Cybersquatters Can Run, But They Can't Hide

Jurisdiction Issues in Cyberspace

Cybersquatting (registration of predatory domain names) has become a serious problem now that nearly every business is on the Web. One aspect of the problem arises when foreigners register Internet domain names that infringe or dilute American companies' trademarks. Why? Because these cyber-squatters are often beyond our courts' jurisdiction. What is this thing called jurisdiction?

3 Types of Jurisdiction

To hear a case, a court must have "juris-diction." There are three distinct kinds of jurisdiction.

Subject matter jurisdiction. First, a court must have subject matter jurisdiction over that type of case. For example, a state court can't hear a patent or copyright infringement case because only federal courts have jurisdiction over that subject matter.

Personal jurisdiction. Second, a court must have personal jurisdiction over a defendant. For example, a court normally has jurisdiction over someone who:

- *Lives within the geographical boundaries of the court's judicial district,*

- *Transacts business with someone in that district, or*

- *Commits a tort (a noncontract injury) in that district, or a tort that causes harm in that district.*

But a court normally can't exert jurisdiction over someone who has never been in that district, has never had the slightest connection or dealings with anyone in that district, and has not committed any act that had an impact in that district.

Personal jurisdiction also has a constitutional dimension. The U.S. Supreme Court held some time ago that the extent of a defendant's contacts with a court's judicial district must meet a minimum threshold to satisfy the U.S. Constitution's due process, that is, fairness requirement. For example, just because you took your kids to Disney World last year doesn't mean that someone could sue you in an Orlando court for something you did in Chicago.

In rem jurisdiction. Finally, there is a type of jurisdiction known by the Latin name of "in rem" and refers to jurisdiction over an inanimate object. For example, a court might have in rem jurisdiction to adjudicate the title to real property located within its judicial district

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even if the court lacks personal jurisdiction over the alleged property owner.

Constitutional Consequences on the Web

To deal with cybersquatting, and in particular the problem of foreign cybersquatters, Congress passed the Anticybersquatting Consumer Protection Act (ACPA). It permits an in rem legal action against an offending domain registration in some cases when personal jurisdiction is lacking over the domain name owner. This includes not only cases involving foreign domain name owners, but also domestic domain name owners who can't be identified and located. The owner can choose to appear in court and defend the domain name, but the action may proceed even when the owner chooses not to.

Case in point: *Heathmount A.E. Corp. v. technodome.com,* an in rem action filed in federal court in Virginia by the owner of the

trademark "Technodome" against the domain name "technodome.com." Although the Web site's owner resided in a foreign country, venue was proper because the domain name was registered in Virginia. But the owner challenged the constitutionality of ACPA's in rem procedure, arguing that it violated due process because the owner personally lacked the required minimum level of contact with Virginia.

In effect, the owner argued that the same constitutional requirements that apply to personal jurisdiction also pertain to in rem jurisdiction. Disagreeing, the court reasoned that the whole point of using in rem jurisdiction in cybersquatting cases is to avoid the hurdle of acquiring personal jurisdiction over absentee domain name owners. Otherwise these cybersquatters could violate U.S. trademarks on the Internet without being accountable for their actions.

Hiding From the Law

The enactment of the ACPA answers the question of how to acquire jurisdiction over absentee domain name owners. Predatory domain name owners beware: Your Web site may now be appearing in a court nowhere near you. ◎

Patents on Plants?
Or Only Plant Patents?

Several kinds of patents are available in the United States. Utility patents cover technological inventions such as chemicals, manufactured products and industrial processes. Design patents cover a product's aesthetic appearance. These were the first two types of patents to be adopted, and Congress later passed the Plant Patent Act (PPA). It authorizes patents on asexually propagated plants. The Patent and Trademark Office (PTO) examines and issues these three types of patents.

Congress later passed the Plant Variety Protection Act (PVPA). It covers new varieties of sexually reproduced plants, and Congress gave the task of examining and issuing plant variety protection certificates to the Department of Agriculture, not the PTO. But the lines of demarcation between the different types of plant protection aren't as clear as the statutory scheme might imply.

Is It Alive?

After these four different types of protection had been established, some people assumed that living things could be protected only under the PPA or PVPA, and were not eligible for protection by utility patents. But in 1980, *Diamond v. Chakrabarty*, the U.S. Supreme Court upset that assumption when it ruled that

a utility patent could cover genetically modified bacteria.

This landmark ruling not only erased the supposed boundary between living creatures and inanimate objects as far as utility patent protection is concerned, but also suggested that plants (including bacteria) aren't limited to protection under the PPA and PVPA. In fact, the PTO has been granting utility patents on living plants for some time, though the courts didn't rule definitively until recently. But now the U.S Supreme Court has decided *J.E.M. Ag Supply Inc. v. Pioneer Hi-Bred Int'l Inc.,* which squarely raised this question.

The Questionable Utility Patents

Pioneer held 17 utility patents covering inbred and hybrid corn seed products. It sold these products, but allowed the buyers to use the seeds only for producing grain, forage, or both, and not for propagation or seed production or development of new or hybrid corn varieties. J.E.M. bought some of Pioneer's patented seeds subject to this condition, but it violated the agreement by reselling the seeds. Accordingly, Pioneer sued J.E.M. for patent infringement.

Many plant varieties exist that qualify for PVPA protection yet don't meet the stringent requirements for utility patent protection.

J.E.M. argued that the Pioneer patents were invalid because the patent laws protect living plants only under the PPA or PVPA, and not under the utility patent provisions. The trial court rejected J.E.M.'s defense, and this ruling was affirmed — first by the Court of Appeals for the Federal Circuit and then by the Supreme Court.

The Supreme Court Decides

The Supreme Court pointed out that nothing in either the PPA or PVPA suggests that Congress intended to make them the exclusive protectors of asexually and sexually reproduced plants, respectively. In addition, the Court noted that the utility patent provisions contain broad language that doesn't in any way restrict the granting of these patents on living plants.

J.E.M. argued that the PVPA, which is the latter of the two enactments, in effect repealed the utility patent provisions' broad scope. The Court rejected this argument on the ground that no implication would arise unless the two statutes were in irreconcilable conflict. No such conflict existed because the two enactments occupied different legal niches. The utility patent provisions impose more stringent requirements and offer greater protection than the PVPA.

Of course, in the case of some plant inventions, both types of protection are available. But the Court found nothing wrong with this statutory overlap, as long as the two statutes don't overlap in every case, which they don't because

many plant varieties exist that qualify for PVPA protection yet don't meet the stringent requirements for utility patent protection.

Finally, the Court held that Congress has watched the PTO grant utility patents on living plants for at least 16 years and hasn't changed the law. Thus it has implicitly approved of this practice.

Which Patent Is For You?

As the *J.E.M.* case shows, patents covering living things can present complex issues. But now, clearly, a utility patent may cover a living thing even if that thing is eligible for an alternate form of protection. Now your plant may qualify for a utility patent and protection under the PPA or PVPA as well. ◎

The First Amendment Vs. Computer Code

Constitutional issues are not exactly routine in intellectual property cases. But when a law breaks new ground, its constitutionality is likely to be questioned. A fairly new law, the Digital Millennium Copyright Act (DMCA), was recently challenged in two cases: *Universal City Studios Inc. v. Corley* and *DVD Copy Control Ass'n v. Bunner*.

Encryption and the DMCA

The DMCA addresses the bootlegging of digital recordings of copyrighted works, such as movies on DVD. When movies were available mostly on analog videotape, unauthorized copying was less of a concern because analog copies were of poorer quality than the originals, and poor-quality copies weren't easy to sell on the bootleg market. But a digital copy of a digital recording is practically indistinguishable from the original.

So the movie industry has turned to encrypting DVDs to deter copyright piracy. Because technologically sophisticated pirates can often circumvent this safeguard, the DMCA contains two types of provisions to protect encryption systems' integrity:

1. *Provisions that bar circumventing a technological measure that effectively controls access to a copyrighted work, and*

2. *Antitrafficking provisions that forbid manufacture, importation and offering to the public of any technology, product, service, device, component or part that is primarily designed or produced to accomplish circumvention.*

Both of the cases mentioned above tested the validity of the antitrafficking provisions under the First Amendment's freedom of speech guarantee.

The Corley Case

The movie industry adopted an encryption system for its DVDs named content scramble system (CSS). A teenaged Norwegian computer hacker, Jon Johansen, wrote some computer code called DeCSS, which decrypts some CSS DVDs. The defendant in this case, Eric Corley, is one of many Web-site proprietors who posted the source and object code of the DeCSS software on the Internet, from which anyone could download it to make unauthorized DVD copies. Several studios sued Corley and the trial court enjoined him from offering the DeCSS software on his Web site and from knowingly linking to any other Web site that software is posted on.

Corley appealed, pointing out that he himself is not a pirate, but rather the publisher of a legitimate print magazine directed to computer hackers and the Web site is a computer adjunct to the magazine. He posted the DeCSS code in connection with a magazine article describing how CSS was cracked, how someone could use DeCSS to copy encrypted DVDs and the movie studios' attempts to shut down

Web sites posting DeCSS. Corley argued that, as applied to him, the DMCA violated the constitutional guarantee of free speech, and thus couldn't be enforced against him.

The 2nd Circuit's Decision

The appellate court agreed with Corley that communication doesn't lose constitutional protection as "speech" simply because it's expressed in computer code language. Even pure object code can be, and often is, read and understood by experienced programmers. The 2nd Circuit also agreed with Corley that computer programs aren't exempted from the category of First Amendment speech simply because their instructions require use of a computer. But the court disagreed on the scope of the First Amendment protection available for computer code.

The court held that the DMCA antitrafficking provisions didn't violate Corley's right of free speech because the computer code also had a nonspeech, functional component. The court observed that unlike a blueprint or a recipe — which cannot yield any functional result without human comprehension of its content, human decision-making and human action — computer code can instantly cause a computer to accomplish tasks and instantly make the results of those tasks available throughout the world via the Internet. For that reason, the court ruled that the governmental interest in controlling the decryption-code publication justified the impairment of free speech the DMCA imposed on Corley.

The Bunner Case

But don't send out invitations to a DMCA victory party just yet. A California state appellate court doesn't agree in principle with the 2nd Circuit federal appellate court.

Like Corley, the work of the young Norwegian hacker, Jon Johansen, precipitated *DVD Copy Control Ass'n v. Bunner*. The defendants here were several individuals who had republished Johansen's DeCSS code on their Web sites or had provided links to the Web sites. The plaintiff here (a trade association dedicated to protecting the CSS encryption system) based its complaint on traditional California state trade secret law rather than the new federal law. But, the underlying issue was the same: whether suppression of the publication of DeCSS violates the federal constitutional guarantee of free speech.

The trial court preliminarily enjoined posting the DeCSS software on the Internet — not because it had finally resolved the merits of the case, but to prevent any further spread of the DeCSS code pending trial. The appellate court reversed the injunction.

The California Decision

Like the 2nd Circuit Court of Appeals in Corley, the California appellate court held that publication of the DeCSS code was constitutionally protected speech. It found that DeCSS is a written expression of the author's ideas and information about decryption of DVDs. Furthermore, DeCSS doesn't fall into any established exceptions to protection of speech: It isn't lewd, profane, obscene, libelous, or involve any fighting words.

The California appellate court asserted that any prior restraint on speech that didn't fall

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into any traditional categories was presumptively unconstitutional. Could the presumption be overcome? Not in this case because the right to protect an economically valuable trade secret constitutes a less fundamental interest than the First Amendment right to free speech.

But what about the long tradition of enjoining misappropriation of trade secrets in California and every other state? The court denied that it was throwing out the entire body of trade secret law. It explained that the legion of traditional trade secret cases all involved "the actual use of a secret or the breach of a contractual obligation." In other words, those cases involved trade secret violations by means of conduct, not by means of speech. And so the defendants remained free, pending trial on the merits, to spread the DeCSS code throughout the world.

Free Speech's Future On the Internet

As these cases illustrate, courts are at odds as to whether to give free speech free reign in cyberspace. So, as the Internet continues to grow, the issue of the constitutionality of suppression of decryption software will probably come up again. Don't be surprised if this issue winds up in the U.S. Supreme Court some day. ◎

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