response to concerns that requiring service providers to block domain names could lead to larger technical and Internet security problems.

SOPA also includes provisions that would allow the Attorney General to bring lawsuits against the four classes of services that fail to take the required steps in response to court orders,

or against entities involved in measures to circumvent or bypass court orders.[24] SOPA includes a provision that would establish a defense to such actions upon a showing that the defendant support service "does not have the technical means to comply with this subsection without incurring an unreasonable economic burden, or that the court order . . . is not authorized."[25]

– Civil Lawsuits

The second main prong of SOPA is Section 103. Section 103 describes:

- The process by which civil litigants can bring lawsuits against "Internet sites dedicated to the theft of U.S. property";
- Obtain orders against those sites; and
- Serve those orders upon two of the four classes of support services described above—payment processors and advertising services.

The bill defines the sites at issue as foreign websites (or portions) directed at the U.S. and used within the U.S., where such a site is either: (1) "primarily designed or operated for the purpose of, has only limited purpose or use other than, or is marketed . . . primarily" for copyright infringement, copyright circumvention, or counterfeiting, or (2) operated "with the object of promoting, or has promoted" copyright infringement or copyright circumvention.[26] These two alternative standards appear patterned after the U.S. Supreme Court's 1984 decision in *Sony Corp. of America v. Universal City Studios, Inc.*[27] and its 2005 decision in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*,[28] respectively. Thus, the Attorney General may bring actions against foreign sites that are problematic under the criminal standards applicable to domestic sites, while private plaintiffs may bring actions against foreign sites that are engaged in behavior recognized as constituting common law intellectual property violations.

Similar to Section 102, SOPA would allow civil litigants to ask a court to order injunctive relief against "Internet sites dedicated to the theft of U.S. property,"[29] and then, with the permission of the court, serve those orders upon two classes of support services—payment networks and advertising services. The language regarding the obligations of such services upon receipt of court orders is nearly identical to that in Section 102.[30] Thus, payment networks and advertising services can anticipate being served with court orders, either by the Attorney General or by civil litigants, while service providers and search engines should only expect to receive such orders from the Attorney General, if SOPA is enacted. Like the Attorney General provisions, Section 103 also allows civil litigants to seek a court's assistance to enforce injunctive orders that are not followed, via an order to show cause rather than a separate action, and includes the same defense of "unreasonable economic burden."[31]

In both Sections 102 and 103 of SOPA, the term "Internet site" is defined to include "a specifically identified portion of such site."[32] Therefore, whenever SOPA refers to problematic websites, as well as the actions that can be taken against them, it should be read to include scenarios where only a *portion* of a site is categorized as unlawful. Section 104—added with the December 2011 Manager's Amendment—specifically states that where only a portion of a site is deemed to be a foreign infringing site (under Section 102) or a site dedicated to the theft of U.S. property (under Section 103), the relief granted by a court will be limited to that portion of the site. SOPA also makes clear that anyone complying with an enforcement order, following service of a court order on a support service, will not have any liability for complying with such enforcement orders.[33] This is reiterated in Section 105, which states that no cause of action can be brought against support services and domain name registrars solely for taking action consistent with court orders served upon them.[34]

Finally, SOPA states that it is not intended to limit or expand civil or criminal intellectual property remedies, the doctrines of vicarious or contributory liability, or the Digital Millennium Copyright Act ("DMCA") safe harbors, nor create a duty to monitor user activity.[35] Similar provisions can be found in both PROTECT IP and OPEN.[36]

Preventing Real Online Threats to Economic Creativity and Theft of Intellectual Property Act (PROTECT IP)

PROTECT IP was introduced in the Senate in May 2011, several months before SOPA. As SOPA—and its December 2011 amendment—has received the most attention lately, PROTECT IP has not been revised since its initial introduction. It is likely that the Senate bill will be revised, either directly or through merger with SOPA, in the coming months. Because the two bills tread on similar ground, one can summarize PROTECT IP by comparing it to SOPA. Also, with the December 2011 amendment, SOPA's sponsors have revised SOPA to more closely resemble PROTECT IP than it originally did. Like SOPA, PROTECT IP would codify the rights of both the Attorney General and civil litigants to bring actions against foreign websites.

Where SOPA defines a "foreign infringing site" and a "site dedicated to the theft of U.S. property," each with its own definition, PROTECT IP would allow the Attorney General to file a lawsuit against "a nondomestic domain name used by an Internet site dedicated to infringing activities," and allow "qualifying" private plaintiffs (intellectual property owners, essentially) to bring suit against "a domain name used by an Internet site dedicated to infringing activities."[37] It thus appears that the current intent of PROTECT IP is that its private right of action would apply to *all* offending websites, both foreign and domestic. One of the clarifications in the December 2011 Manager's Amendment to SOPA was that it was only intended to apply to foreign websites, and thus this clarification or revision may also be made to PROTECT IP in the future.

PROTECT IP defines a site "dedicated to infringing activities" as one that has: (1) "no significant use other than" copyright

infringement, copyright circumvention, or counterfeiting; or (2) is designed, operated, or marketed primarily as a means for engaging in those violations.[38] This definition resembles, but is not identical to, SOPA's definition of "site dedicated to the theft of U.S. property."

Like SOPA, PROTECT IP would allow courts to issue injunctive relief against offending domain names or their owners. As noted above, this relief currently appears to be limited to foreign domain names only in connection with actions brought by the Attorney General, but not actions brought by intellectual property owners. In the latter case, an injunction may be obtained by a rightsholder if the domain is used within the U.S., the site conducts business directed to U.S. residents, and if the site harms U.S. intellectual property rightsholders. PROTECT IP includes a list of criteria to determine whether a site is "directed" to U.S. residents.[39]

Also like SOPA, PROTECT IP allows both the Attorney General and civil litigants, with court approval, to serve such court orders on classes of support services. Four types of support services may be served by the Attorney General, while two types of support services may be served by civil litigants.[40] PROTECT IP also states that with regard to entities receiving a court order, they have no liability, and no lawsuits can be brought against them, for "any act reasonably designed to comply" with the order.[41]

Online Protection and Enforcement of Digital Trade Act (OPEN)

OPEN, drafted by Rep. Darrell Issa and Senator Ron Wyden, is the third bill to receive recent attention. OPEN's supporters made the text of the bill available on the Internet on December 8, 2011, and encouraged users to post comments and suggestions on the legislation before the text was finalized.[42] Rep. Issa also introduced OPEN as an amendment to SOPA during the sessions that took place on December 15 and 16, 2011. On January 18, 2012, OPEN was officially introduced in the U.S. House of Representatives by Rep. Issa.

The central factor that differentiates OPEN from SOPA and PROTECT IP is where enforcement actions are to take place. SOPA and PROTECT IP are structured around the creation or codification of procedures whereby the Attorney General or intellectual property owners can initiate federal lawsuits against problematic websites. By contrast, OPEN would amend the Tariff Act of 1930 to allow investigation of such websites to take place within the confines of the International Trade Commission ("ITC"). Beyond this significant distinction, OPEN resembles SOPA and PROTECT IP in that it allows for the initiation of proceedings against foreign websites, which can result in cease and desist orders against such sites, and against financial and advertising services providing services to them.

OPEN would make it unlawful to "operate or maintain an Internet site dedicated to infringing activity," which it defines as a foreign website that conducts business "directed" to U.S. residents and "has only limited purpose or use other than engaging in infringing activity and whose owner or operator primarily uses the site to willfully engage in infringing activity."[43] While this definition resembles the definition of "Internet site dedicated to infringing activity" in SOPA, the use of "and" instead of "or" appears to substantially raise the standard–to qualify, a website would have to *both* have infringing activity as its overwhelming purpose or use, *and* be owned or operated by someone who actually uses it for willful infringement. As a general matter, either one would seem to satisfy the corresponding SOPA and PROTECT IP definitions.

OPEN would allow the ITC to open investigations of such websites on its own, and require the ITC to do so in response to qualifying complaints.[44] OPEN would allow copyright or trademark owners to file complaints with the ITC if they allege under oath that the target website is "dedicated to infringing activity."[45] OPEN would also require complaining parties to identify financial transaction providers or Internet advertising services in their complaints upon which they would want to serve court orders, and would also allow such services to intervene in the proceeding.[46] Complaining parties would then potentially be subject to an assessment of fees to defray the costs of the ITC's investigation.[47]

OPEN would require the ITC to determine whether each website under investigation is or is not in violation of the standard.[48] Upon a finding that a website is in violation, OPEN would allow the ITC to issue a range of cease and desist orders against the site.[49] Like SOPA and PROTECT IP, OPEN would then allow complaining parties to serve cease and desist orders upon financial or advertising services that the ITC determines are servicing problematic websites, and upon receipt of such an order, the support services would have to take steps "as expeditiously as reasonable" to stop supporting the websites.[50] Like the other bills, OPEN includes provisions extending immunity from suit and liability to financial and advertising services that take steps after being served with an ITC order, or that take such steps voluntarily upon a "reasonable belief based on credible evidence" that a site is problematic under the statute.[51]

Upon a determination that a website is *not* problematic, OPEN would require the ITC to refer the matter to the Attorney General.[52] OPEN would also prohibit the ITC from investigating a website if it consents to jurisdiction of the federal courts and service of process for enumerated civil and criminal intellectual property violations.[53]

Similar to the procedures in SOPA and PROTECT IP, OPEN specifically allows the Attorney General to bring an action against anyone who fails to comply with an ITC order, whether it is a website or a support service served with an order, and such parties, in turn, can defend themselves by showing that they lack the technical means to comply without incurring an "unreasonable economic burden." [54]

OPEN would further amend the Tariff Act to create "Section 337 Judges" (named for the section of the Act) whose function it would be to "preside at the taking of evidence at hearings . . . and to make initial and recommended decisions." The Section 337 Judges would need a minimum seven years of legal experience, and OPEN would allow the ITC to impose further regulations

as to the judges' qualifications, such as technical or intellectual property expertise and experience.[55] OPEN would require the promulgation of regulations within 270 days of its passage, as well as a study and report by the Register of Copyrights within two years.[56]

Observations

Many of the critics of SOPA and PROTECT IP complain about the nature of the remedies being considered, including those aimed at support services. However, many supporters of the legislation appear motivated in substantial part by dissatisfaction with the ability of the current laws, as interpreted by the courts, to provide real relief from the substantial foreign infringement taking place over the Internet. In particular, the positions taken by the copyright plaintiffs in *Viacom Int'l Inc. v. YouTube, Inc.*,[57] *UMG Recordings, Inc. v. Veoh Networks Inc.*,[58] and similar cases reflect those parties' frustrations with the series of rulings concerning the obligations of service providers under the DMCA. The courts in those cases have generally ruled that entities such as YouTube and Veoh need not take affirmative steps to identify and remove infringing material so long as they are properly engaged in the "notice and takedown" process prescribed by the DMCA, even when those parties know that their services are being used for substantial infringing activity. Both the U.S. District Court for the Southern District of New York (in *YouTube*) and now the U.S. Court of Appeals for the Ninth Circuit (in *Veoh*) have held that knowing that one's service is being used for infringing activity is not a "red flag" that would require the service provider to take affirmative steps to seek out and remove the infringement, even though the duty to respond to "red flags" is certainly part of the DMCA.

Others have criticized SOPA and PROTECT IP for seeking to create new remedies and obligations that did not exist previously. However, one should bear in mind that the same could have been said about the DMCA and other statutory attempts to deal with emerging technologies. In addition, one can view these statutes as not creating new remedies, but as attempting to codify some of the prevailing principles that have emerged out of the courts. For example, the various definitions for "foreign infringing site," "site dedicated to the theft of U.S. property," "Internet site dedicated to infringing activities," and the like can be viewed as codifying established principles of personal jurisdiction and secondary liability. In particular, several of these definitions appear to be variants on the standards enunciated by the U.S. Supreme Court in the *Sony* and *Grokster* decisions, while the standard for imposing obligations on support services resembles the traditional standard for contributory copyright infringement liability, although it is plainly a more specific embodiment of that doctrine.

One of the more pervasive criticisms is that if one of these bills is enacted into law, the government or private interests will use the new law to censor the Internet and shut down websites on the basis of their content, in the name of intellectual property protection. Because SOPA and PROTECT IP are both now structured to require notice to the websites in question when federal lawsuits are initiated, followed by court orders against the problematic sites and further court permission before serving the orders upon support services, the abuse scenario seems less likely. Lawyers and judges would presumably have to disregard the rather detailed requirements set out in the bills (as well as possibly their own professional duties) to find that a site merited the issuance of an order over the objections of the representatives of the website. It can also be observed that if the temptation to censor websites exists with SOPA and PROTECT IP, it likely already exists in other statutes that could also result in the shutting down of websites, such as the Anticybersquatting Consumer Protection Act of 1999.[59]

Recent developments in Congress and in the court of public opinion have only further complicated the question of what will become of SOPA and PROTECT IP in 2012. It is apparent that at a minimum the issues underlying these bills will continue to play a dominant role in the months ahead.

Hillel Parness (hiparness@rkmc.com) is a litigation and intellectual property partner in the New York office of Robins, Kaplan, Miller & Ciresi L.L.P. and an adjunct member of the intellectual property faculty of Columbia Law School.

[1] S. 968, 112th Cong. (2011).

[2] H.R. 3261, 112th Cong. (2011).

[3] H.R. 3782, 112th Cong. (2012).

[4] Victoria Espinel, Aneesh Chopra, and Howard Schmidt, *Combating Online Piracy while Protecting an Open and Innovative Internet*, We the People, https://wwws.whitehouse.gov/petition-tool/response/combating-online-piracy-while-protecting-open-and-innovative-internet (last visited Jan. 23, 2012).

[5] *Id.*

[6] *Id.*

[7] *Id.*

[8] *Id.*

[9] *See, e.g.*, http://wikimediafoundation.org/wiki/English_Wikipedia_anti-SOPA_blackout.

[10] Press Release, Senator Harry Reid, Reid Statement on Intellectual Property Bill (Jan. 20, 2012), *available at* http://reid.senate.gov/newsroom/pr_012012_reidstatementonintellectualpropertybill.cfm.

[11] *Id.*

[12] *Id.*

[13] Press Release, Chairman Lamar Smith, Statement from Chairman Smith on Senate Delay of Vote on PROTECT IP Act (Jan. 20, 2012), *available at* http://judiciary.house.gov/news/01202012.html.

[14] *Id.*

[15] *See* Amendment in the Nature of a Substitute to H.R. 3261, 112th Cong. (2011), *available at* http://judiciary.house.gov/hearings/pdf/HR%203261%20Managers%20Amendment.pdf .

[16] The original version of SOPA would have allowed intellectual property owners to serve notices upon support services *without* first initiating federal litigation against the offending websites.

[17] Title II of SOPA, which is not addressed in detail in this article, is entitled "Additional Enhancements to Combat Intellectual Property Theft." It includes provisions that would amend the Copyright Act to more directly address violations arising from streaming copyrighted works, as well as provisions addressing trafficking in dangerous articles.

[18] H.R. 3261, 112th Cong. § 102(a) (2011).

[19] *Id.* § 102(b).

[20] *Id.* § 102(c)(1).

[21] *Id.* § 102(c)(2).

[22] *Id.* § 102(c)(2)(A) (emphasis added).

[23] *Id.* § 102(c)(2)(B).

[24] *Id.* § 102(c)(3).

[25] *Id.* § 102(c)(3)(C).

[26] *Id.* § 103(a).

[27] 464 U.S. 417 (1984).

[28] 545 U.S. 913 (2005).

[29] H.R. 3261, § 103(b)(5).

[30] *Id.* § 103(c).

[31] *Id.* § 103(c)(3).

[32] *Id.* § 101(16).

[33] *Id.* § 104(b).

[34] *Id.* § 105.

[35] *Id.* § 2(a)(2)–(3).

[36] *See* S. 968, 112th Cong. § 6(a)–(b) (2011); H.R. 3782, 112th Cong. § 2(l) (2012).

[37] S. 968, §§ 3(a), 4(a).

[38] *Id.* § 2(7).

[39] *Id.* §§ 3(b), 4(b).

[40] *Id.* §§ 3(d), 4(d).

[41] *Id.* §§ 3(d)(5), 4(d)(5).

[42] *See* http://keepthewebopen.com/assets/pdfs/OPEN.pdf.

[43] H.R. 3782, 112th Cong. §§ 2(b), 1(7) (2012).

[44] *Id.* § 2(c)(1).

[45] *Id.* § 2(d)(1).

[46] *Id.* § 2(d)(3).

[47] *Id.* § 2(d)(4).

[48] *Id.* § 2(e).

[49] *Id.* § 2(f).

[50] *Id.* § 2(g)(1)–(2). OPEN provides additional details as to what each type of service has to do.

[51] *Id.* § 2(g)(5), 2(j).

[52] *Id.* § 2(c)(4).

[53] *Id.* § 2(c)(5).

[54] *Id.* § 2(h).

[55] *Id.* § 3.

[56] *Id.* §§ 5–6.

[57] 718 F. Supp. 2d 514 (S.D.N.Y. 2010).

[58] 665 F. Supp. 2d 1099 (C.D. Cal. 2009), *aff'd*, 101 U.S.P.Q.2d 1001 (9th Cir. 2011).

[59] 15 U.S.C. § 1125(d).