

Stop Online Piracy Act

The Stop Online Piracy Act ("SOPA") introduced on October 26, 2011 by Rep. Lamar Smith of Texas has stirred up much debate over how to effectively protect U.S. intellectual property rights against foreign infringers without over-regulating and hindering free speech. The goal of the Act is to "promote prosperity, creativity, entrepreneurship, and innovation by combating the theft of U.S. property." The bill, which is an extension of the similar PRO-IP Act of 2008 and PROTECT IP Act of earlier this year, has been met with either strong support or strong opposition. The House Judiciary held hearings on SOPA on November 16 and December 15 of 2011, but further discussion was suspended until after the winter recess.

Action by the Attorney General

The primary and perhaps most controversial provisions are Sections 102 and 103. Section 102 allows the Attorney General to bring an action for injunctive

relief against the registrant, owner or operator of a domain used by a "foreign infringing site." A "foreign infringing site" is defined as one directed at the U.S. and which is used to commit certain criminal acts including trafficking in counterfeit labels, packaging or goods, copyright infringement, and misappropriation of trade secret information. After serving notice upon the registrant, owner or operator of the website, the Attorney General may seek a temporary restraining order, preliminary injunction or injunction against the same ordering it to cease and desist from undertaking further activity as a foreign infringing site.

With prior approval of a court, the Attorney General can also have a court order served upon a service provider, search engine, payment network provider, or an internet advertising service. Upon receipt, such entities must take technically feasible and reasonable measures to prevent ac-

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Peel and Slowly See

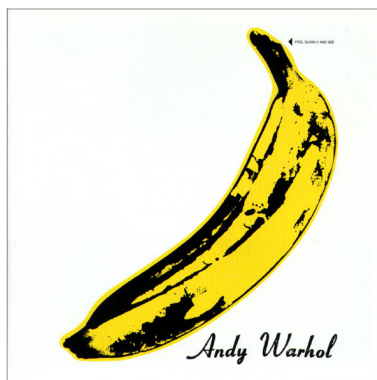
In 1967 a plain yellow banana and the phrase "peel slowly and see" adorned the cover of a record album that sold less than 10,000 copies in its initial release. The cover artist was Andy Warhol, one of modern art's masters. The band was The Velvet Underground, a short-lived group that has had a lasting influence on rock and roll. In addition to supplying the cover art, Warhol also helped the band secure a recording contract and produced the album. At the time, there were no copyrights or trademark rights claimed in the Banana Design.

Although this record was not initially received well, over the years it won critical acclaim, sold millions of copies and is now considered one of the greatest records of all time. Fans of the band began referring to this 1967 record simply as "The Banana Album." Though the band broke up in

1972, it continued to re-release records and the Banana Design graced the cover of several multiple-recording box sets over the years. During a 1993 reunion, the Banana Design again appeared in connection with promotional and stage materials.

During the summer of 2011, the Andy Warhol Foundation for the Visual Arts,

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New gTLD Application Period Opens, Despite Last Minute Requests for Delay

On January 12, 2012, the application period for new gTLDs officially opened, despite a number of requests for delay from the United States Congress, the Federal Trade Commission, the Commerce Department and elsewhere.

In the earlier part of December, several hearings were held by Congress to consider the outstanding concerns surrounding the new gTLD program. The Federal Trade Commission also issued its own letter to ICANN expressing its concerns that the program comes with significant risks to consumers, citing what it viewed as ICANN's history of failure to ensure that registries maintain accurate "whois" data or to enforce the regulations on domain registration and transfers. The FTC urged ICANN to step up its efforts in consumer protection and proposed several steps for ICANN to take before moving forward with a full rollout on January 12, including a pilot program.

A December 21 letter from members of the House Energy and Commerce Committee echoed the concerns of trade groups and business, and asked ICANN to take additional time to consider the suggestions that have been proposed to alleviate those concerns. Although the specific concerns were not itemized in the letter, it likely alluded to the significant costs that may be unavoidable if an entity wishes to protect its brand, including the potential need to register new domains in the granted gTLDs that are relevant to their industry.

These letters are only a small portion of the objections recently issued by various associations and lobbying groups. Various groups have continued to question the need for the new gTLDs even as the application period opens and urged

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cess by U.S. subscribers to the foreign infringing site within 5 days of being served. This section explicitly states that it should not be construed to affect the limitation of liability provided a service provider via the DMCA. To ensure compliance with the court order, the Attorney General may sue for injunctive relief against any entity that knowingly or willfully fails to comply. An affirmative defense is available if the entity served does not have the technical means to comply without unreasonable economic burden or by showing that the order is unauthorized. Such entities are otherwise immune from suit as a result of any actions taken to comply with a court order.

At any time, any registrant, owner or operator, or entity served with a court order may motion to suspend, modify, or vacate the order. Relief will be granted if the court finds that the site was never an infringing foreign website, or if the interests of justice otherwise are such that the same should be modified, suspended or vacated. Should a foreign infringing site previously shut down become accessible again or move to a different domain or IP address, the Attorney General may petition the court to amend the order, rather than starting the entire process over.

Action against Sites Dedicated to the Theft of U.S. Property

Section 103 permits a “qualifying plaintiff” to serve a Notification, subject to certain requirements imposed by the Act similar to those required in DMCA take down notices, against a payment network provider or internet advertising service notifying the entity that one of its sites is dedicated to the theft of U.S. Property and requesting it be shut down. A site is considered “dedicated to theft of U.S. property” if it is directed at the U.S. and designed or operated primarily to enable or facilitate

copyright infringement, circumvention, or counterfeiting, or if the operator of such a site is taking or has taken deliberate actions to avoid confirming a high probability of wrongdoing. A “qualifying plaintiff” is one who holds an intellectual property right harmed by the activities. Upon receipt, the payment processor or advertising service must take technically feasible and reasonable measures to suspend or stop service within 5 days. A counter notification may be issued by the owner, operator or registrant if it has a good faith belief that the Notification is unfounded.

If the advertising service or payment processor does not comply, or if effective counter notification is issued, a qualifying plaintiff may file suit against the domain name registrant or owner or operator of the site. A court may issue a temporary restraining order, or injunctive relief. A qualifying plaintiff may also seek a court order against an advertising service or payment processor associated with the site. If the entity still does not comply, the court will require the entity to show cause why an order for compliance or monetary sanction should not issue if the entity knowingly and willfully failed to comply. Other than such orders, the service or processor will otherwise be immune from suit of liability.

Just as with action by the Attorney General, a motion to suspend, modify, or vacate an order may be filed at any time, and court orders may be amended should a foreign infringing site previously shut down become accessible again or move to a different domain or IP address.

Other notable provisions include the following:

Section 107 provides that the Intellectual property Enforcement Coordinator, in consultation with the Secretaries of Treas-

ury and Commerce, the U.S. Trade Rep, Chairman of the SEC, and heads of other departments, must work together to identify and conduct an analysis of notorious foreign infringers that cause significant harm to U.S. IP holders, including discussing specific policy recommendations for deterring their activities by way of prohibiting them from seeking to raise capital in the United States.

Section 201 provides for some amendments to Section 506(a) of title 16 to clarify criminal liability for the streaming of copyrighted works without authorization.

Section 202 raises the offenses for those found trafficking in “dangerous goods or services.” In particular, anyone who intentionally traffics counterfeit goods or services, packaging, or labeling, or counterfeit drugs or knowingly aids in doing so can be fined up to \$2 million dollars (\$5 million if not an individual) or imprisoned up to 10 years or both. For repeat offenders, it goes up to \$5 million for individuals, \$15 million for others and up to 20 years in prison.

Section 205 requires the Secretary of State and Commerce, in consultation with the Register of Copyrights, to appoint at least one IP attaché to be assigned to the U.S. embassy in a country in each geo region covered by a regional bureau of the Department of State – including Africa, Europe and Eurasia, East Asia and the Pacific, the Near East, South and Central Asia and the Pacific, and the Western Hemisphere. The attaché shall focus on the development, protection and enforcement of the law and work to advance the policy goals of the U.S. government.

The bill is similar to the Protect IP Act, a Senate Bill introduced in May 2011. Both SOPA and Protect IP are aimed at

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stopping foreign websites which infringe of U.S. copyrights by targeting service providers, payment processors, and ad networks. The Protect IP Act, however, requires that a court order be served against service providers and payment processors and the like only if through due diligence an individual owner or operator cannot be located, whereas SOPA does not require any such attempt to locate the actual registrant or operator of an infringing website.

Supporters, including large companies, pharmaceutical and record companies, contend that the long-term effect of the Act will improve the economy by protecting U.S. intellectual property and American ventures against foreign infringers and counterfeiters. With intellectual property being one of the biggest contributors to the U.S. economy, continuing to allow foreign individuals and companies beyond the reach of U.S. law to infringe these rights risks the U.S. losing a forceful competitive advantage. Proponents argue that in most cases, service providers and other intermediaries are the only accessible defendants. In response to contention that SOPA threatens free speech rights, supporters argue that the Act does not authorize any action to be taken against legal activities by U.S. individuals or companies, pointing out that the First Amendment simply does not protect selling counterfeit goods.

Critics, including internet companies such as Yahoo and Facebook, fear that SOPA is written so overly broad that it will hinder free speech and inadvertently criminalize many innocent activities and target U.S.-based websites. Some contend that the Act allows anyone to demand a website be shut down without proof that they actually own IP interests that are affected and without any judicial oversight. While the Act does provide for a counter-notification by the owner or operator of the website,

there is no recourse if the Notification issued was without basis.

Opponents also argue that SOPA would permit an entire website to be shut down even if only one of its pages contains infringing content. They compare the power the Act gives the Attorney General and Government to the internet censorship that currently occurs in China and Iran. Others criticize that simply blocking DNS servers is not enough to stop infringement, as there is always another way to get the information out, by switching to a different server or website. SOPA does, however, permit modification

gTLD Program *(continued from page 1)*

ICANN to adjust the program if trademark issues become apparent as applications roll in.

Nonetheless, not all reaction was unfavorable. A representative of the National Telecommunications and Information Administration came out in support of the gTLD plans at the Senate hearings. ICANN has also consistently maintained that protections for brand owners are adequately in place, including the trademark clearinghouse and additional options for disputing new applications.

We will not know how successful the application period is until it closes, and the applicants are announced. According to some sources tracking declared intentions to apply, the vast majority of anticipated applicants are seeking generic names, such as .bike, .shop, or .film, or geographic locations such as .berlin, .roma and the like. Since the time frame for applications was announced, very few corporations have made a public declaration of their intent to seek a brand-specific gTLD.

The opening of the application period also came with a new version of the Ap-

of Court Orders should this occur. Finally, critics also point out that SOPA could result in registrants seeking to switch to providers located outside the U.S., and thus beyond the scope of the Act.

Despite its opponents, SOPA is currently backed by Republican and Democratic heads of all of the relevant House and Senate committees. During a Hearing in December, however, representatives agreed to revisions to better protect U.S. websites found to be inadvertently hosting infringing content.

—Carlynn Ferguson Davis

plicant Guidebook, which clarifies at least one question about what is next. The guidebook adds that “It is the policy of ICANN that there be subsequent application rounds, and that a systemized manner of applying for gTLDs be developed in the long term.” ICANN has made a more definitive statement on the intent to have a second round of applications, and although we still do not know when it will happen, the goal is for it to open within one year of the close of the initial round. At the very least, its occurrence is now more of a certainty for potential applicants who will not apply in the first round, but may consider applying in a later round.

As the program moves forward, the greatest test may prove to be what happens once ICANN has to begin considering which domains to approve and implementing the programs put in place to protect the brand owners.

—Jeannine Rittenhouse

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which now controls use and licensing of Warhol's works, entered an agreement to provide art for use on iPhone and iPad cases. One of the first images used was the Banana Design.

The Velvet Underground filed suit. The band alleges that Warhol never claimed copyright in the image when he provided it for the album cover and thus the Foundation has no copyright. Second, The Velvet Underground claims that it has obtained trademark rights in the Banana Design and therefore the Foundation's use infringes the band's rights.

Copyright questions aside, this case presents some interesting trademark issues. First, the Banana Design was initially used as the cover art on a single record. Generally, trademark protection for the title of a single work is not available. Single titles are no more than the common names of the single works they identify, they do not represent source, but rather only title. Here, not only was no trademark sought in the Banana Design when the album was released, but as the

identifying artwork for a single album, such protection is likely unavailable.

Next, though the title of a single work may not be protected by trademark, titles for multiple works might enjoy such protection. For instance, trademark protects the FOR DUMMIES and the HARRY POTTER series of books. These series use the same dominant elements in each title within the underlying series of works. In addition, they use the marks consistently and titles within the series follow similar formats. Therefore, FOR DUMMIES and HARRY POTTER signify source and function as trademarks within the series of works they identify. Here, though The Velvet Underground may have used the Banana Design on its first album and some box sets, it does not appear the band used it consistently as part of the title for its works. Thus, it may not be able to claim trademark in this manner.

Last, a design such as the Banana can function as a source identifier, even for a rock and roll band. For instance, the iconic Lips and Tongue Design of

the Rolling Stones and the Skull and Lightning Bolt of the Grateful Dead are registered trademarks. The Velvet Underground claims that the Banana Design has become such a symbol and it therefore has trademark rights in that design. In order to prove this, the band will have to demonstrate that, above all, the ordinary purchaser associates this particular Banana Design with The Velvet Underground. This is no small task.

If it can show this distinction, other questions will surface. Because there is no registration for the Banana Design, any rights will be common law rights. Thus, there will be questions as to how far such common law trademark rights extend protection. Is use of a Banana Design on an iPad cover as in this matter an infringement of a mark associated with music? Or, is such use consistent with modern day multimedia entertainment licensing? One thing for certain, the "peel slowly and see" phrase is appearing prophetic.

—Mark A. Nields