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The Protect IP Act : A Powerful Tool, A Powerful Controversy

The Protect IP Act¹ is a proposed bill making its way through the Senate as S. 978 that aims to curb online counterfeiting, among other things. Congress is attempting again to pass legislation after COICA² failed to pass during the previous session. While the Protect IP Act's stated goals are beyond dispute — to prevent the online sale of counterfeit goods — the means toward achieving those goals remains ripe for debate.

Act Overview

The Protect IP Act uniquely authorizes both the attorney general and individual rights holders to bring a cause of action against the registrant of an Internet site dedicated to infringing activities ("Infringing Site"),³ its owner/operator, or to proceed directly against the domain name in an *in rem* action. The *in rem* remedy aims to provide a tool in the arsenal of brand owners seeking to attack overseas websites, although the courts arguably already have these inherent powers under the Lanham Act.⁴

The Protect IP Act includes provisions that allow a plaintiff, once an order from the court is obtained, to serve the order on third party "Financial Transaction Providers," preventing them from processing payments, originating in the United States, for the Infringing Site.⁵ Similarly, third party "Internet Advertising Services" can be served with the court's order, forcing them to cease advertising on or on behalf of the Infringing Sites. Hitting the sites where revenue is produced is intended to have a deterrent effect.

In addition to taking revenue from Infringing Sites, Congress also seeks to take their Internet traffic away by providing the attorney general with the ability to serve orders on "Information Location Tools" that provide Domain Name Server ("DNS") services⁶ and on search engines such as Google and Yahoo!. Once served, the Information Location Tool must remove or disable access to the Infringing Site associated with the domain name and/or remove from its web content the hypertext links to the Infringing Site.

Potential Issues Identified Thus Far

Many Internet rights groups have been vocal in opposing the bill claiming that it violates free speech and stifles creativity on the internet, comparing the Act to DNS filtering efforts in other countries (e.g. China). Additionally, some domain name scholars have outlined in a whitepaper their various concerns over the design and implementation of the Protect IP Act, focusing on the ease at which counterfeiters and users alike could circumvent the remedial measures called for by the Act.⁷ The bill is also drawing criticism from traditional supporters of strong intellectual property laws such as the New York Times and Los Angeles Times based on the broad definitions contained in the Act and the Act's anticipated effectiveness.⁸ Other issues that have been raised regarding the Act include: the inherent conflict between DNS filtering and new Internet security measures; the serious security risks that will be created when users try to circumvent the proposed DNS filtering; and the collateral damage caused by DNS filtering (e.g. filtering non-infringing websites).

Current Status

The Protect IP Act was introduced into the Senate on May 12, 2011 by Senator Patrick Leahy (D-VT). It was referred to the Senate Judiciary Committee for debate and the Committee unanimously approved the bill on May 26, 2011. The Protect IP Act is currently waiting to be considered by the full Senate. However, one of the Protect IP Act's key opponents, Senator Ron Wyden (D-OR.) has placed a hold on the bill, preventing it from being voted on by the full Senate.⁹ Senator Wyden stated that the Protect IP Act takes an "overreaching approach to policing the Internet when a more balanced and targeted approach would be more effective."¹⁰ While the hold remains on the Act at this time, the Senate could remove the hold with a cloture vote. Whether such a vote will take place, or whether Congress will re-examine the Act in response to the existing criticisms, remains to be seen.

If you have any questions regarding this legislation, or anti-counterfeiting efforts, please contact **Marcella Ballard** at mballard@venable.com or **Chris Crook** at cscrook@venable.com.

¹ The Preventing Real Online Threats to Economic Creativity and Theft of Intellectual Property Act of 2011.

² The Combating Online Infringements and Counterfeits Act of 2010.

³ An Infringing Site is defined by the Act as a website that “(A) has no significant use other than engaging in, enabling, or facilitating the (i) reproduction, distribution, or public performance of copyrighted works, in complete or substantially complete form, in a manner that constitutes copyright infringement under section 501 of title 17, United States Code; (ii) violation of section 1201 of title 17, United States Code; or (iii) sale, distribution, or promotion of goods, services, or materials bearing a counterfeit mark, as that term is defined in section 34(d) of the Lanham Act or (B) is designed, operated, or marketed by its operator or persons operating in concert with the operator, and facts or circumstances suggested is used, primarily as a means for engaging in, enabling, or facilitating the activities described under clauses (i), (ii), or (iii) of subparagraph (A).”

⁴ 15 U.S.C. § 1111 *et seq.*

⁵ This includes traditional credit card processors, as well as online processors such as PayPal.

⁶ Domain Name Servers store and translate the correlation between a domain name and a given IP address.

⁷ These concerns are outlined in an often cited white paper drafted by Steve Crocker, Shinkuro, Inc.; David Dagon, Georgia Tech; Dan Kaminsky, DKH; Danny McPherson, Verisign, Inc.; and Paul Vixie, Internet Systems Consortium. See Steve Croker *et al*, SECURITY AND OTHER TECHNICAL CONCERNS RAISED BY THE DNS FILTERING REQUIREMENTS IN THE PROTECT IP BILL, (May 2011) <http://www.circleid.com/pdf/PROTECT-IP-Technical-Whitepaper-Final.pdf>

⁸ See Mike Masnick, NY TIMES & LA TIMES COME OUT AGAINST PROTECT IP ACT AS WRITTEN (June 10, 2011) <http://www.techdirt.com/articles/20110609/10064014638/nytimes-la-times-come-out-against-protect-ip-act-as-written.shtml>. It should be noted the New York Times thinks the Act should be fixed, not discarded.

⁹ Senator Wyden similarly opposed COICA.

¹⁰ See Declan McCullagh, PROTECT IP COPYRIGHT BILL FACES GROWING CRITICISM, (June 7, 2011) http://news.cnet.com/8301-31921_3-20069824-281/protect-ip-copyright-bill-faces-growing-criticism/#ixzz1P7Sc5MXR.