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In the Event of a Business Divorce—Who Gets the Web Site?

Counseling Your Clients on Protecting their
Internet Properties

Richard C. Stevens

<http://martinpringle.com/rcstevens>

Who Gets the Web site?

- **This presentation will address the legal environment in which *any* website owner operates as it relates to:**
 - service providers,
 - to users of a site, and
 - to third parties.



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Topics

- Service Providers
 - Who/Issues
- Users
 - Terms of Use/Privacy
- Third Parties
 - User Generated Content/Infringement/Defamation/
[Strategies & Best Practices]



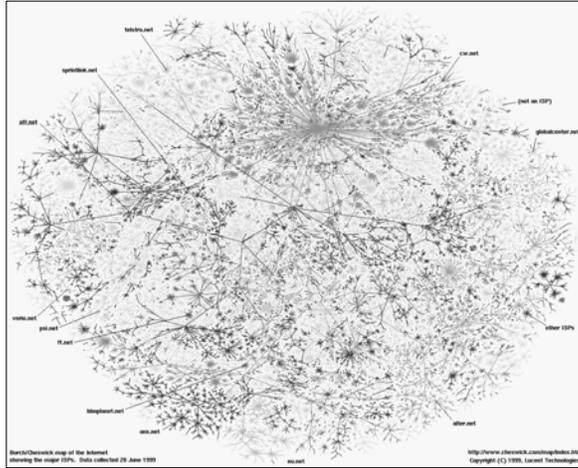
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Service Providers

- Who are we talking about?
 - Accredited Registrars/Domain Registrants
 - Internet Corporation for Assigned Names and Numbers (ICANN)
 - Site Hosts
 - Site Developers/Designers

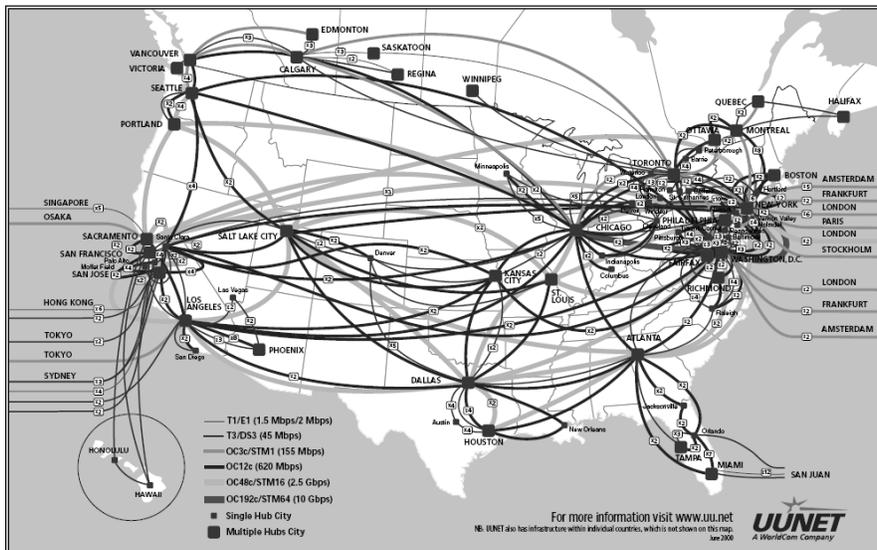
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It's a Jungle out There



Internet Mapping Project: Map gallery, <http://www.cheswick.com/ches/map/gallery/index.html> (last visited May 15, 2010).

U.S. Internet Map



First, Some Technical Stuff

- Commonly accepted and implemented protocols enable the existence and interoperability of the Internet:
 - **HTTP**: hypertext transfer protocol (“http://”)
 - **FTP**: file transfer protocol (“ftp://”)
 - **TCP/IP**: transmission control protocol/internet protocol (IP addressing)
 - **SMTP**: Simple Mail Transfer Protocol (email)
 - **DNS**: Domain Name System



More Technical Stuff

- **Internet Protocol: Addressing**
 - **Host Name/URL**
 - <http://martinpringle.com> (human readable)
 - **IP Address**
 - 64.13.251.192 (human readable—not so much)
 - **Binary**
 - 01000000.00001101.00001101.11000000



Even More Technical Stuff

1. A Web browser requests the URL: <http://martinpringle.com>
2. The DNS protocol is used to convert <http://martinpringle.com> into the 32-bit IP address 64.13.251.192
 - <http://martinpringle.com/rcstevens> (or)
 - <http://64.13.251.192/rcstevens>
3. The HTTP protocol was used to construct a HTTP “GET” message and display the page
4. The TCP protocol was used to open a connection to 64.13.251.192 and transmit the “GET” message
5. The IP protocol was used to transmit the TCP packets to the browser
6. Various media-dependent protocols are used to actually transmit the IP packets across the physical network



Domain Name System Results:

The screenshot displays the homepage of the Martin Pringle Attorneys at Law website. At the top, the firm's name and logo are visible, along with a navigation menu including Home, About, Attorneys, Practice Areas, Press Room, Careers, and Contact. The main content area features a banner for Aviation Law with the slogan "Yes, we do that." and an image of an airplane. To the right, there is a search bar and contact information for two offices: Wichita and Kansas City. Below the banner, a grid lists various practice areas such as Adoption, Appellate Practice, Aviation Law, Banking, Bankruptcy, Business Law, Civil & Commercial Litigation, Condominium, Construction Law, Creditors Rights, Employment Law, Energy Law, Environmental Law, Estate Planning, Health Law, Immigration Law, Insurance Defense, Medical Malpractice Defense, Personal Injury / Wrongful Death, Products Liability, Real Estate, Taxation, Technology & Computers, Telecommunications, and Workers Compensation. The footer contains a copyright notice for 2010 and a list of links for Home, About, Attorneys, Practice Areas, Press Room, Careers, Contact, Site Map, Privacy Policy, and Terms & Conditions.

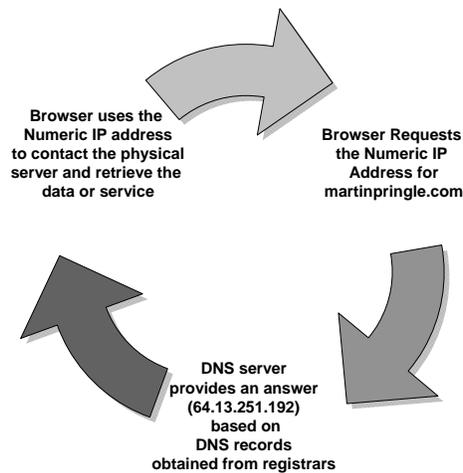


DNS

1. A Web browser requested the URL: `http://martinpringle.com`
- 2. The DNS protocol was used to convert `http://martinpringle.com` into the 32-bit IP address `64.13.251.192`**
3. The HTTP protocol was used to construct a HTTP "GET" message and display the page
4. The TCP protocol was used to open a connection to `64.13.251.192` and transmit the "GET" message
5. The IP protocol was used to transmit the TCP packets to the browser
6. Various media-dependent protocols were used to actually transmit the IP packets across the physical network



Domain Name System



- DNS is a distributed database of name to number correlations
- Each *name to number correlation* is controlled by the URL registrant of record with a registrar and is a DNS entry or record



“The Devil is in the”

DNS Record Control

- **“Each name to number correlation . . .”**
 - (http://martinpringle.com = 64.13.251.192)
- **. . . for each protocol or service is . . .**
 - HTTP (WEB SITES) SMTP (EMAIL)
- **“ . . . is controlled by the URL registrant of record with a registrar and is a DNS entry or record”**
 - Registrant?
 - Registrar?



Service Providers

- Who are we talking about?
 - Accredited Registrars (951)* e.g.:
 - Enom.com
 - Networksolutions.com
 - Godaddy.com
 - Registrants: Businesses and Individuals registering a URL/Hostname with an accredited registrar
 - So, who accredits registrars?

*<http://www.icann.org/en/registrars/accredited-list.html>



Service Providers



■ Internet Corporation for Assigned Names and Numbers (ICANN)

- “[T]he U.S. Internet authorities, and the National Science Foundation (“NSF”), in 1995 contracted with a private company, Network Solutions, Inc. (“NSI”), to serve as the focal point for registration of the .com, .net, and .org domain names, . . . in 1998, the **U.S. Department of Commerce** established . . . [ICANN]”*



*G. Gervaise Davis III, Esq., *Internet Domain Names And Trademarks: History And Recent Developments In Domestic And International Disputes: Enabling Electronic Commerce On The Internet*, 670 PLI/Pat 551, 562 (2001); <http://www.zakon.org/robert/internet/timeline/>.

Service Providers



■ ICANN on ICANN

- “**ICANN is a California nonprofit public benefit corporation**, and is subject to both the state laws of California, and United States federal laws. One of the reasons that ICANN was constituted as a California nonprofit public benefit corporation is that the State of California provides a rigorous framework of legal accountabilities for organizations of this type.”



*<http://www.icann.org/en/accountability/frameworks-principles/legal-corporate.htm#legal>

Service Providers



- “[ICANN] is responsible for managing and coordinating the Domain Name System (DNS) to ensure that every address is unique and that all users of the Internet can find all valid addresses. It does this by overseeing the distribution of unique IP addresses and domain names. It also ensures that each domain name maps to the correct IP address.”



Service Providers



- “ICANN is also responsible for accrediting the domain name registrars. ‘Accredit’ means to **identify and set minimum standards** for the performance of registration functions, to recognize persons or entities meeting those standards, and to enter into an **accreditation agreement**^[*] that sets forth the **rules and procedures** applicable to the provision of Registrar Services.”

^{*}<http://www.icann.org/en/registrars/ra-agreement-21may09-en.htm>



Service Providers



- “ . . . by overseeing the distribution of unique IP addresses and domain names. It also ensures that each domain name maps to the **correct IP address.**”
 - **“correct”** means what?
 - The one specified by the authorized account holder.
 - Are those registrar account credentials in the hands of the right people?



How it happens in a Business - 1

1. We need a website with email (http/smtp)
2. Somebody figures out how to register a URL/domain name with a registrar or a reseller of a registrar
3. Domain name is registered (“ourcompanyhasgonedigitalbecuasewenowhavea website.biz”)
4. The page we got “automatically” when we registered our domain could be better . . .



How it happens in a Business - 2

5. “My cousin’s kid is pretty good with computer stuff lets get him to fix our site so we can go Web 2.0” (whatever that is)
6. 10 years go by.
7. Website is now a key business asset and an internal or external human resource is maintaining it—in fact, the site generates 90% of the revenue and leads
8. **Business Divorce**—parties are escalating to or actually fighting over control of the entity (LLC/Corp.)
 1. Who has the password for the Domain registration?
 2. Can they cut off our email (SMTP)?
 3. How can we keep them from re-directing all the web traffic?
 4. What do we do now?



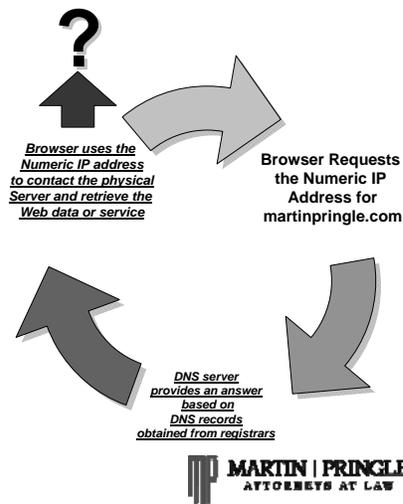
The Problem: DNS Control

- **The person in control of the DNS entries via a registrar or reseller controls routing for:**

- Web (HTTP)
- Email (SMTP)
- And other protocol routing

- **Implications:**

- Can we say business interruption?
- Users **don't** and **won't** know the difference
- “PIK” your tort of choice
- By the time you file for an injunction the initial damage might be done



Who Gets the Web Site: Options

- Login and change the passwords to the registrar account
(not merely the hosting account)
- File a civil action against:
 - Registrar
 - Reseller
 - Host
 - Adverse Party
- ADR
- UDRP



UDRP

- **Uniform Domain Name Dispute Resolution Policy**
 - This policy has been **adopted by all accredited domain-name registrars** for domain names ending in .com, .net, and .org. It has also been adopted by certain managers of country-code top-level domains (e.g., .nu, .tv, .ws).
 - The policy is **between the registrar** (or other registration authority in the case of a country-code top-level domain) **and its customer** (the domain-name holder or registrant).



<http://www.icann.org/en/udrp/udrp-policy-24oct99.htm>

UDRP

- Applicable Disputes. You are required to submit to a mandatory administrative proceeding in the event that a third party . . . asserts to the applicable Provider, . . . that:
 - (i) your domain name is identical or **confusingly similar to a trademark or service mark** in which the complainant has rights; and
 - (ii) you have **no rights or legitimate interests** in respect of the domain name; and
 - (iii) your domain name **has been registered and is being used in bad faith**.
- In the administrative proceeding, the complainant **must prove that each of these three elements** are present.



<http://www.icann.org/en/udrp/udrp-policy-24oct99.htm>

UDRP-Availability of Court Proceedings

- The mandatory administrative proceeding requirements . . . **shall not prevent either you or the complainant from submitting the dispute to a court of competent jurisdiction** for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded.
- If an Administrative Panel decides that your domain name registration should be canceled or transferred, **we will wait ten (10) business days** . . . after we are informed by the applicable Provider of the Administrative Panel's decision **before implementing that decision**.
- We will then implement the decision unless we have received from you during that ten (10) business day period **official documentation (such as a copy of a complaint, file-stamped by the clerk of the court) that you have commenced a lawsuit against the complainant in a jurisdiction to which the complainant has submitted** . . . (In general, that jurisdiction is either the location of our principal office or of your address as shown in our Whois database.)



<http://www.icann.org/en/udrp/udrp-policy-24oct99.htm>

UDRP Costs

- **Fees.** All fees charged by a Provider in connection with any dispute before an Administrative Panel pursuant to this Policy **shall be paid by the complainant**, except in cases where you elect to expand the Administrative Panel from one to three panelists as provided in . . . the Rules of Procedure, **in which case all fees will be split evenly by you and the complainant.**
- \$1500 to \$4500 (priced recently with an ICANN approved registrar)
- Approved providers:
<http://www.icann.org/en/dndr/udrp/approved-providers.htm>
- Summary of Status of Proceedings:
<http://www.icann.org/en/udrp/proceedings-stat.htm>



<http://www.icann.org/en/udrp/udrp-policy-24oct99.htm>

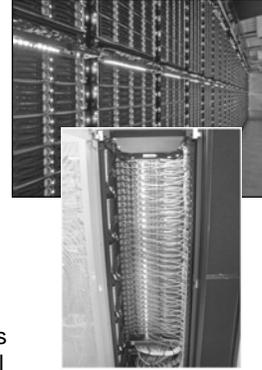
DNS/ICANN UDRP Summary

- DNS control matters most for domain owners
- UDRP is an option when you have an argument that you can meet the 3 prongs
 - UDRP is a strategic consideration
 - Use is in conjunction with traditional legal strategies
 - Think of it as an administrative proceeding based in trademark law that need not be exhausted
 - Does not always work

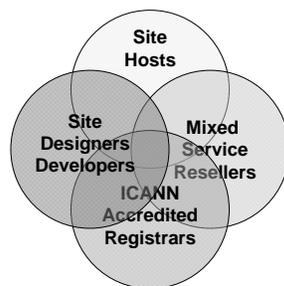


Registrars, Resellers, Hosts, & Developers

- The Good the Bad and the Ugly
- **Registrars:**
 - ICANN Accredited, previously discussed
 - Highest level of organizational integrity
 - Some are better than others
- **Resellers:**
 - You could become one in 30 minutes or less
 - The truest virtual business
 - Are contractually obligated to follow UDRP
- **Site/Web Hosts:**
 - Few true hosts that own their own data centers
 - Most are reselling hosting and/or registration services
 - Could be judgment proof, no assets required to resell
- **Site Developers/Designers**
 - Fly-by-night
 - Jack of all trades
 - You get what you pay for



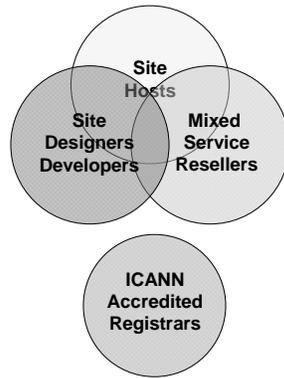
Registrars, Resellers, Hosts, & Developers



- **Strategic Planning for Disputes with providers:**
 - More is not better
 - Don't register or manage DNS through your developer, host, or a reseller
 - For best control layer by registering and managing DNS through a **separate** ICANN accredited registrar
- (Technical considerations exist in large projects)



Registrars, Resellers, Hosts, & Developers

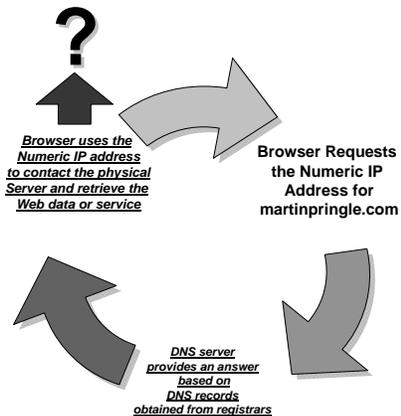


- **Strategic Planning for Disputes with providers:**
 - More is not better
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The Solution: DNS Control



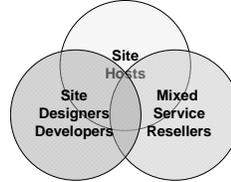
- With DNS control, you can redirect all services:
 - HTTP/Web
 - SMTP/email



Additional Issues: Resellers, Hosts, & Developers

■ Strategies

- Contract Claims
- NDA with 3 typical covenants
 - Non-disclosure
 - Non-compete
 - Non-solicitation
- Assignment of Intellectual Property:
 - Patents (*Bilski*, applicants' appeal was heard on November 9, 2009)
 - Trademarks
 - Lanham Act
 - Anti-Cybersquatting Piracy Act (ACPA)
 - ICANN UDRP
 - Copyright
 - In designs
 - In copy
 - In software (custom site functionality?)



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Trademark

Trademark and Servicemarks ®

The term "trademark" includes any word, name, symbol, or device, or any combination thereof—

- (1) used by a person, or
- (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter,

to **identify and distinguish his or her goods**, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

The term "service mark" means any word, name, symbol, or device, or any combination thereof—

- (1) used by a person, or
- (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter,

to **identify and distinguish the services of one person**, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

15 U.S.C. § 1127

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Copyright

17 U.S.C. § 102. Subject matter of copyright: In general

(a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

- (1) literary works;
- (2) musical works, including any accompanying words;
- (3) dramatic works, including any accompanying music;
- (4) pantomimes and choreographic works;
- (5) pictorial, graphic, and sculptural works;
- (6) motion pictures and other audiovisual works;
- (7) sound recordings; and
- (8) architectural works.

(b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.



Sample Assignment

- In exchange for good and valuable consideration, the receipt of which is hereby acknowledged, the undersigned, _____ hereby assigns to _____ (the "Company"), its licensees, successors, and assignees any and all legal or equitable interests, including copyright, patent, and trademark interests, in any hardware, software, device, useful article, part, component, mechanism, or associated documentation that the undersigned has invented, created, manufactured, fabricated, authored, or contributed to or will invent, create, manufacture, fabricate, author or contribute to, on the _____ project (the "Project"), including to the extent such hardware, software, device, useful article, part, component, mechanism, or associated documentation did not or does not already constitute "work for hire" within the meaning of the Copyright Act, 17 U.S.C. §101 et seq., or any corollary legal doctrine in trade secret, patent, and trademark law.
- By this assignment, the undersigned renounces and waives any and all rights to limit the use, distribution, modification, licensing, or sale of the Project and documentation or any element thereof by Company or its licensees, successors, or assignees, or to receive any compensation whatsoever by reason of any use, distribution, modification, licensing, or sale of the software or documentation or any element thereof by Company, its licensees, successors, or assignees.
- The undersigned further agrees that on request and without further consideration (but at the expense of Company), the undersigned will communicate to Company, or its representatives all facts known to him respecting the Project, testify in any legal proceedings, sign all lawful papers, execute all applications, make all rightful oaths, and generally do everything possible to aid the Company, its licensees, successors, assignees, and nominees, to obtain and enforce legal trademark, copyright, patent, or trade secret protection for the Project in the United States and all other countries foreign thereto, and to vest the entire right, title and interest in and to the Project in Company.



Service Providers

- The Good the Bad and the Ugly
 - Accredited Registrars/Domain Registrants
 - Internet Corporation for Assigned Names and Numbers (ICANN)
 - Site Hosts, Site Developers/Designers
 - **Strategy**
 1. Segment DNS Control
 2. UDRP
 3. NDA
 4. Get the IP



Topics

- Service Providers
- **Users**
 - **Terms of Use/Privacy**
- Third Parties
 - User Generated Content
 - IP Infringement
 - Defamation



Users

- Type of Site can equate to the Type of User
 - Brochure-ware
 - Intermediate
 - Social Networking
 - eCommerce/eBusiness



Users

- Anonymous Users
 - Theoretically exists
 - Depends on the information collected from users
- Identifiable Users
 - Email address/Contact submission form
 - Cookie Collection
 - Blog Comments
 - “Wall” postings
 - “Registration Required”



First Line of Defense



- Site Terms of Use
 - Site-type specific
 - Don't boilerplate
 - First Chance to Set the Stage for Disputes
 - Generally Enforceable
 - Jurisdiction and the site owner
 - *Zippo* case sliding scale and its progeny
 - "whether the defendant [site owner] purposefully established" for the purpose of establishing minimum contacts with the jurisdiction



Terms of Use: Elements to Consider

- Privacy Policy
- Disclaimers & Indemnification by User
- Termination and Survival
- Conduct & License
- Third Party Material/User Submissions
- Intellectual Property Ownership
- Accuracy of Information
- Submissions to the Site
- Compliance with Applicable Laws
- Export Control Laws
- Limited Warranty
- Choice of Law and Forum



Terms of Use: Privacy/Specialty

- Children's Online Privacy Protection Act (COPPA)
- Children's Advertising Review Unit (CARU)
- FTC monitoring/rulemaking
 - Mommy blogger rules
 - Red Flags Rule
 - <http://ftc.gov/bcp/menus/business/data.shtm>
- Joint Dept. of Commerce: U.S. – European Union Safe Harbor Framework



Terms of Use: Binding the User

- Bind by passive use:
 - “By using this Site (previously defined) you agree that you are over the age of eighteen and that you agree to the terms and conditions in each section of this "Agreement." If you do not agree with these terms and conditions you should stop using the Site immediately.”
- Bind by active click-through:
 - For sites higher on the sliding scale and for registration required sites.
 - For downloads etc.



Topics

- Service Providers
- Users
 - Terms of Use/Privacy
- **Third Parties**
 - **User Generated Content**
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Third Parties

- **Many Third-Party Problems come from User Generated Content:**
 - Terms and Conditions address users
 - Contracts address service providers
 - Those who are not bound by privity of any kind.

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Third Parties

■ User Generated Content

- Self Defining Term
- Differences from other content:
 - Public to the Author
 - Host to the Author
 - Host to the Work
 - Author to Author



In part from: From PLI's Course Handbook, Understanding Copyright Law 2007 #11270

Third Parties

- Continuum of participation by the host/operator:
 - passive host (no editing)
 - minimal filtering for criminal compliance
 - content creation/contribution
 - editing of user generated content, with full power to reject, alter, or take down content
- Do not originate with the author like self-published personal web pages
- No central distributed like commercial sites



In part from: From PLI's Course Handbook, Understanding Copyright Law 2007 #11270

Third Parties

- Who has the right to control the works?
 - Republication
 - Derivative works
 - Rights to derive revenues
- Who has responsibility for the works?
 - Copyright infringement
 - Factual accuracy
 - Other legal claims - defamation, invasion of privacy, breach of confidentiality, etc.
- Economic impacts
 - Because of the number of users, the number of works involved can be huge. And therefore harm (and legal or statutory damages) can be very large.
 - Example: in Google's acquisition of YouTube for approximately \$1.65 billion, approximately \$200 million – over 12% of the purchase price – was put into escrow to cover potential legal liability.



From: From PLI's Course Handbook, Understanding Copyright Law 2007 #11270

Third Parties

- Copyright Protection:
 - Digital Millennium Copyright Act Safe Harbor
 - Fair Use
 - Pre-emptive Licensing
 - Terms of Use
 - Content Filtering (problematic)
 - Communications Decency Act of 1996
- Trademark Protection & Torts of Publication/Privacy
 - Create the place/forum but avoid participation in the creation of the content
- Employee/Professional Bloggers
 - Specific guidelines
 - Monitor/Educate



In part from: From PLI's Course Handbook, Understanding Copyright Law 2007 #11270

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THE END

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