

INSIDE

LETTER FROM THE CHAIR2

LETTER FROM THE EDITOR3

PERSONAL INFORMATION PRIVACY:
OBSOLETE IN TODAY'S E-WORLD?5
By Judy L. Ford

ASSERTING CLAIMS FOR STATUTORY
AND COMMON LAW UNFAIR
COMPETITION: THE LIMITATIONS
IMPOSED ON CIVIL LITIGANTS7
By David Dolkas

DOCTRINE OF EQUIVALENTS IN
LIGHT OF THE SUPREME COURTS
DECISION IN *FESTO V. SMC, J&J V. RES*
AND *SYMBOL TECHNOLOGIES*
V. LEMELSON9
By D. Benjamin Borson

NEW PTO ELECTRONIC FILING
REQUIREMENTS11
By Mary Dougherty

CASE COMMENTS13
By Lowell Anderson & In H. Kim

9TH CIRCUIT REPORT15
By Neil A. Smith

OPEN SOURCE, FREE SOFTWARE
THE GENERAL PUBLIC LICENSE ...17
By Jason B. Wach

DON'T LOSE OUR MINDS: THE NEED
TO PROTECT ACADEMIC PROPERTY19
By Harvey E. Harrison

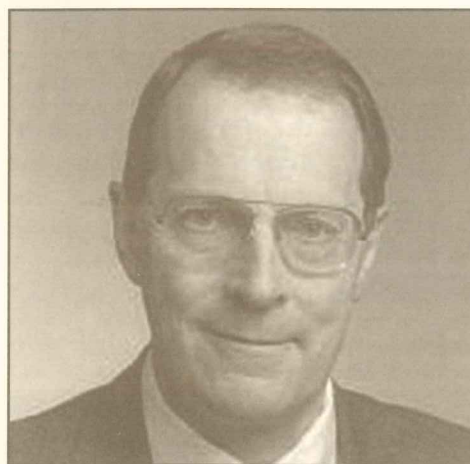
SQUEEZING THE WEB SITE HOST:
WHETHER YOU CAN PRESSURE A WEB SITE HOST
INTO TAKING DOWN AN OBJECTIONABLE WEB
SITE DEPENDS UPON THE RIGHT YOU ARE
ASSERTING21
By Joel Voelzke

COMMERCIAL OFFERS FOR SALE –
CONTRACTS 101 REVISITED23
By George R. Meyer

Author Submission Guidelines 3
Calendar of Important Dates66

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INTRODUCTION

A business that depends on technical and commercial trade secrets has a limited armory of legal weapons to protect them when a key employee leaves to work for a direct competitor. Important provisions in an employment agreement directed to this situation are a covenant not to compete, binding the employee not to work for a competitor for a limited period, and a confidentiality clause requiring the employee not to divulge or use trade secrets of his former employee. As a matter of public policy, a number of

Continued on page 25

ALSO FEATURED

PERSONAL
INFORMATION PRIVACY:
OBSOLETE IN TODAY'S
E-WORLD?



*Judy L. Ford won second place
in the 2002 Student Paper
Competition.*

Article on page 5

SQUEEZING THE WEB SITE HOST:

WHETHER YOU CAN PRESSURE A WEB
SITE HOST INTO TAKING DOWN AN
OBJECTIONABLE WEB SITE DEPENDS
UPON THE RIGHT YOU ARE ASSERTING



Joel Voelzke

Article on page 21

SQUEEZING THE WEB SITE HOST: WHETHER YOU CAN PRESSURE A WEB SITE HOST INTO TAKING DOWN AN OBJECTIONABLE WEB SITE DEPENDS UPON THE RIGHT YOU ARE ASSERTING



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Imagine that your client calls you one day and tells you that there is a web site that he finds objectionable, and he wants you to find a way to shut the site down quickly but preferably without the expense of a lawsuit. Maybe the site infringes your client's trademarks or copyrights, or libels your client, or violates his privacy. If you can identify the web site owner you can send a cease-and-desist notice. But what if you can't identify the web site owner, or the owner refuses to change the site? Can you pressure the web site host into taking down the troublesome site without risking ending up on the wrong side of a judgment yourself?

The answer will depend on the cause of action you are asserting. For some causes of action such as copyright and trademark infringement, the otherwise innocent web site host can indeed be held liable after the host has been put on notice, and you can legitimately pressure the host. Additionally, if you are asserting copyright infringement you will need to follow specific procedures and timetables in the Digital Millennium Copyright Act. For other causes of action such as libel and other torts based on state law, the answer is exactly the opposite: Congress has

given web site hosts and other Internet service providers (ISPs) absolute immunity from suit, and you could end up paying the host's attorneys fees if you file an action against the host.

With respect to trademark infringement, at least one federal court has held that a host can be liable if it knows that a site is infringing a third party's trademark but fails to take steps to stop the infringement. In *Gucci America, Inc. v. Hall & Associates*¹, a web site owner was selling goods that were falsely labeled as being genuine GUCCI® products. When Gucci America, Inc. sued both the seller and the web site host, the host moved to have itself dismissed from the suit on the ground that it could not be liable merely for hosting the offending site. The court disagreed. It held that an otherwise innocent web site host who has been put on notice that a web site incorporates trademark infringing material can indeed be held liable as a contributory infringer if it continues to host the infringing site either with knowledge of the infringement or with reckless disregard as to whether the material infringed the trademark owner's rights.

Trademark infringement is therefore fertile ground for convincing a web site host to take down an offending site. Internet auction house eBay, which performs a service somewhat analogous to that of a web site host, has established procedures for trademark owners to register with eBay and notify eBay when an auction contains infringing material. eBay typically responds by expeditiously removing the infringing auction. Trademark infringement need not even be visible on a web site, as courts have held that using trademarks of another as HTML metatags can constitute infringement.²

Defamation is the one cause of

action for which you definitely do not want to sue a web site host or other ISP. Fearing the specter of innocent ISPs being chilled from hosting legitimate news and discussion sites, Congress granted ISPs broad immunity from tort-based lawsuits in the Communications Decency Act of 1996 ("CDA"), 47 U.S.C. section 230. The CDA embodies a policy choice by Congress to leave speech as free as possible on the Internet by precluding tort liability against persons that serve merely as technical intermediaries for other parties' messages. Under the law, "No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider."³ Immunity applies even if the ISP exercises editorial or screening functions over the material in question.⁴ At the same time, the law encourages self-regulation and screening by ISPs by providing civil immunity for ISPs who screen out material that the ISP considers to be objectionable.⁵

The CDA specifically exempts intellectual property violations from its immunity umbrella.⁶ The law therefore provides federal immunity against state law tort claims (but not intellectual property claims such as patent, copyright, and trademark claims) brought against ISPs for merely hosting an offending site. The CDA has been successfully invoked by a number of ISPs who were defamation defendants. When someone posted phony message on an AOL bulletin board offering offensive T-shirts for sale, and listed "Ken" as the person selling the T-shirts along with his home telephone number, the court held that AOL was not liable to Ken for failing to act quickly enough to take down the phony and defamatory postings.⁷ When AOL, which paid Matt Drudge \$3000 per

month to publish his Drudge Report, published a Drudge article accusing Clinton White House aide Sydney Blumenthal of being a wife beater, the court held that the CDA immunized AOL against suit by Blumenthal.⁸ When two teachers at San Francisco City College became irate over negative reviews of them that were posted by students on a Teacher Review web site, and sued the webmaster who merely operated the Teacher Review site but who did not author any of the content, the teachers were forced to dismiss their suit under threat of sanctions.⁹ In a similar case in New Jersey, a webmaster who hosted an unofficial site called "Eye On Emerson" where people could anonymously post news and comments regarding events in the Borough of Emerson was held immune under the CDA when city council members sued the webmaster and the anonymous posters for defamation, harassment, and intentional infliction of emotional distress.¹⁰ On-line bookseller Amazon.com was held to be immune under the CDA when reader reviews panned a book, even though the author tried to do a legal end-run around the CDA by casting his lawsuit as a suit for negligence, tortious interference, and breach of contract.¹¹ Other cases are similar.¹²

These cases were more or less straightforward applications of the CDA to essentially defamation type lawsuits. It is not clear from the statute itself what other state tort claims beside defamation will be precluded, but the courts have applied the CDA to the benefit of web site hosts and other ISP's in several other contexts. When a group of college athletes brought a lawsuit for invasion of privacy against a company that was selling videotapes secretly made from hidden video cameras located in the athletes' locker rooms and against the company that hosted the web site on which the tapes were sold, the court held that CDA immunized the web site host.¹³ *Jane Doe v. American Online, Inc.*¹⁴ was an unusual case in which several small boys were lured into having their photographs taken while

engaging in sexual activities. When the mother of one of the boys discovered that an AOL chat room was being used to sell the photographs, although the chat room was not itself being used to transmit the photographs, she complained to AOL. AOL did nothing in response. The mother sued AOL claiming that AOL negligently allowed its chat room to be used to sell child pornography. Essentially, the mother was asking the court to invent what would have amounted to the new tort of negligent hosting. By a bare 4-3 majority, the Florida Supreme Court held that the CDA's immunity against "distributor" liability applied, and barred the mother's state law tort suit.

When a lawsuit is filed against an ISP for hosting an allegedly defamatory web site, not only does the CDA provide immunity to the innocent host but state anti-SLAPP statutes might require the plaintiff to pay the host's attorney fees. Under the California anti-SLAPP statute¹⁵ when a plaintiff files a lawsuit that "aris[es] from a person's act in furtherance of his rights of petition or free speech...in connection with a public issue," the defendant can bring a special motion to strike¹⁶ called a SLAPP motion. In response, the plaintiff must show that he is likely to prevail on the merits of the suit. If the plaintiff fails to show that he is likely to prevail, then the lawsuit is summarily dismissed and the plaintiff is ordered to pay the defendants' costs and attorney fees.¹⁷ The statute therefore gives defendants a tool for quickly disposing of meritless lawsuits without having to endure protracted and expensive litigation.

An "act in furtherance of a person's right of petition or free speech" is defined in the statute to include "any written or oral statement or writing made in a place open to the public or a public forum in connection with an issue of public interest."¹⁸ Because the Internet is a "public forum," statements posted on the Internet are eligible for protection under this statute.¹⁹ In the Teacher Review

web site case mentioned earlier, when the defendant web site operator filed a SLAPP motion the plaintiff not only dismissed the case but also agreed to pay part of the defendant's attorney fees.²⁰ In another case, a company sued an individual for posting certain messages highly critical of the company on investor web sites, and the individual recovered his attorney fees when he made a successful SLAPP motion to have part of the lawsuit dismissed.²¹

What if the cause of action you wish to assert is trade libel under section 43(a) of the Lanham Act? As the plaintiff you would want to characterize that action as an "intellectual property" action for which the host would not enjoy immunity under the CDA. The ISP, on the other hand, would want to characterize that action as a libel case for which the ISP should enjoy full immunity under the CDA in accordance with the deliberate policy choice made by Congress. The issue has not yet been addressed by the courts. However, the discussion in *Gucci America*²² would seem to indicate that the answer would depend on the exact nature of the allegedly libelous speech. If it were pure speech with a purely communicative message, such as an angry message from a disgruntled customer, then the speech would receive full First Amendment protection and the case would not be considered an intellectual property matter. If, however, the speech were commercial speech, such as, "Tests prove that our batteries power a toy bunny twice as long as their batteries," then the intellectual property label would be more apt and the speech would not enjoy CDA immunity.

If the cause of action you are asserting is copyright infringement, then you will need to carefully review the Digital Millennium Copyright Act (DMCA), 17 U.S.C. section 512. The DMCA gives to ISPs including web site hosts a number of safe harbors for avoiding monetary copyright liability if the ISP follows the somewhat complicated DMCA rules, timetables,

Continued on page 60

SQUEEZING THE WEB SITE HOST

Continued from page 22

and procedures, including certain steps which the host must take before the dispute arises. By implication, the DMCA gives aggrieved copyright owners a tool to help shut down infringing web sites quickly without the web site host or other ISP getting caught in the middle of a battle between the claimed copyright owner and the alleged infringer.

In order to even be eligible for the DMCA safe harbor the ISP must meet at least four prerequisites. First, it must reasonably inform its subscribers that it will terminate repeat infringers.²³ Second, the service provider must have previously designated an agent to receive notifications of claimed copyright infringements.²⁴ You can view the Copyright Office's list of designated agents at <http://www.loc.gov/copyright/onlinesp/list/>. Third, the ISP must not have actual knowledge that the material is infringing²⁵ or be aware of facts or circumstances from which the infringing activity is apparent.²⁶ Lastly, the service provider must not receive a financial benefit directly from the infringing activity.²⁷ A direct financial benefit was found in *A&M Records, Inc. v. Napster, Inc.*²⁸, where the availability of the infringing material was a significant draw to the defendant's web site.

Under the DMCA, an aggrieved copyright owner begins the DMCA notice-and-take-down process by sending to the service provider's designated agent a notification that substantially complies with the following requirements: (1) an authorized electronic or physical signature; (2) identification of the copyrighted work in question; (3) identification of the material that is claimed to be infringing, and information reasonably sufficient to permit the service provider to locate the material; (4) the address, telephone number, and email

address of the complaining party; (5) a statement by the complaining party that he/she has a good faith belief that the disputed use is not authorized by the copyright owner, its agent, or the law; and (6) a statement by the complaining party that the information in the notice is accurate, and under penalty of perjury, that the complaining party is authorized to act on the copyright owner's or licensee's behalf.²⁹ The copyright owner must only substantially comply³⁰ with the notice requirements, not perfectly. If the notice substantially complies with only certain ones of those requirements, then the ISP must promptly attempt to contact the notifier in order to obtain the rest of the information.³¹

Upon receiving the notice from the copyright owner, or upon otherwise learning that the material in question infringes the copyrights of another, the service provider must act "expeditiously" to remove or disable access to the material,³² and must notify the site owner. The web site owner can then send a counter-notification to the ISP asking that the content be reinstated. The counter-notification must contain certain information specified in the statute and must follow certain timetables similar to those in the notice-and-takedown procedures. If the ISP takes these steps in good faith it will enjoy immunity from suit by either the copyright holder or the disgruntled web site owner.

In sum, you can indeed legitimately pressure a web site host to take down a site if it violates intellectual property laws. On the other hand, if the right that you are asserting derives from state tort law, or is closely akin to a state tort, then tread very carefully in view of the CDA and state anti-SLAPP laws.

ENDNOTES

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1. 135 F. Supp. 2d 409 (S.D.N.Y. 2001).

2. e.g., *Promatek Indus., Ltd. v. Equitrac*

Corp., No. 00-4276 (7th Cir. Aug. 13, 2002)

3. 47 U.S.C. § 230(c)(1).

4. 47 U.S.C. § 230(c)(2).

5. *Id.*

6. 47 U.S.C. § 230(e)(2) ("Nothing in this section shall be construed to limit or expand any law pertaining to intellectual property.")

7. *Zeran*. Although the plaintiff attempted to cast his lawsuit not as a defamation action per se but as a negligence action for AOL's allegedly negligent conduct in not removing the offending content quickly enough, the court disagreed and treated the lawsuit as "indistinguishable from a garden variety defamation action." *Id.* at 332.

8. *Blumenthal v. Drudge*, 992 F. Supp. 44, 53 (D.C. 1998).

9. See ACLU press release, In Free Speech Victory, City College Teachers Agree to Dismiss Lawsuit Against Critique Web Site, October 3, 2000, at <http://www.aclu.org/news/2000/n100300a.html> (on file with the author).

10. *Donato v. Moldow*, Docket No. BER-L-6214-01, at <http://www.geocities.com/emersoneye/lawsuit/decision.html> (on file with the author).

11. *Schneider v. Amazon.com, Inc.*, 108 Wash. App. 454, 311 P.3d 37, 29 Media L. Rep. 2421 (Wash. Ct. App. 2001).

12. See, e.g., *Jane Doe One v. Oliver*, 46 Conn. Supp. 406, 755 A.2d 1000 (Conn. Sup. Ct. 2000).

13. *John Does 1 through 30 v. Franco Prods.*, 2000 U.S. Dist. LEXIS 8645 (N.D. Ill. June 21, 2000).

14. 783 So. 2d 1010 (Fla. 2001).

15. Cal. Code Civ. P. § 425.16. SLAPP stands for strategic lawsuit against public participation.

16. Cal. Code Civ. P. § 425.16(b).

17. Cal. Code Civ. P. § 425.16(c).

18. Cal. Code Civ. P. § 425.16(e)(3).

19. *ComputerXpress, Inc. v. Jackson*, 93 Cal. App. 4th 993, 1007 (2001).

20. See ACLU press release, *supra* note 20.

21. *ComputerXpress*, 993 Cal. App. 4th at 1020.

22. See esp. 135 F. Supp. at 415-18.

23. 17 U.S.C. § 512(i)(1).

24. 17 U.S.C. § 512(c)(2).

25. 17 U.S.C. § 512(c)(1)(A)(i).

26. 17 U.S.C. § 512(c)(1)(A)(ii).

27. 17 U.S.C. § 512(c)(1)(B).

28. 239 F.3d 1004 (9th Cir. 2001).

29. 17 U.S.C. § 512(c)(3).

30. 17 U.S.C. § 512(c)(3)(A), (B).

31. 17 U.S.C. § 512(c)(3)(B)(ii).

32. 17 U.S.C. § 512(c)(1).