

# Fashion Apparel Law Blog

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## [The Combating Online Infringement and Counterfeits Act \("COICA"\) Moves to the Senate](#)

Online piracy and internet counterfeiting are unfortunate realities in our Information Age. On the Internet, a counterfeiter can sell consumers a pair of counterfeit Louboutins or a fake Hermes Birkin bag purchased with the simple click of a mouse. Other online pirates can sell consumers unauthorized copies of their favorite television show, movie, or music with impunity. In response to the onslaught of online counterfeiters, Senate Judiciary Committee Chairman Patrick Leahy (D-Vt) and senior Republican member Orrin Hatch (R-Ore) have introduced the Combating Online Infringement and Counterfeits Act ("COICA")(S. 3804)1[1], a bipartisan bill that would give the Justice Department an expedited means to track and shut down unlawful domains devoted to the unauthorized downloading, streaming, and sale of copyrighted content and counterfeit goods. On November 18, 2010, the Senate Judiciary Committee unanimously voted in favor of COICA and sent the bill to the full Senate for consideration.

Senator Leahy noted in his press statement on the passage of COICA by the Judiciary Committee that "rogue websites are essentially digital stores selling illegal and sometimes dangerous products. If they existed in the physical world, the store would be shuttered immediately and the proprietors would be arrested. We cannot excuse the behavior because it happens online and the owners operate overseas. The Internet needs to be free – not lawless. The [COICA] will give the Department of Justice a new and more efficient process for cracking down on rogue websites, regardless of where overseas the criminals are hiding."

### COICA in a Nutshell

COICA would authorize the United States Attorney General to file expedited in rem civil actions against any offending domain name and to seek a court order declaring that such domain name is used to access a website dedicated to copyright infringement. Once an order is issued against the domain name, the Attorney General would have the authority to serve the domain name's U.S. based registrar.

Where a domain name registry is not located within the United States, the COICA would provide the Attorney General with the authority to serve non-domestic third parties, such as Internet service providers, financial transaction providers, and Internet advertising providers. These third parties would in turn be directed to stop doing business with the offending website. For example, a financial transaction provider, such as PayPal or MasterCard, would be required to halt its service and processing transactions for U.S. customers based on purchases utilizing the domain name and to prevent its trademarks from being authorized for use on Internet sites associated with the domain name.

The bill also provides for limitations and checks against possible misuse of the COICA powers. The increased powers are limited to the U.S. Justice Department and each federal court has the final say as to whether the use of a domain name will be suspended. Additionally, a domain name owner or any third party required to take

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action based on the court order may petition the federal court to lift an order if following the Justice Department action the Internet site associated with the domain name is no longer dedicated to infringing activities or if the interests of justice require that the order be modified.

### **Criticism and Potential Impediments to Passage**

Although COICA provides a potential marked improvement on the existing law and prior draft legislation, there are some provisions that are problematic and may act as an impediment to passage.

First, COICA's definition of "infringing activities" is limited in that an internet site is defined as "dedicated to infringing activities" if it is ". . . primarily designed, has no demonstrable, commercially significant purpose other than, or is marketed by its operator, or by a person acting in concert with the operator to offer" goods or services in violation of the Copyright Act or the Lanham Act. Such a restrictive definition may preclude in rem seizure of domain names features on mixed use internet sites which are primarily operating as counterfeiting operations, providing offenders with a rather large loophole.

Second, the bill provides that in order to compel compliance, the U.S. Attorney General may bring an action against any party that willfully or persistently fails to comply with a court order. The U.S. government must demonstrate "willful" or "persistent" non-compliance – as long as they do not "willfully" or "persistently" fail to comply, they are in the clear. One, negligent failure is not actionable under to this provision. Also, COICA gives the defending party the opportunity to show that it does not have the technical means to comply.

Third, a domain operator to petition the court for modification or suspension of an order inviting a "whack a mole" where the owner of a domain name can successfully avoid a court order constituting injunctive relief so long as he or she can show that the Internet site has purportedly cleaned up its act and is no longer dedicated to infringing activities. Once he or she has lifted or modified an order against his or her company, what is to stop this domain owner from popping up somewhere else? At the very least, reparations and damages should be paid by the owner before a court may be allowed to be modify or vacate the court order.

It remains to be seen whether this legislation will pass before the full Senate either before the end of the current Congress or in the future. There has been stiff opposition by interest groups in the online industry including Electronic Frontier foundation and the Center for Democracy and Technology. On November 18, 2010, Senator Ron Wyden (D-Ore) announced that he would put a public hold on COICA during this Congress. If Senator Wyden does so, this would kill COICA for this Congress and Senators Leahy and Hatch would have to re-introduce COICA in 2011 before a new Congress.

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2[1] A copy of the text of COICA is attached for your information. Please [click here](#).

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