

**Testimony Before the Subcommittee on Intellectual Property, Competition,
and the Internet, Committee on the Judiciary**

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Chairman Goodlatte, Ranking Member Watt and Members of the Committee:

Thank you for the opportunity to testify before your Committee today regarding online commerce and the challenges of legislating and enforcing copyright and piracy laws in an Internet age. I am a senior partner at the law firm of Cahill, Gordon and Reindel in New York and the author of "Speaking Freely: Trials of the First Amendment." I appear today at your request, speaking on my own behalf. For your information, I have previously advised, in writing, the Directors Guild of America, the American Federation of Television and Radio Artists, the Screen Actors Guild, the International Alliance of Theatrical and Stage Employees, and the Motion Picture Association; of my view that legislation introduced in the Senate relating to online privacy of copyrighted works was consistent with the First Amendment.

While I will discuss potential legislative approaches to online infringement in some detail today, I think it is useful to start with a few broader observations regarding the application of copyright law and the First Amendment online. I begin with what should not be controversial.

The Internet is one of the greatest tools of freedom in the history of the world. That is why there is an "urgent need" to protect freedom of expression on the Internet throughout the world, as Secretary of State Hillary Clinton observed last month. At the same time, however, Secretary Clinton pointed out that "all societies recognize that freedom of expression has its limits," and that those who use the Internet to "distribute stolen intellectual property cannot divorce their online actions from their real world identities" -- indeed, our ability to "safeguard billions of dollars in intellectual property [is] at stake if we cannot rely on the security of our information networks."

It is no answer to this challenge to treat loose metaphors—the Internet as “the Wild West,” for example—as substitutes for serious legal or policy analysis. It is one thing to say that the Internet must be free; it is something else to say that it must be lawless. Even the Wild West had sheriffs, and even those who use the Internet must obey duly adopted laws.

Thus, it is no surprise that libel law routinely applies to material that appears on the Internet just as it does to other material. And that libel precedents regarding printing information on paper are just as applicable to information posted online. (A recent holding to that effect was the Fifth Circuit’s ruling in *Nationwide Bi-Weekly Administration, Inc. v. Belo Corp.*) And, as well, that principles of privacy law are applied to personal information posted online, just as they are to personal information when recorded in more traditional media. (That approach was affirmed in *Benz v. Washington Newspaper Publishing Co.*)

Copyright law is no different. One current treatise succinctly notes, “[a]ll existing copyright protections are applicable to the Internet.” The seizure provisions of copyright laws have been applied to authorize the seizure of online property that facilitates infringement, such as domain names, just as physical property has often been seized to stop its use to facilitate infringement. Under current law, for example, recent enforcement actions against infringing sites involved seizing and locking domain names, and compelling registries to route visitors to a government address notifying the public of the seizures.

Copyright law has existed throughout American history. The Constitution itself authorizes Congress to adopt copyright legislation. The first such legislation was enacted in 1790, a year before the First Amendment was approved by Congress. And from the start, injunctions were one form of relief accorded to victims of copyright infringement. Courts applied the first copyright act to grant injunctions under traditional principles of equity. Since injunctions in

cases outside of the specific copyright context have been held to be unconstitutional prior restraints on speech, including the landmark Supreme Court cases of *Near v. Minnesota* and *New York Times Co. v. United States*, there has been an ongoing debate about the application, if any, of the First Amendment to copyright principles. Indeed, the question of whether and, if so, how certain elements of the Copyright Act should be read to accommodate various First Amendment interests remains open.

The law could not be clearer, however, that injunctions are a longstanding, constitutionally sanctioned way to remedy and prevent copyright violations. That premise was explicit in the critical concurring opinion in the Supreme Court's most famous prior restraint case, assessing publication of the Pentagon Papers in *New York Times Co. v. United States*. As Justice Byron White's concurring opinion observed in that case, "no one denies that a newspaper can properly be enjoined from publishing the copyrighted works of another."

Current treatises reflect this judicial consensus. To quote from the 2010 Practising Law Institute discussion of prior restraints, which I authored with my colleague Gail Johnston: "[C]ourts have found no constitutional obstacle to enjoining, pursuant to federal legislative mandate, the unlawful use of a registered trademark or copyright." Similarly, in an article focused squarely on the issue of injunctions in the copyright arena, Judge James L. Oakes observed that a "pirated or copied edition, record, movie, song or other work . . . cries out for an injunction."

The Supreme Court's most detailed treatment of the interrelationship between the First Amendment and copyright, the seminal case of *Harper & Row Publishers, Inc. v. Nation Enterprises*, stressed that the Copyright Act actually advances the very interests which the First Amendment protects.

“First Amendment protections,” the Court noted, are “already embodied in the Copyright Act’s distinctions between copyrightable expression and uncopyrightable facts and ideas.” The Constitution supports the explicit protection of such expression and creativity, the Court stated, within a framework that defends *both* the right to speak *and* the ability to profit from speech. “[T]he Framers intended copyright itself to be the engine of free expression,” explained the Court, and “[b]y establishing a marketable right to the use of one’s expression, copyright supplies the economic incentive to create and disseminate ideas.” Copyright law thus fortifies protections for speakers and creators, in a First Amendment context, while stimulating future creativity.

These mutually reinforcing linkages between protections for speech and protections for copyright are especially important in today’s digital age. The Center for Democracy and Technology’s David Sohn, who testified before this Committee to raise concerns about targeting rogue sites -- and who does not share all of my views in this area -- recently stated a proposition with which I think there can be no serious disagreement: “Large-scale copyright infringement undermines First Amendment values in promoting expression and threatens the growth of new media.”

Of course, the evident constitutionality of injunctive relief for copyright violations does not mean that injunctions must automatically or always be issued in response to a copyright violation. As this Committee is well aware, the Supreme Court has recently held to the contrary, warning against the error of a “categorical grant” of injunctive relief for patent infringement in *eBay Inc. v. MercExchange*. The Second Circuit applied that conclusion in a recent, celebrated copyright case, *Salinger v. Colting*. What *no* court has ever denied is that injunctions are a valuable and constitutional response to copyright violations.

With these foundations in mind—the Internet is *not* a law-free zone, and copyright law with injunctive relief has *always* been part of the constitutional framework protecting free speech—I turn to a few priorities worth considering when legislating in this area.

Your hearings are entitled “Promoting Investment and Protecting Commerce Online: Legitimate Sites v. Parasites,” drawing an important distinction between two types of sites on the Internet. In the copyright context, legitimate sites distribute work that they own or may legally use through fair use principles, or otherwise, while parasites distribute work that they have stolen. A sound policy to combat infringement must target these infringing websites, without overly burdening legitimate ones. In fact, I think it is fair to say that the primary constitutional questions that must be addressed in shaping legislation in this area revolve around this very distinction: How do we separate infringing sites from legitimate sites? Or, in First Amendment lingo: What is the potential overbreadth of a regulation’s impact on speech, and what procedural protections must a regulation provide to satisfy First Amendment norms?

Potential Overbreadth

It is axiomatic in First Amendment jurisprudence that government restrictions on speech should be narrowly tailored to avoid unnecessarily burdening protected speech. Courts apply strict scrutiny to statutes that potentially interfere with protected speech, with special scrutiny of rules that may sweep too broadly. This Committee must thus consider the potential overbreadth of any legislation impacting speech, including legislation designed to combat online infringement and piracy. I offer a few questions to consider in doing so, in the context of legislating against online infringement.

First, how does a bill define the requisite level of infringement that the government must prove in order to seek remedies against particular content, or a given site or domain? In other words, how high is the bar set? A “zero tolerance” policy towards any instances of infringement enforced at the level of a website or domain -- where an entire website could be blocked or seized for a single, or just a few, offenses -- would plainly raise the most troublesome First Amendment concerns. By contrast, setting a high bar, by statute, can help avoid the risk of unnecessarily burdening protected speech.

The Combating Online Infringements and Counterfeits Act, or “COICA,” which was sent to the floor by the Senate Judiciary Committee in the last Congress, provides one potential approach to establishing such a bar. The bill would establish a statutory category of sites that are “dedicated to infringing activities,” defined as sites that are “marketed” or “primarily designed” for infringement, or have no other “commercially significant purpose or use” besides infringement. Such infringement is defined under current copyright and trademark law, and which would otherwise be “subject to civil forfeiture”. Thus for copyright violations, a site must be “dedicated to infringing activities” and offering goods or services in violation of title 17 U.S.C, or facilitating such violations by means such as downloading, streaming, transmitting or linking. For trademark violations, a site must be “dedicated to infringing activities” and offering, selling or distributing goods, services or counterfeit materials in violation of section 34(d) of the Lanham Act (15 U.S.C. 1116(d)). There are obviously other words that might be used to describe a site subject to regulation in this area, but however phrased, the speech at issue must be overwhelmingly violative of the Copyright Act for any such regulation to be constitutional.

Beyond setting the bar high, another issue is how authorities carry out enforcement actions in a manner that respects First Amendment norms. In an action that drew signifi-

cant attention, on February 15, 2011, the Homeland Security Department seized several domain names on child pornography charges and accidentally blocked other websites that had not been deliberately targeted. Media reports estimated that up to 84,000 sites were temporarily shut down. Three days after the seizure, the Homeland Security Department acknowledged that it had “inadvertently seized” a “higher level domain name,” which impacted other sites, and the department sought to restore those sites “as soon as possible.” Such an error, even for a short period of time, is obviously of great concern and it is important to explore how safeguards and technical standards might be effectively incorporated into legislation to prevent or minimize such abuse.

Third, how does a bill compliment or interact with existing remedies against infringement and piracy? Under current copyright law, for example, copyright violations can be remedied by injunctive relief, forfeiture or impoundment. Statutory schemes that follow these approaches, and include their protections and processes under federal precedent, are likely to operate on a clearer, more sound constitutional foundation than remedies that are developed from scratch. Indeed, while the Internet does pose some novel and unique regulatory challenges, Congress should generally aim to apply already existing standards wherever possible, rather than treat cyberspace as a land with laws unto itself.

Fourth, does a bill’s remedy focus on combating infringement where it occurs, or does it act as a bar to future, protected speech? Any bill providing injunctive relief should be limited to halting infringement and prohibiting future infringement online, not acting as a prior restraint on protected speech in the future. For example, if a site or domain is seized or blocked for infringement, operators must be free to post all their non-infringing content elsewhere, as well as on their original site, once the infringing content is removed. Indeed, I do not think a

court would find constitutional any regulation or order barring individuals from finding ways to use the Internet to post or relocate *protected* speech.

Procedural Protections

The Constitution requires due process for all, and the procedural protections afforded to expression, for speakers and listeners alike, carry special weight in First Amendment law. Individuals accused of infringement, by the government or civil litigants, must be afforded notice and an opportunity to be heard. Thus the most straightforward approach in this area, both constitutionally and practically, is to ensure that any new legislation provides the same process and protections that federal litigants currently have when facing the possibility of injunctive remedies.

One way to achieve this aim is to incorporate Rule 65 of the Federal Rules of Civil Procedure into legislative proposals in this area. That would ensure that any injunctive relief against infringing sites is governed by the rules protecting all litigants in civil actions in the United States today. That is the approach of COICA, and while this Committee will make its own, independent judgments about how best to craft a legislative approach to combat infringement, the inclusion of Rule 65 is a worthwhile element in any regulatory framework.

Under Rule 65, courts “may issue a preliminary injunction only on notice to the adverse party.” For temporary restraining orders to be issued without notice, Rule 65 requires that two conditions must be met. “[S]pecific facts in an affidavit or verified complaint [must] clearly show that immediate and irreparable injury, loss, or damage will result . . . before the adverse party can be heard in opposition.” And “the movant’s attorney certifies in writing any efforts made to give notice and the reasons why it should not be required.” The rule then requires

that hearings for orders without notice are to be held “at the earliest possible time, taking precedence over all other matters,” and the adverse party may move to dissolve or modify an order on two days’ notice to the moving party. Therefore, a website operator that prefers to respond later, or learned of an action later because the operator did not provide accurate contact information to the registry, would still retain the right to seek later relief from the order.

In the cases of delay caused by the submission of false contact information to a domain registrar, a relevant complication for many infringing and foreign websites, it is worth noting that federal copyright law already treats the knowing submissions of “materially false contact information to a domain name registrar” as a rebuttable presumption of willful infringement. In a similar vein, some operators of infringing websites, including operators abroad, may knowingly decline to participate in U.S. court proceedings. Such a choice, after legitimate notice and procedural safeguards are provided, can lead to *ex parte* proceedings and default judgments. Courts routinely enter default judgments in civil lawsuits, including comparable online copyright cases. Indeed, under current law, after initial notice has been served, courts have granted permanent injunctive relief for copyright violations in default judgments without additional attempts at notice.

Nonetheless, the ultimate test for any legislation providing injunctive relief is not the words in the statute, but the words of a judge interpreting or passing judgment upon its validity. While a court is empowered to grant injunctions, it need not. While a court is empowered to grant temporary restraining orders, it may not. That does not excuse Congress, of course, from its duties to craft constitutional legislation and carefully weigh the tradeoffs in a given public policy. The irreplaceable role of an independent judicial officer should anchor, however, our reasonable expectation that legislation which provides proper process will ensure website opera-

tors accused of infringement and piracy shall be entitled to their day in court. Whether they accept or evade that obligation will be up to them.

Conclusion

Addressing infringement and piracy in a manner consistent with our constitutional protections for speech is an important and complex challenge. The Senate has already chosen one route, which I believe would be held constitutional, and whether this House chooses to legislate similarly or not, it should plainly take the greatest care to abide by First Amendment norms.

I offer a final thought about the broader debate. I would like to directly acknowledge that potential action by Congress in this area has drawn objections from groups and individuals advocating their deeply held beliefs about civil liberties, human rights and a free Internet, including many groups that I have worked alongside, and for which I have the highest regard. Among a range of objections, however, two core critiques stand out.

First, there is a recurring argument that the United States would be less credible in its criticism of nations that egregiously violate the civil liberties of their citizens if Congress cracks down on rouge websites.

Second, there is the vaguer notion, which I discussed earlier, that stealing is somehow less offensive when carried out online.

Neither of these propositions is correct.

Copyright violations are simply not protected by the First Amendment. Rogue websites, which live off theft and are plainly dedicated to infringement and piracy, are not engaging in speech that any civilized, let alone freedom-oriented, nation protects. That these in-

fringing activities occur on the Internet makes them not less, but more harmful. The fear that by combating these specific acts through legislation, the United States would compromise its role as the world leader in advancing a free and universal Internet seems to me insupportable. As a matter of both constitutional law and public policy, the United States must remain committed to defending *both* the right *to speak* and the ability *to protect* one's intellectual creations. Legislation designed to enforce old laws in a new, wired era does not thwart the constitutional right to engage in speech. Quite the opposite. It protects creators of speech, as Congress has since this Nation was founded, by combating its theft.