

The PROTECT IP Act

Copyright infringement and the sale of counterfeit goods are reported to cost American creators and producers billions of dollars and to result in hundreds of thousands in lost jobs annually. This pervasive problem has assumed an especially threatening form on the Internet. Consumers are increasingly lured to well-designed websites that are devoted almost exclusively to unauthorized downloads and streaming of copyrighted content or sale of counterfeit goods.

These rogue Internet sites are often outside the reach of U.S. law enforcement because they are foreign-owned and operated, or reside at domain names that are not registered through a U.S.-based registry or registrar. The illegal products offered at these websites are wide-ranging, from the latest movie or music hits to pharmaceuticals and consumer products.

Today, both the Justice Department and rights holders are limited in the remedies available to block these infringing websites, even when the website is directed at American consumers and steals American owned intellectual property. Even those infringing domestic Internet sites that the Justice Department seized through its Operation In Our Sites initiative are at risk for reconstituting under an identical, but foreign-registered, domain name, which would then fall outside the reach of American authorities.

The Preventing Real Online Threats to Economic Creativity and Theft of Intellectual Property Act ("PROTECT IP Act") authorizes the Justice Department to file a civil action against the registrant or owner of a domain name that accesses a foreign infringing Internet site, or the foreign-registered domain name itself, and to seek a preliminary order from the court that the site is dedicated to infringing activities. For an order to issue, the Justice Department must also show that the Internet site is directed at U.S. consumers and harms holders of U.S. Intellectual Property. The Department would be required to serve notice of the action promptly after filing.

If the court issues an order against the registrant, owner, or domain name, resulting from the DOJ-initiated suit, the Attorney General is authorized to serve that order on specified U.S. based third-parties, including Internet service providers, payment processors, online advertising network providers, and search engines. These third parties would then be required to take appropriate action to either prevent access to the Internet site (in the case of an Internet service provider or search engine), or cease doing business with the Internet site (in the case of a payment processor or advertising network).

The Act similarly authorizes a rights holder who is the victim of the infringement to bring an action against the owner, registrant, or Internet site dedicated to infringement, whether domestic or foreign, and to seek a court order against the domain name registrant, owner, or the domain name. However, if the order issues, the rights holder must seek the court's permission to serve that order and may only do so on a payment processor or online advertising network, and not an Internet service provider or search engine (as available for a DOJ-initiated action).

The Act ensures that third-parties are not overly burdened to comply with an order by stipulating that the party is not required to take action beyond what is technically feasible and reasonable. Additionally, an Internet service provider is never required to modify its network or facilities to

comply with a court order. The plaintiff can request the court to compel third-party compliance only where the third party does not make reasonable and good faith efforts to comply with an order. The third-party would not be liable for any action or inaction, unless in contempt of court.

The Act includes safeguards to allow the domain name owner or site operator to petition the court to suspend or vacate the order, including in the situation in which the Internet site at issue is no longer, or never was, dedicated to infringing activities; or the interests of justice require it. Similarly, as site operators subject to an order transition the infringing websites to new domain names, the Justice Department or private party is authorized to bring a related action against the reconstituted domain name, site owner, or registrant, in the same Federal court.

The Act further protects payment processors and Internet advertising networks that voluntarily cease doing business with infringing websites, outside of any court ordered action. Those parties are immunized from damages resulting from actions taken against an Internet site where they have a good faith belief on credible evidence it is dedicated to infringing activities.

Additionally, the legislation protects consumers against counterfeit, adulterated, or misbranded pharmaceutical products sold on the Internet by providing a safe harbor for domain name registries, registrars, search engines, payment processors, and advertising networks to take voluntary action against any infringing website that "endangers the public health" by offering such dangerous medication.

The Act includes a savings clause explicitly stating that it does not limit or expand civil or criminal remedies, or enlarge or diminish vicarious or contributory liability under title 17 (including section 512). Additionally, failure to take voluntary action under the Act does not constitute liability for any party, including vicarious or contributory liability. The Act also provides that nothing in the Act shall serve as a basis for determining the application of section 512 of title 17.

The Act will also help law enforcement identify and prevent counterfeit products from being imported into the United States by ensuring law enforcement can share samples of packaging or labels of suspected counterfeits with the relevant rights holders to determine whether the shipment should be seized at the border. Similarly, it ensures that law enforcement can share anti-circumvention devices that have been seized with affected parties.

Last Congress, the following organizations supported S. 3804:

Co-Chairs of the National Association of Attorneys General Intellectual Property Committee, Jim Hood of Mississippi and Rob McKenna of Washington

The International Trademark Association

The United States Chamber of Commerce

The Vermont Chamber of Commerce

The Coalition Against Counterfeiting and Piracy

The International Anticounterfeiting Coalition

The National Music Publishers Association

The American Federation of Television and Radio Artists

The Directors Guild of America

The International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists, and Allied Crafts of the United States, Its Territories, and Canada

The Screen Actors Guild

The Recording Industry Association of America

The Motion Picture Association of America

Viacom

The Entertainment Software Association

The American Federation of Musicians

The California Teamsters Union

The Coalition Against Domain Name Abuse

MasterCard

The Software & Information Industry Association

Association of American Publishers

The Writers Guild of America, West

The American Association of Independent Music

Sony Pictures

The American Society of Composers, Authors, and Publishers

Publishers, including: Cengage, HarperCollins, Macmillan, Pearson Education, Penguin, RR Donnelley, and the Association of American Publishers

Newspaper Association of America

The International Brotherhood of Electrical Workers

The International Brotherhood of Teamsters

The Bakery, Confectionery, Tobacco Workers, and Grain Millers International Union

Building and Construction Trades Department, AFL-CIO

The American Federation of Musicians

The International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers, and Helpers, AFL-CIO

The Property Rights Alliance

Communication Workers of America

International Association of Fire Fighters

International Union of Painters and Allied Trades

Alliance of Automobile Manufacturers

The Songwriters Guild of America

BMI

SESAC

CALinnovates.org

Chanel

Fortune Brands

Imaging Supplies Coalition

Moet Hennessy Louis Vuitton

Major League Baseball

National Basketball Association

National Football League

NBC

Nintendo

The Recording Academy

Oakley

OpSec

Personal Care Products Council

Reed Elsevier

True Religion Jeans

1-800-PetMeds

Activision

Acushnet Golf

Cable and Satellite Broadcasting Association of Asia (CASBAA)

Church Music Publishers' Association

Copyright Alliance

Disney

EMI

Entertainment Software Association

Fashion Business Inc.

Guru Denim, Inc.

Johnson and Johnson

Merck

Motion Picture Association of America

NagraStar

Nagravision

National Music Publisher's Association

NBC Universal

Nervous Tattoo Inc., dba Ed Hardy

Newscorp

Nike

Premier League

Sony Music Entertainment

Sports Rights Owners Coalition

STOP Streaming Group

Tiffany and Co.

Time Warner

Ultimate Fighting Championship

Underwriters Laboratory

Universal Music Group

Warner Music Group

Xerox

Zondervan

Creative Coalition Campaign

Commercial Photographers International/Society of Sports and Event Photographers

National Association of Theatre Owners, Inc

Professional Photographers of America/Student Photographic Society

Association of Magazine Media

The Independent Film and Television Alliance

Association of Test Publishers

Gospel Music Association

The PROTECT IP Act: Significant Changes From Last Congress

The bipartisan PROTECT IP Act addresses several concerns raised during the consideration of online infringement legislation last Congress. The Act still creates a judicial process to enable law enforcement to pursue Internet sites that are “dedicated to infringing activities,” and requires specified third parties to stop doing business with or enabling access to that Internet site.

However, the PROTECT IP Act contains the following principal changes in response to concerns raised during last year’s consideration:

- **Narrow definition.** The PROTECT IP Act contains a far more narrow definition of an Internet site “dedicated to infringing activities.” This responds to concerns that the previous legislation arguably enabled the blocking of Internet sites offering significant amounts of non-infringing content.
- **Search engines.** Where a court order issues as the result of a DOJ-initiated action, the PROTECT IP Act authorizes the attorney general to serve that order on a search engine, in addition to the payment processors, advertising networks, and Internet service providers who were required to take action under the previous bill. This responds to concerns raised that search engines are part of the ecosystem that directs Internet user traffic and therefore should be part of the solution. Search engines would only be required to take action where DOJ initiates the lawsuit.
- **Rights holder actions.** The PROTECT IP Act authorizes both the Attorney General and rights holders to bring actions against the owner/registrant of an Internet site, or the domain name itself, where that site is “dedicated to infringing activities.” A rights holder may initiate this action against either a domestic or foreign-registered domain name. This responds to content and brand owner concerns that law enforcement alone lacks the resources to bring a sufficient number of actions to effectively crack down on infringing Internet sites. A court order issued in a rights holder initiated action can only be served with leave of the court, and only on a payment processor or advertising network (not an Internet service provider or search engine, as is the case in a DOJ-initiated action), who would then be required to cease processing payments or supplying advertisements to the Internet site “dedicated to infringing activities.”
- **Domestic Internet sites.** The PROTECT IP Act no longer authorizes the Justice Department bring an action against a U.S.-registered domain name that is “dedicated to infringing activities,” or to serve the resulting court order on a U.S. based registry or registrar. Mindful of the success that ICE is having with Operation In Our Sites, the domestic piece of S. 3804 is redundant and may create confusion as to the appropriate mechanism for the Attorney General to target domestic domain names. Rights holder actions initiated under the PROTECT IP Act may be brought against either domestic or foreign websites.
- **In personam jurisdiction.** The PROTECT IP Act requires the plaintiff to attempt to bring an action against the owner or registrant of the domain name used to access an

Internet site “dedicated to infringing activities” before bringing an *in rem* action against the domain name itself. The previous legislation authorized the Attorney General to bring an action against the domain name only. This responds to concerns that the *in rem* action authorized by the previous bill deprived the site’s owner or registrar of appropriate due process where he might otherwise appear in court to defend against the action.

- **Secondary liability.** The PROTECT IP Act contains savings clauses to ensure that it not be construed to enlarge or diminish secondary liability under current law. Additionally, no order issued or action taken as a result of the Act constitutes a basis for determining the application of the DMCA (section 512 of title 17) to any person. This responds to concerns raised across the spectrum about this legislation’s potential unintended impact on secondary copyright infringement liability.
- **Infringing sites that endanger the public health.** The PROTECT IP Act immunizes domain name registries, registrars, search engines, payment processors, and advertising networks from damages resulting from their voluntary action against an Internet site “dedicated to infringing activities,” where that site also “endangers the public health” by offering controlled or non-controlled prescription medication. The previous legislation provided a safe harbor for payment processors and advertising networks only (which is maintained in this Act) who take voluntary action against any site “dedicated to infringing activity.” Recognizing the danger poses by counterfeit pharmaceuticals, this year’s legislation expands the safe harbor to additional members of the Internet ecosystem in that context.
- **Importation of counterfeit good.** The PROTECT IP Act will help law enforcement identify and prevent counterfeit products from being imported into the United States by ensuring law enforcement can share samples of packaging or labels of suspected counterfeits with the relevant rights holders to determine whether the shipment should be seized at the border. Similarly, it ensures that law enforcement can share anti-circumvention devices that have been seized with affected parties.
- **Technical changes.** (Update when final.)