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INTELLECTUAL PROPERTY: TECTONIC SHIFTS IN THE LEGAL LANDSCAPE

*Alexandre A. Montagu**

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I. INTRODUCTION

In the last decade, the concept of intellectual property has undergone a fundamental shift. Once the domain of specialized patent “geeks,” intellectual property is now a phrase that is widely and universally used

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in mainstream media and a concept claimed by virtually all businesses and many individuals. For example, in 2000, a number of popular musicians and major media companies sued Napster for copyright infringement stemming from its distribution of software and provision of a central database that allowed users to trade music files.¹ This dispute was widely reported throughout the news media.² Other examples of widely reported intellectual property disputes include:

*MGM Studios v. Grokster*³ (discussing peer-to-peer file sharing without a central database);

*Tiffany v. eBay*⁴ (failing to actively monitor and prevent users from selling counterfeit items in an online auction);

*Perfect 10 v. Google*⁵ (discussing the use of reduced size copyrighted pictures as thumbnails in search engine results);

*Author's Guild v. Google*⁶ (effort to digitize books and create an online database without the permission of authors).

One common thread in each of these disputes is the convergence of new technology with traditional intellectual property rules.

While these litigations featuring copyright, trademark, trade secret, domain name, and even patent cases have been widely reported in the mainstream press, there is a general sense of confusion about the nature of these cases, not only amongst the lay public, but even amongst practitioners. Presentations at legal conferences on intellectual property are as likely to discuss where the law will be or should be rather than clarify *what the law is*. In stark contrast to this uncertainty is the conviction of many who claim broad rights in their “intellectual property”; using the words without any understanding of the uncertain protections resulting from unsettled laws that underlie the concept of

1. See *infra* Part V, VII.

2. See, e.g., Catherine Greenman, *Taking Sides in the Napster War; With Copyright Law at Issue, Site Battles for the Ears and Minds of Music Lovers*, N.Y. TIMES, Aug. 31, 2000, at G1; Chuck Philips, *Napster is Ordered to Halt Swap of Music*, L.A. TIMES, July 27, 2007, at 1.

3. Metro-Goldwyn-Mayer Studios, Inc. (MGM) v. Grokster, Ltd., 380 F.3d 1154 (9th Cir. 2004). See Linda Greenhouse & Lorne Manly, *The Supreme Court: The Overview; Justices Reinstate Suits on Internet File Sharing*, N.Y. TIMES, June 28, 2005, at A1.

4. Tiffany (N.J.), Inc. v. Ebay, Inc., 576 F. Supp. 2d 463 (S.D.N.Y. 2008). See Associated Press, *EBay Wins Trademark Ruling*, L.A. TIMES, July 15, 2008, at 2, available at <http://articles.latimes.com/2008/jul/15/business/fi-ebay15>.

5. Perfect 10 v. Google, Inc., 416 F. Supp. 2d 828 (C.D. Cal. 2006). See Dawn Chmielewski, *Web Search for Nudity is 'Fair Use,'* L.A. TIMES, Dec. 4, 2007, at 3; Adam Tanner, *Tiny Sex Images on Google Get Okay from Court*, REUTERS, May 16, 2007, available at <http://www.reuters.com/article/2007/05/16/us-media-google-sex-idUSN1622784520070516>.

6. Authors Guild v. Google, Inc., 2009 U.S. Dist. LEXIS 102837 (S.D.N.Y., Dec. 1, 2009). See Edward Rothstein, *Connections: If Books Are on Google, Who Gains and Who Loses?*, N.Y. TIMES, Nov. 14, 2005, at E3.

intellectual property.

What is intellectual property? Princeton University defines intellectual property as “intangible property that is the result of creativity (such as patents or trademarks or copyrights).”⁷ This circular definition highlights the complexities underlying the concept of intellectual property and the incorrect approach of our legal system in addressing the concept. Is intellectual property a property right that has value in and of itself (as suggested by the definition) or does it only have value if it is a legally protectable interest (as suggested by the examples)? To express this in a different way, does intellectual property exist outside of the legal protections recognized by the applicable substantive law? This definitional obscurity renders intellectual property more challenging than other forms of property such as real and movable property. Real property and chattels have value in and of themselves, independent of the applicable substantive law under which they exist. A house is a house and a chair is a chair; there is no need to refer to legal concepts when defining real or tangible property.

The rapid growth in new forms of intangibles with increasing economic value—information, movies, music, computer codes, algorithms—necessitate an urgent review of the existing body of intellectual property law and its application in a technological and globalized world.

Comprehension of the existing legal landscape requires an understanding of the divergent and conflicting forces that have shaped the concept of intellectual property. Therefore, the first part of this Article will provide a brief historical overview of the transformation of a legal system once dominated by land law to one that is increasingly defined by the law of intellectual property. The examination of the history of various intellectual property laws will elucidate why these laws do not adequately address the fundamental economic values underlying the contemporary concept of intellectual property. An analysis of the recent cases as they shed light on the various controversies surrounding intellectual property will follow. The Article will conclude with some thoughts as to what the future is likely to hold and suggestions as to where we ought to be headed.

II. A HISTORICAL PERSPECTIVE

Long before instant messages on Blackberry devices, there was the

7. *Intellectual Property DEFINITION*, WORDNET: A LEXICAL DATABASE FOR ENGLISH, <http://wordnetweb.princeton.edu/perl/webwn?s=intellectual+property&sub=Search+WordNet&o2=&o0=1&o7=&o5=&o1=1&o6=&o4=&o3=&h=> (last visited Mar. 20, 2011).

statute known as *Quia Emptores Terrarum et Testamentum*.⁸ Enacted in 1290, it was, for a long time, arguably the most important English statute on the books, even more important than Magna Carta, which was enacted some half a century earlier.⁹ The reason *Quia Emptores* was an important statute is that it applied to land—which was the engine driving the medieval economy.¹⁰ Magna Carta may have pre-figured the Bill of Rights, but *Quia Emptores*, which dealt with the ownership and transfer of land, had a far greater impact on the medieval economy.¹¹

In fact, a brief look at the most important statutes of the Medieval period indicates that the vast majority dealt with land.¹² That land law was the dominant form of legal jurisprudence in medieval times should not come as a major surprise given the fact that agriculture was the basis of economic activity of the time. What may be striking, however, is when land law lost its pre-eminence to commercial law.

The Sale of Goods Act was originally enacted by the English Parliament in 1893.¹³ It regulates the purchase and sale of goods by contract.¹⁴ After the passage of the Sale of Goods Act, the most important laws affecting the economy were part of a body of law known as Commercial Law. Commercial Law regulates commerce, defined as the manufacture, sale, and delivery of goods.¹⁵

In the twentieth century, commerce could not have been imaginable without the Sale of Goods Act and its equivalents in other jurisdictions such as the Uniform Commercial Code in the United States.¹⁶

What did businesspeople do prior to 1893? They lived with unsettled

8. *Quia Emptores*, 1290, 1 Edw., c. 18 (Eng.).

9. ARTHUR W. BLAKEMORE, *MODERN AMERICAN LAW: LAW OF REAL PROPERTY* 47-48 (Eugene Allen Gilmore & William Charles Wermuth, eds., 3d ed. 1924).

10. See William R. Long, *Quia Emptores (1290): The Common Law's Most Famous Land Law*, DRBILLLONG.COM (Dec. 23, 2004), <http://www.drbilllong.com/LegalHistory/QuiaEmptores.html>.

11. See BLAKEMORE, *supra* note 9 (noting that the raising of armies was tied to land ownership, making realty even more important.); JEAN SEDLAR, *EAST CENTRAL EUROPE IN THE MIDDLE AGES, 1000-1500: A HISTORY OF EAST CENTRAL EUROPE VOLUME III* 58 (1994).

12. See, e.g., *Mortmain Act*, 1279, 7 Edw., c. 36 (Eng.) (re-establishing the prohibition against donating land to the Church in order to preserve the Crown's tax income); *De Donis Conditionalibus*, 1285, 13 Edw., c. 1 (Eng.) (dealing with the alienability of land).

13. FRANK NEWBOLD, *THE SALE OF GOODS ACT, 1893* 1-2 (1894).

14. *Id.*

15. See W. Douglas Edwards, *Commercial Law in England* 1 (H. de B. Gibbons & D. Litt eds.). Land, of course, remained important and laws affecting land continued to be enacted. See, e.g., *Military Lands Act* 1900, 1990 c. 56 (Regional 63 and 64 vict.). These laws, however, did not have the same economic significance as *Quia Emptores* did in its time. See generally DAVID CANNADINE, *THE DECLINE AND FALL OF BRITISH ARISTOCRACY* (2006) (proposing the economic and importance of land in England was on the decline in the late nineteenth century).

16. JONATHAN CARLSON & JOHN C. REITZ, *INTRODUCTION TO LAW OF THE UNITED STATES* 281-82 (David S. Clark & Tugrul Ansay eds., 2d ed., 2002).

laws and the concomitant confusion brought about in a society that is evolving from one dominant economic system to another.¹⁷ Discussing the Sale of Goods Bill before Parliament, Lord Chalmers stated:

What the fate of the measure may be I do not know; but I venture to think it would be beneficial to the trading community if the Bill were to become law. Even if no substantial amendments in the law were introduced, numerous more or less debatable points could be settled. It needs no argument to prove that in matters of this kind legislation is cheaper and speedier than litigation. Again, men of business as a rule are more concerned with the certainty of the law than the nicety of its application. If they know what the law is they can regulate their conduct with regard to it beforehand.¹⁸

Some of us today may be feeling a similar sense of confusion as our Victorian ancestors, almost an intellectual vertigo when we contemplate the rapid transformation of our reassuringly commercial society to one that is dominated by intangibles.¹⁹ New technology has allowed us to purchase, sell, transmit, distribute, and access our new intellectual capital around the world in a split second by the press of a button!²⁰ For the changes underlying today's economy are even more destabilizing, not only because they are occurring at a faster pace, but because they are global in nature. As we transition to an economy based on information, images, sounds, computer code, and other non-tangibles, commercial law is losing its pre-eminence as the principal economic body of jurisprudence in the twenty-first century.

We are already beginning to see this economic transformation on the horizon, as the important cases of the decade make front-page news.²¹ A

17. Cf. SIR MACKENZIE DALZELL EDWIN STEWART CHALMERS, *THE SALE OF GOODS: INCLUDING THE FACTORS ACT, 1889 IV-V* (1890).

18. *Id.* at V.

19. This is not to say that commercial law is no longer important. Indeed, real property law has become more important with the rapid population growth in cities. Hays B. Gamble & Roger H. Downing, *The Relationship Between Population Growth and Real Assessed Market Values*, *GROWTH & CHANGE*, July 3, 2006, available at <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-2257.1985.tb00759.x/pdf>.

20. Even real property itself has morphed into an intangible. For example, the phenomenon known as the sub-prime mortgage debacle was caused by the algorithmic trading of derivative securities that consisted of mortgages on parcels of real property. See Andrew Main, *U.S. Debacle Shows Algorithmic Trade Needs New Rules*, *AUSTRALIAN*, May 17, 2010, available at <http://www.theaustralian.com.au/business/opinion/us-trading-debacle-shows-algorithmic-trade-needs-new-rules/story-e6frg9if-1225867460215>.

21. It is important not to confuse cases arising out of political and constitutional disputes with economic disputes. There is no doubt that the Constitution of the United States is the single most important law of the land. Nevertheless, constitutional and political cases such as *Roe v.*

closer look at factual backgrounds of some of these modern day controversies will illustrate the point.

III. GOOGLE

Google has faced a number of recent legal challenges to its primary source of revenue—the AdWords Program, through which companies pay Google to appear in search results and in advertising space in close proximity to the search results that are triggered by particular “keywords.”²² The challenges have been initiated by trademark owners in the form of direct attacks against Google, as well as in cases against other trademark owners over their purchases of trademarked keywords from Google.²³ Plaintiffs have argued that Google and the keyword purchasers are liable for trademark infringement due to the consumer confusion that results when Google users perform searches for the Plaintiffs’ trademarks, but receive search results or advertisements featuring other companies’ products or services.²⁴ To date, in the United States, there has not been a final substantive decision against Google in any of these cases. However, there has been at least one such decision outside of the United States, a French case, that was recently overturned by a decision of the European Court of Justice.²⁵

IV. EBAY

Brand owners have initiated legal challenges in various jurisdictions throughout the world in an effort to combat the widespread availability of counterfeit goods on the eBay Website.²⁶ The primary line of attack in these cases has been through trademark law.²⁷ In one such lawsuit, which was filed in New York in 2004, Tiffany & Co. alleged that eBay should be held liable for direct and contributory trademark infringement because it facilitated and allowed counterfeit goods to be sold on its

Wade, 410 U.S. 113 (1973) are not significant because of their economic impact.

22. See *Google Adwords*, GOOGLE.COM, <http://www.google.com/ads/adwords2/> (last visited Mar. 11, 2011).

23. See *Rosetta Stone Ltd. v. Google, Inc.*, 732 F.Supp 2d 628 (Va. Ct. App. 2010); *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123 (2d Cir. 2009); *Jurin v. Google, Inc.*, 2010 WL 3521955 (Cal. Ct. App. 2010).

24. *Id.*

25. See *Joined Cases C-236/08, C-237/08, & C-238/08, Google Fr. & Google, Inc. v. Louis Vuitton Malletier*, (2010 E.C.R. 00000).

26. See *infra* notes 28-36 and accompanying text.

27. See *infra* notes 28-36.

Website.²⁸ Tiffany contended that because eBay knew there was widespread availability of counterfeit Tiffany products on its Website, eBay had an obligation to investigate and prevent this illegal activity by the individual sellers.²⁹ In 2008, the Trial Court found in favor of eBay, holding that the standard for contributory trademark infringement is whether one continues to supply its services to others when it knows or has reason to know of infringement by those individuals—and not, as Tiffany claimed, whether one could reasonably anticipate possible infringement.³⁰ The Court found that eBay had met its obligation by reviewing and in most cases removing listings after being notified by Tiffany that specific items were infringing.³¹ The Second Circuit Court of Appeals upheld the majority of the District Court’s decision.³²

Outside of the United States, there have been a series of inconsistent decisions concerning eBay’s liability for trademark infringement, including in Belgium, France and Germany.³³ In 2008, the Paris Commercial Court awarded €38,000,000 in damages against eBay, in a case involving the sale of counterfeit LVMH goods.³⁴ In a more recent case involving LVMH and eBay, a French court ordered eBay to pay €200,000 in damages and to stop purchasing keyword search terms featuring the Louis Vuitton trademarks from online search engines.³⁵ On the other hand, in May 2009, a French court ruled in favor of eBay in a case involving L’Oréal.³⁶

28. *Tiffany, Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 469 (S.D.N.Y. 2008).

29. *Id.*

30. *Id.* at 527.

31. *Id.* at 469-70.

32. *Tiffany, Inc. v. eBay, Inc.*, 600 F.3d 93, 114 (2d Cir. 2010).

33. *See, e.g.*, *Hermès Int’l v. eBay*, No. Tribunal de grand instance [T.G.I] [ordinary court of original jurisdiction] Troyes, Civil Chamber, Docket No. 06/02604 (June 4, 2008); *Lancôme Parfums et Beauté & Cie v. eBay*, Tribunal de Commerce [Comm.] [Commerce Tribunal] Brussels, Docket No. A/07/06032 (July 31, 2008); *Internet Auction I (Rolex Internet Auction v. Bundesgerichtshof)*, Bundesgerichtshof [BGH] [Federal Court of Justice] Mar. 11, 2007, Case No. I ZR 304/01; *Internet Auction II (Bornkamm v. Ungern-Sternberg, Pokrant, Gergmann, and Groning)*, Bundesgerichtshof [BGH] [Federal Court of Justice] Apr. 19, 2007, Case No. I ZR 35/04; *Internet Auction III*, [BGH] [Federal Court of Justice] Apr. 30, 2008, Case No. I ZR 73/05.

34. *S.A. Louis Vuitton Malletier v. eBay, Inc.*, Tribunal de Commerce [Comm.] [Commerce Tribunal], Première Chambre B, Paris, June 30, 2008, Case No. 200677799, available at <http://www.law.pace.edu/files/pilr/allcasestranslated.pdf>.

35. Max Colchester, *Ebay to Pay Damages to Unit of LVMH*, WALL. ST. J., Feb. 12, 2010, at B8, available at <http://online.wsj.com/article/SB10001424052748704337004575059523018541764.html>.

36. *L’Oréal S.A. v. eBay France A.G.*, Tribunal de Grande Instance [Civ. Ct.], Paris, May 13, 2009, Case No. RG 07/11365.

V. NAPSTER & GROKSTER CASES

Both of these cases involved online technology that allowed users to share files with each other (the vast majority of the files contained copyrighted music and movie content).³⁷ The primary distinction between the two technologies was that Napster used a centralized structure under which all files were indexed within the Napster database,³⁸ while Grokster used a decentralized system which relied on third-party networks to connect users to each other.³⁹ The distinction ultimately did not prove to be determinative; the copyright holders prevailed in both cases.⁴⁰ In Napster, the Ninth Circuit Court of Appeals in California found Napster liable for contributory and vicarious copyright infringement.⁴¹ In Grokster, the Ninth Circuit found that Grokster was not liable for contributory and vicarious copyright infringement, given the decentralized nature of its system.⁴² However, the Supreme Court reversed the Ninth Circuit and held that because the primary purpose of Grokster's system was to facilitate copyright infringement, Grokster could not escape liability.⁴³

VI. GOLDMAN SACHS

In July 2009, Sergey Aleynikov, a former computer programmer for Goldman Sachs, was arrested and charged with the misappropriation of trade secrets relating to Goldman's high-frequency trading systems.⁴⁴ Aleynikov was accused of downloading a large amount of data, including source code information, to his personal computer and to a password-protected Website in the months and days leading up to his departure from Goldman.⁴⁵ According to the federal prosecutor, Goldman's proprietary, algorithmic trading system is responsible for "many millions" of dollars in profit per year.⁴⁶ The system is able to

37. See *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1024 (9th Cir. 2001); *MGM Studios, Inc. v. Grokster Ltd.*, 380 F.3d 1154, 1157 (9th Cir. 2004), *rev'd*, *MGM Studios, Inc. v. Grokster, Ltd.* 545 U.S. 913, 948 (2005).

38. *A&M Records*, 239 F.3d at 1011.

39. *MGM*, 545 U.S. at 919.

40. See *id.*; *A&M Records*, 239 F.3d at 1011.

41. *A&M Records*, 239 F.3d at 1024.

42. *MGM Studios*, 380 F.3d at 1157.

43. *MGM*, 545 U.S. at 948.

44. Larry Neumeister, *Sergey Aleynikov, Ex-Goldman Sachs Programmer, Found Guilty of Stealing Bank's Computer Code*, HUFFINGTON POST, Dec. 10, 2010, available at http://www.huffingtonpost.com/2010/12/10/sergey-aleynikov-found-guilty_n_795122.html.

45. *United States v. Aleynikov*, 737 F. Supp. 2d 173, 174 (S.D.N.Y. 2010).

46. *Id.* at 179.

execute large-scale trades after rapidly processing large amounts of information.⁴⁷ Goldman alleged that someone with unauthorized access to the program could use it to manipulate markets in unfair ways.⁴⁸ Goldman requires employees with access to the program to sign confidentiality agreements, the violation of which is normally handled in civil proceedings.⁴⁹ However, in this case, Goldman was able to obtain the assistance of the FBI, which initiated criminal proceedings based on the allegations of trade secret theft.⁵⁰

These disputes are being litigated in courts across the world.⁵¹ Yet, the substantive and procedural laws in place today do not provide an effective solution for the resolution of these controversies. As Lord Chalmers stated over a century ago, “men of business as a rule are more concerned with the certainty of the law than the nicety of its application. If they know what the law is they can regulate their conduct with regard to it beforehand.”⁵² Regrettably today, we cannot regulate our conduct because we do not know what the law is. As the founders of Grokster and Sergey Aleynikov have learned, in this environment, failure to understand and comply with the latest shifts in the legal landscape can have devastating consequences.

VII. UNDERSTANDING THE EXISTING BODY OF INTELLECTUAL PROPERTY LAW COPYRIGHTS

One of the main bodies of substantive law being applied to these disputes is the law of copyright. Copyright law arose in the context of the book publishing industry, hence the word “copy.”⁵³ The first copyright statute in the Anglo-Saxon world was the Statute of Anne.⁵⁴ Enacted by the English Parliament in 1719, it provided an initial term of 14 years protection to authors of books and an additional 14 years of a renewal term.⁵⁵ Importantly, the statute extended protection to books

47. *Id.*

48. *Id.*

49. *Id.* at 175.

50. Tyler Durden, *Sergey Aleynikov Seeks Dismissal of Case-Goldman May Beg to Differ*, SEEKING ALPHA, Aug. 17, 2009, <http://seekingalpha.com/article/156596-sergey-aleynikov-seeks-dismissal-of-case-goldman-may-beg-to-differ>.

51. *E.g.*, *JustMed, Inc. v. Bryce*, 600 F.3d 1118 (2010); *Computer Assocs. Intern v. Quest Software, Inc.*, 333 F. Supp. 2d 866 (2004).

52. *See* CHALMERS, *supra* note 17.

53. KARL-ERIK TALMO, *THE HISTORY OF COPYRIGHT: A CRITICAL OVERVIEW WITH SOURCE TEXTS IN FIVE LANGUAGES* 261 (forthcoming 2011), *available at* <http://www.copyrighthistory.com/anne.html> (overview of the book).

54. *Id.*

55. Statute of Anne, 1710, 8 Ann., c. 19 (Eng.), *available at* <http://www.copyrighthistory.com/anne2.html>.

only; there was no mention of other works.⁵⁶ In addition, the author's exclusive rights were limited to distribution; that is, publication.⁵⁷

Book publishing in the eighteenth century had grown into a very profitable franchise and a powerful industry.⁵⁸ However, the publishing industry did not welcome the Statute of Anne for two reasons. First, the statute prescribed a limited time frame of protection for copyrights, whereas the book publishers claimed perpetual rights under the English Common Law.⁵⁹ Second, the Statute vested ownership of copyrights in authors, rather than publishers.⁶⁰

Against this backdrop, the Statute of Anne created more uncertainty than it actually resolved: Did the Statute pre-empt the Common Law or did the Statute and the Common Law co-exist? It was not until *Donaldson v. Becker* was decided in 1774⁶¹ that the House of Lords clarified that the term of copyright in the Statute of Anne pre-empted the Common Law and that copyright protection vested in authors rather than publishers.⁶² Today the Lords appear prescient. By granting limited, rather than perpetual rights, they recognized and tried to resolve the tension between the public interest and the need to encourage creativity; by rewarding authors rather than publishers, they anticipated that the future of copyright extended far beyond the book publishing industry. The decision was adopted in the United States in the case of *Wheaton v. Peters*, where the U.S. Supreme Court ruled that copyright law is statutory in nature.⁶³

56. *Id.*

57. *Id.*

58. See John Unsworth, *The Book Market II* in *Columbia History of the American Novel*, <http://www3.isrl.illinois.edu/~unsworth/book.market-2.html>.

59. See *Atkins v. Stationers Co.*, Carter's Rep. 89 (1666) (stating "[c]opyright was a thing acknowledged at common law").

60. Prior to the Statute of Anne, there was no copyright protection for authors of books in Britain. See WILLIAM F. PATRY, *INTRODUCTION: ENGLAND AND THE STATUTE OF ANNE IN COPYRIGHT LAW AND PRACTICE* § 1 (2d ed. 2000), available at <http://digital-law-online.info/patry/patry2.html>. However, a Royal Decree of Henry VIII (enforced by the Court of Star Chamber) established the Stationers Company register on which all books had to be registered. *Id.* This registry gave book publishers rather than authors a right akin to copyright. *Id.*

61. *Donaldson v. Beckett*, 98 Eng. Rep. 257 (H.L. 1774).

62. The House of Lords at the time consisted of hereditary peers, some of whom, like the famous Lord Mansfield, were judges; others were not. J.N. LARNED, *HISTORY FOR READY REFERENCE: FROM THE BEST HISTORIANS, BIOGRAPHERS, AND SPECIALISTS 2040-41* (1804). However, what the peers had in common was a lack of interest in industry; they were independently wealthy and therefore, immune to industry lobby. As such, they based their decision on what they believed was best for England—a limited, rather than perpetual, term of exclusive rights for authors, rather than publishers. LAWRENCE LESSIG, *FREE CULTURE: THE NATURE AND FUTURE OF CREATIVITY* 17 (2004), available at <http://www.authorama.com/free-culture-10.html>.

63. *Wheaton v. Peters*, 33 U.S. 591 (1834).

While the Statute of Anne extended copyright protection to authors, it was very much written with the book publishing industry in mind—the only exclusive right granted under the law was the right of distribution.⁶⁴ While the House of Lords in 1774 was prescient, it was not omniscient. Applying a law that was designed for hard copy book publishers to twenty-first century technology such as the Internet, instant messaging, financial databases, algorithms, and computer code, feels very much like pushing a square peg into a round hole.

For example, the *Napster* and *Grokster* cases involved online technology that allowed users to share files the vast majority of which contained music and movie content protected by copyright.⁶⁵ The Plaintiffs did not and could not contend that Napster and Grokster were violating copyright law. They were not. Rather, it was their users who were accused of violating copyright law by sharing copyrighted music files through the Napster and Grokster systems.⁶⁶ However, the Plaintiffs argued that because they facilitated copyright infringement and because they knew that the vast majority of files shared by users contained copyrighted music, Napster and Grokster should be held liable on account of copyright infringement by their users.⁶⁷ Applying copyright law to these cases proved very difficult for all the Courts involved, including the U.S. Supreme Court, which not only disagreed with the Ninth Circuit Appeals Court but effectively had to reverse one of its own precedents in order to reach the outcome it desired.⁶⁸ In 1986, the Supreme Court had ruled that videotape recorders should not be prohibited from sale because, while it was possible for users to share copyrighted movies, videotape recorders had “substantial non-infringing uses” that made them beneficial to society.⁶⁹ In *Grokster*, the Supreme Court changed the “substantial non-infringing use” standard and held that if Grokster’s primary purpose was to facilitate the sharing of copyrighted music, Grokster could not escape liability.⁷⁰ Because the *Grokster* standard is based almost exclusively on the Defendant’s intent, the case fails to provide the level of clarity that is necessary in understanding the legality of the online peer-to-peer market.

64. See COPYRIGHT’S WRONG TURN, On the Media from NPR, (NPR radio broadcast Apr. 9, 2010), available at <http://www.onthemedialand.org/transcripts/2010/04/09/05>.

65. See discussion *supra* Part V.

66. See *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001); *MGM Studios, Inc. v. Grokster Ltd.*, 380 F.3d 1154 (9th Cir. 2004), *rev’d*, *MGM Studios, Inc. v. Grokster Ltd.*, 545 U.S. 913 (2005).

67. See *id.* at 1024; *MGM*, 545 U.S. at 948.

68. See *Sony Corp. of Am. v. Universal City Studios*, 659 F.2d 963 (9th Cir. 1981), *rev’d*, *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984) (distinguishing the facts from *Kalem Co. v. Harper Bros.*, 222 U.S. 55 (1911)).

69. *Sony Corp.*, 464 U.S. at 417.

70. *MGM Studios, Inc. v. Grokster, Ltd.*, 380 F.3d 1154 (9th Cir. 2004).

It is apparent from these cases that the Courts are trying to balance the rights of content owners against the benefits provided by rapidly evolving technologies, such as peer-to-peer file sharing networks. However, the cases demonstrate that doing so in the context of copyright law is creating confusion, inconsistent decisions, and unpredictable outcomes.

VIII. SOFTWARE CODE

Prior to encountering online file sharing disputes, courts struggled with the application of copyright law to disputes involving traditional software code. Important questions that have been considered in this context include: what portions of computer programs (other than the literal coding) are eligible for copyright protection and how to determine whether one program is substantially similar to another. For example, in *Whelan Associates v. Jaslow Dental Laboratory*, the Third Circuit Court of Appeals, analogizing computer programs to literary works, compared the purpose of the program (the “idea”) to the aspects of the program that were not necessary to carry out its purpose (the “expression”) in order to determine what portions of the program were copyrightable.⁷¹ Using this approach, the Court found that the structure, sequence and organization of the dental computer program at issue were copyrightable.⁷² However, this approach was widely criticized as being over-expansive, and a few years later, a new approach was advocated by the Second Circuit. In *Computer Associate International, Inc. v. Altai, Inc.*, the Court rejected the analysis utilized by the Third Circuit in *Whalen*, and instead used a three-part test (“abstraction-filtration-comparison”) to determine (i) which aspects of a program were protectable and (ii) whether the allegedly infringing program was substantially similar to the protectable portions of the pre-existing program.⁷³ While the Second Circuit’s approach has largely been adopted by other courts,⁷⁴ it is not without its critics, and there remains considerable uncertainty surrounding the scope of copyright protection available to computer programs. Like the *Napster* and *Grokster* cases, the application of copyright law to disputes involving software and computer code has created legal confusion and uncertain outcomes.

Recently, copyright owners faced with increasing levels of misappropriation over the Internet and unsatisfied with the relief

71. *Id.* at 1234.

72. *Id.* at 1248.

73. *Computer Assoc. Int’l, Inc. v. Altai, Inc.*, 982 F.2d 693, 706 (2d Cir. 1992).

74. *See Cognotec Servs. v. Morgan Guar. Trust Co.*, 862 F. Supp. 45 (S.D.N.Y. 1994); *Aymes v. Bonnell*, 1994 U.S. Dist. LEXIS 3416 (S.D.N.Y., Mar. 22, 1994).

available under copyright law, have turned to other legal doctrines in search of relief. One of these is the ancient tort of “hot news” misappropriation, a state law claim that for years was assumed to have been fully pre-empted by federal copyright laws before a Second Circuit decision in 1997 found that the tort could be available in certain, narrow circumstances.⁷⁵ In March 2010, in a surprising ruling, the Southern District of New York held that an online distributor of information known as Fly on the Wall was liable under the doctrine of hot news misappropriation for distributing financial downgrades or upgrades of stocks by major brokerage houses, because the speed with which Fly on the Wall distributed the information did not allow the financial houses to market their information to their clients.⁷⁶ However, in June 2011, the Second Circuit reversed the District Court,⁷⁷ noting that “a Firm’s ability to make news—by issuing a Recommendation that is likely to affect the market price of a security—does not give rise to a right to control who breaks that news and how.” The case demonstrates the challenges faced by content owners in their efforts to overcome the limitations of copyright law in an increasingly technicalized economy.

If any modern controversy were suitable for resolution by reference to copyright law, it would appear to be the *Da Vinci Code* dispute, a case involving two books.⁷⁸ The facts were straightforward. The Plaintiffs complained that the author of the *Da Vinci Code*, Dan Brown, had stolen the central premise of the *Da Vinci Code*’s story line from the Plaintiffs’ book the *Holy Blood and the Holy Grail (Holy Blood)*, published some twenty years before in the 1980s. That story line was based on the idea that Christ was married to Mary Magdalene, that Jesus and Mary Magdalene had a daughter who went to France and married into the Merovingian dynasty, that this was the true secret of the Holy Grail discovered by the Knights Templar when excavating the Temple of Solomon and that the secret was kept and passed down by a secret society whose illustrious members included Leonardo Da Vinci and Sir Isaac Newton.⁷⁹ To this dispute, the High Court of London applied copyright law, which protects expressions of ideas rather than ideas themselves, and found that because Dan Brown had not copied the

75. Nat’l Basketball Ass’n v. Motorola, Inc., 105 F.3d 841, 847 (2d Cir. 1997).

76. Barclays Cap., Inc. v. Theflyonthewall.com, 700 F. Supp. 2d 310, 398 (S.D.N.Y. 2010).

77. Barclays Cap., Inc. v. Theflyonthewall.com, No. 101372 CV 92d Cir. June 20, 2011).

78. See Baigent & Anor v. Random House Group, Ltd. (*Da Vinci Code*), [2006] EWHC (Ch) 719, [1], available at <http://www.bailii.org/ew/cases/EWHC/Ch/2006/719.html>, *aff’d*, Baigent & Anor v. Random House Group, Ltd., [2007] EWCA (Civ) 247, [1], available at <http://www.bailii.org/ew/cases/EWCA/Civ/2007/247.html> [hereinafter *DaVinci Code*]; Dunn v. Brown, 517 F. Supp. 2d 541 (D. Mass. 2007).

79. *DaVinci Code*, [2007] EWCA (Civ) 247 at [1]; *Dunn*, 517 F. Supp. 2d at 543.

expressions of the Plaintiffs, Dan Brown prevailed.⁸⁰ Recall that the Statute of Anne protected books against copying and unauthorized distribution.⁸¹ Dan Brown may have taken the ideas from the authors of the *Holy Blood*, but the expressions of those ideas were his alone.⁸² This idea and expression dichotomy that is at the heart of copyright law derives from the Statute of Anne, which formulated copyright protection in the context of book publication and distribution.

Today, we ascribe a great deal of value to “ideas.” Coming up with the concept of a Google or Apple has tremendous economic value. It was this twenty-first century outlook—that ideas are valuable and should be protected—that formed the basis of the complaint of the authors of the *Holy Blood* against Dan Brown.⁸³ However, this conceptualization of the economic value of ideas was not present in the eighteenth century. Therefore, while it is not surprising that copyright law protects expression rather than ideas, the question remains whether or not copyright law is able to and should continue to constitute the primary substantive body of jurisprudence in the resolution of modern day economic disputes.

IX. TRADEMARKS

Copyright is not alone in offering inadequate solutions to modern day controversies. A similar pattern is visible in the application of trademark laws to these disputes.

A trademark is a name, logo, or symbol that identifies the source of a product or service.⁸⁴ Business owners adopt trademarks in order to display and advertise their goods and services in commerce in an effort to establish goodwill with existing and prospective customers.⁸⁵ Trademark Law and the law of unfair competition developed in the context of business owners’ exclusive control and dominion over trademarks.⁸⁶ For example, Coca Cola is a trademark of the Coca Cola Corporation.⁸⁷ Anyone else who uses Coca Cola in a commercial

80. *DaVinci Code*, [2007] EWCA (Civ) 247 at [150]-[159]. *See also* *Dunn*, 517 F. Supp. 2d at 546 (finding that no substantial copying existed).

81. *See supra* note 53 & accompanying text.

82. *DaVinci Code*, [2007] EWCA (Civ) 247 at [156].

83. *See id.* ¶¶ 143-59.

84. *See* USPTO, Trademark Process, <http://www.uspto.gov/trademarks/process/index.jsp> (last visited Mar. 20, 2011).

85. *Cf. id.*

86. The Lanham Act, 15 U.S.C. §§ 1051 (2010). *See also* U.S. PATENT & TRADEMARK OFFICE, U.S. TRADEMARK LAW: RULES OF PRACTICE & FEDERAL STATUTES 193-95 (June 24, 2010), available at <http://www.uspto.gov/trademarks/law/tmlaw.pdf>.

87. *See* [Cocacola.com](http://www.cocacola.com), Terms of Use, http://www.coca-cola.com/webstore/en_US/

context is liable for trademark infringement.⁸⁸ This staid area of the law, however, has seen a recent upheaval as a result of new technologies that have introduced a level of interactivity into trademark usage. To illustrate the recent turmoil caused by the interactive uses of trademarks, consider the case of Google Adwords.⁸⁹ In 2005, Louis Vuitton commenced a lawsuit in France against Google in which it sought to prohibit Google from selling Louis Vuitton trademarks as keywords to advertisers and sought to enjoin the display of any advertisement corresponding to such keywords in a search result.⁹⁰ If you type in LOUIS VUITTON in a Google search, you will see thousands of search results, many of which have nothing to do with the business whose goodwill is represented by the trademark LOUIS VUITTON.⁹¹ Above and to the right of the search results you will see additional links to paid-for-advertisements, the vast majority of which also have no relation to the owner of the LOUIS VUITTON trademark.⁹² The case raises many important questions. Does Google have the right to make money by selling advertising that appears when users search for LOUIS VUITTON or provide links to businesses called LOUIS VUITTON that are not affiliated with Louis Vuitton Moët Hennessy (LVMH)? What if these businesses were authorized distributors of LVMH? Do the advertisers have the right to display the trademark LOUIS VUITTON, as a link on Google's site or on their own sites? Which laws do we look to for answers to these questions? In fact, what if LOUIS VUITTON is not registered as a trademark in Ghana and the advertiser is a Ghanaian business? In that case is LOUIS VUITTON even "intellectual property"?

The European Court of Justice (ECJ) recently looked into these questions and found that Google is not liable for trademark infringement resulting either from its offering of trademarked search

template/terms_of_use_en_US.html?WT.cl=1%20&WT.mm=footer6-termsofuse-red_en_US.

88. *Id.*

89. See *Google France & Google, Inc. v. Louis Vuitton Malletier*, Tribunaux de grande instance [T.G.I.] [ordinary court of original jurisdiction], Paris, Feb. 4, 2005, available at <http://www.linksandlaw.com/decisions-140-google-adwords.htm>, *aff'd* *Google France & Google, Inc. v. Louis Vuitton Malletier*, Cour d'appel [CA] [regional court of appeal] Paris, 3e ch., June 28, 2006, available at http://www.juriscom.net/documents/caparis_20060628.pdf. See also *Links & Laws: Information About Legal Aspects of Search Engines, Linking and Framing, Adwords Lawsuits in France—Trademarks as Keywords Illegal?*, <http://www.linksandlaw.com/adwords-google-keyword-lawsuit-France.htm> (last visited Mar. 19, 2011).

90. *Google France & Google, Inc. v. Louis Vuitton Malletier*, Tribunaux de grande instance [T.G.I.] [ordinary court of original jurisdiction], Paris, Feb. 4, 2005, available at <http://www.linksandlaw.com/decisions-140-google-adwords.htm>.

91. Accord Joseph I. Rosenbaum, *French Connection: Google's Adwords Clipped by Louis Vuitton*, LEGAL BYTES, Mar. 20, 2010, <http://www.legalbytes.com/2010/03/articles/advertising/french-connection-googles-adwords-clipped-by-louis-vuitton/>.

92. *E.g.*, Avelle, <http://www.bagborroworsteal.com/designers/Louis-Vuitton>.

terms as keywords to advertisers or its display of advertisements that correspond to such keywords when users search for those terms because Google is not “using” the trademarks in connection with the sale of goods or services.⁹³ The advertisers, on the other hand, may be held liable because, unlike Google, they do use the trademark in connection with goods and services.⁹⁴ The essence of LVMH’s complaint is that it has lost control of its trademarks online.⁹⁵ This loss of control results in large measure from the interactivity of Internet searches, which allows third parties—advertisers, users, and Google—to use and display LVMH’s trademarks in ways that were previously not contemplated.⁹⁶

As a relatively new technology, the Internet is transforming the economic landscape and has fundamentally altered the manner in which trademarks are displayed and used. The concomitant effect is the loss of dominion and control by trademark owners, leading to litigation filed in countries worldwide against various Internet service providers, such as Google.

Another example is eBay, which like Google, is defending lawsuits in multiple jurisdictions. For example, while a New York Court found that eBay is not liable for the sale of counterfeit Tiffany products on its Website,⁹⁷ the Paris Court of Appeals in France upheld a verdict against eBay in connection with the sale of counterfeit LVMH products on the eBay Website.⁹⁸ Both cases were decided by reference to trademark law.⁹⁹ Like copyright, trademark law is ill-equipped for the resolution of modern day disputes. The cases against Google and eBay plainly demonstrate that there has been no effective resolution of the liability of online service providers for the actions of their users. The shortcomings of copyright and trademark law in addressing the concerns of business owners has caused lawyers to turn to other bodies of law in a largely futile effort to protect their clients’ ideas and businesses. These bodies

93. *Google France*, C/236/08, C-238/08.

94. *Google France & Google, Inc. v. Louis Vuitton Malletier*, Joined Cases C-236/08, C-237/08 & C-238/08, 2010 ECJ EUR-Lex LEXIS 119 (Mar. 23, 2010), available at <http://clients.squareeye.net/uploads/oec/Google%20Louis%20Vuitton%20Judgement.pdf> [hereinafter *Google France ECJ*]. See *Trademark Law—Infringement Liability—European Court of Justice Holds that Search Engines do not Infringe Trademarks—Joined Cases C-236/08, C-238/08, Google France SARL v. Louis Vuitton Malletier S.A., 2010 ECJ EUR-Lex Lexis 119 (Mar. 23, 2010)*, 124 HARV. L. REV. 648 (2010).

95. *Google France*, ECJ at I-12-I-13.

96. *Id.* at I-15.

97. *Tiffany, Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463 (S.D.N.Y. 2008).

98. *S.A. Louis Vuitton Malletier v. eBay, Inc. & eBay Int’l*, Cours d’appel [CA] [regional court of appeal], Paris, 1st Div., June 30, 2008, RG No. 2006077799, available at <http://www.law.pace.edu/files/pilr/allcasestranslated.pdf>.

99. *Tiffany*, 576 F. Supp. 2d at 471-74, 493-98. *S.A. Louis Vuitton Malletier*, Cours d’appel § IV.B.3.a.

of law include patents, trade secrets, confidentiality, privacy, and publicity, as well as trespass and in rem proceedings for the recovery of property.

X. PATENTS

Patents are intended to protect new inventions, and for most of the twentieth century, patents were granted for scientific and technical inventions.¹⁰⁰ However, beginning in 1998, in an effort to address the concerns created by the technicalization of the economy, the United States led the effort to extend the reach of patent law to “business methods.”¹⁰¹ Examples of business method patents are Amazon’s one-click checkout process¹⁰² and Priceline.com’s auction system for purchasing airline tickets.¹⁰³ Business method patents have created much controversy.¹⁰⁴ Recently, in a divided decision, the Supreme Court narrowly upheld the validity of business method patents.¹⁰⁵ In a well reasoned concurring opinion, Justice Stevens argues that patent protection should not extend to a business method.¹⁰⁶

European law is also struggling with the idea of the business method

100. See LORANCE L. GREENLEE, *PATENTS: PARADIGMS IN COLLISION IN BIOTECHNOLOGY: THE SCIENCE AND THE BUSINESS* 59 (Vivian Moses & Ronald E. Cape, eds., 1999).

101. See *State Street Bank & Trust Co. v. Signature Fin. Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998).

102. U.S. Patent 5960411 (filed Sept. 12, 1997), available at <http://patft.uspto.gov/netacgi/nph-Parser?Sect1=PTO1&Sect2=HITOFF&d=PALL&p=1&u=%2Fnetahtml%2FPTO%2Fsrchnum.htm&r=1&f=G&l=50&s1=5,960,411.PN.&OS=PN/5,960,411&RS=PN/5,960,411>.

103. U.S. Patent No. 5,794,207 (filed Sept. 4, 1996).

104. See, e.g., Kris Frieswick, *Are Business Method Patents a License to Steal?*, CFO MAG., Sept. 1, 2001; Michael Orey, *Supreme Court to Review ‘Business Method’ Patents*, BUS. WK., June 1, 2009.

105. *Bilski v. Kappos*, 130 S. Ct. 3218, 3220-21 (2010).

106.

The Court correctly holds that the machine-or-transformation test is not the sole test for what constitutes a patentable process; rather, it is a critical clue. But the Court is quite wrong, in my view, to suggest that any series of steps that is not itself an abstract idea or law of nature may constitute a “process” within the meaning of § 101. The language in the Court’s opinion to this effect can only cause mischief. The wiser course would have been to hold that petitioners’ method is not a “process” because it describes only a general method of engaging in business transactions—and business methods are not patentable. More precisely, although a process is not patent-ineligible simply because it is useful for conducting business, a claim that merely describes a method of doing business does not qualify as a “process” under § 101. *Id.* at 3232 (Stevens, J., concurring).

patent. While business methods “as such” are not patentable under the European Patent Convention (EPC),¹⁰⁷ the fact that a matter of technical character relates to a business method in some manner will not exclude it from receiving patent protection.¹⁰⁸ However, the EPC does not provide guidance as to when an invention will be considered a business method “as such.” Instead, the issue has been left to the interpretation of the courts, which has sometimes led to inconsistent decisions. For example, in 2006 a judge from the Court of Appeal of England and Wales found that a method of making pre-paid telephone calls, along with the related hardware, was a patentable invention, and was not a business method “as such.”¹⁰⁹ However, in a 2008 case involving the same plaintiff, another judge from the Court of Appeal revoked the patent upon finding that the claimed invention was “unarguably” a business method.¹¹⁰

XI. AD HOC APPROACHES

Because of the inadequacy of traditional intellectual property laws to provide effective solutions to contemporary disputes, businesses and their lawyers are resorting to ad hoc approaches that often involve extending the application of old legal concepts to new technologies.

In 2000, Ticketmaster sued Tickets.com on account of deep linking into Ticketmaster’s Website.¹¹¹ Deep linking into someone else’s website does not violate copyright, trademark and patents laws, at least not yet!¹¹² Ticketmaster’s lawyers had to find a creative solution to this problem. That solution was the law of trespass. Ticketmaster claimed that Tickets.com had unlawfully trespassed into Ticketmaster’s Website.¹¹³ The law of trespass protects unlawful entry onto someone else’s land, not linking into cyberspace.¹¹⁴ The Court granted Tickets.com’s motion for summary judgment on the trespass to chattels claim because Ticketmaster had not demonstrated that Tickets.com’s

107. See European Patent Convention (1973), available at <http://www.epo.org/law-practice/legal-texts/html/epc/1973/e/ma1.html>.

108. See generally George Godar & David Alberti, *Europe’s Approach to Patentability of Business Methods*, PRACTISING LAW INSITUTE, Nov. 15, 2010, <http://patentlawcenter.pli.edu/2010/11/15/europes-approach-to-patentability-of-business-methods/> (last visited Mar. 20, 2011).

109. *Aerotel Ltd. v. Telco Holdings*, [2006] EWCA (Civ) 1371, [130], available at <http://www.bailii.org/ew/cases/EWCA/Civ/2006/1371.html>.

110. *Aerotel Ltd. v. Wavecrest Group Enters.* [2008] EWHC (Pat) 1180, [205], available at <http://www.bailii.org/ew/cases/EWHC/Patents/2008/1180.html>.

111. *Ticketmaster v. Tickets.com*, 2003 WL 21406289, at *1 (C.D. Cal. 2003).

112. See *id.*

113. *Id.* at *1.

114. *Id.* at *3.

use of a search robot had adversely affected Ticketmaster's ability to use its computers.¹¹⁵

In an effort to combat cybersquatting,¹¹⁶ lawyers have turned to an old form of action—the *in rem* proceeding—that for centuries was applied to ships.¹¹⁷ In an *in rem* proceeding the Court asserts jurisdiction over the *res* (the “thing”) rather than over the owner of the “thing.”¹¹⁸ This anomalous procedure had been limited strictly to ships—until now. Beginning in 2000, the U.S. District Court for the Eastern District of Virginia began asserting *in rem* jurisdiction over top level domain names, rather than the owners of the domain names.¹¹⁹ These cases arose out of cybersquatting by non-U.S. residents and followed a typical pattern. A foreign cybersquatter in Korea would register with a local registrar the domain name corresponding to a U.S. company's trademark, for example, continental.com; and NBCUniversal.com.¹²⁰ The U.S. company would file an online arbitration known as the Uniform Domain-Name Dispute-Resolution Policy, known commonly by the acronym UDRP, and would win.¹²¹ However, under applicable rules, the registrant can prevent the transfer of the domain name by filing a court proceeding in his or her home town within 10 days of the arbitrator's decision, which all of these registrants did.¹²² As it is extremely easy to sue foreign companies in Seoul, it is not surprising that most of the registrants were in Korea and filed local proceedings in Seoul.¹²³ To litigate in Seoul would take at least one year and would cost substantial amounts of money.¹²⁴

115. *Id.*

116. Cybersquatting is “[t]he registering of a domain name on the internet in the hope of selling or licensing it at a profit to a person or entity who wishes to use it. If the domain name is identical or confusingly similar to a trademark used by that person or entity, the owner of the trademark has a cause of action against whoever registered and is holding on to the name. Also called cyberpiracy, domain name grabbing, and domain name piracy.” See Yourdictionary.com, Cybersquatting Legal Definition, <http://law.yourdictionary.com/cybersquatting> (last visited Mar. 12, 2011).

117. See Interpretation of Statutes, <http://interpretationofstatutes.blogspot.com/2010/10/in-rem.html#axzz1GQgtoqut> (Oct. 6, 2010, 16:40 EST).

118. *Id.*

119. See, e.g., *Heathmount A.E. Corp. v. Technodome.com*, 106 F. Supp. 2d 860 (E.D. Va. 2000).

120. For procedures against cybersquatters, see *Cybersquatting: What It is and what Can Be Done Against It, n.d.*, Nolo.com, http://www.nolo.com/legal-encyclopedia/cybersquatting-what-can-be_29778.html (last visited Mar. 20, 2011).

121. Internet Corporation for Assigned Names and Numbers, Uniform Domain-Name Dispute-Resolution Policy, <http://www.icann.org/en/udrp/udrp.htm> (last visited Mar. 12, 2011).

122. *Id.* (follow “archived rules” hyperlink).

123. See *Filing Lawsuit[s] in Korea: Overview*, Koreanlaw.com, <http://www.korealaw.com/sub/information/boardView.asp?brdIdx=43&mode=view&brdId=litigation> (last visited Mar. 12, 2011).

124. Author's personal experience and work.

Therefore, in 2005, NBC Universal asked the Eastern District of Virginia to take “*in rem*” jurisdiction of the nbcuniversal.com domain, order Verisign to change the registrar to a U.S. registrar and order the domain transferred to NBC Universal.¹²⁵ While the strategy worked for NBC Universal and other claimants of top level domains ending in .com, .net, and .org, it would not work for domain extensions where the associated registrar or registry is located outside of the United States.¹²⁶

Ad hoc approaches such as the *in rem* proceeding for the recovery of hijacked domains involve twisting existing laws to reach a desired outcome and provide, at best, stop-gap measures that may or may not work. Imagine the following scenario: Foldman, a financial services company based in New York decides to outsource its development work to an Indian outsourcing company in Bangalore. An employee of the Indian outsourcing company steals a key piece of software that contains the algorithm that is under development for Foldman. Rumors surface that Togan Stately, Foldman’s competitor in the United States, has been making a fortune trading using the algorithm in question. While there is ample proof that the ex-employee of the Indian outsourcing company stole the software, there is no link tying the Indian company to Togan Stately. In an effort to establish that link, Foldman sues the ex-employee in an Indian court. The legal basis for the lawsuit is misappropriation of trade secrets. However, under Indian law there is no statutory protection for trade secrets.¹²⁷ Indian common law does protect confidential information; however, like its predecessor laws dating back to the time when India was part of the British Empire, the Indian common law requires a relationship of trust and confidence between the person asserting the claim and the person who allegedly violates the trust and confidence.¹²⁸ Because there is no relationship of trust and confidence between Foldman and the ex-employee of the Indian company, Foldman’s claim is likely to fail. This time the ad hoc approach is likely to be unsuccessful. Resorting to existing local laws to deal with new

125. NBC Universal, Inc. v. NBCUNIVERSAL.COM, 378 F. Supp. 2d 715, 717 (E.D. Va. 2005).

126. Andrew J. Grotto, *Due Process and in Rem Jurisdiction Under the Anti-Cybersquatting Consumer Protection Act*, 2 COLUMB. SCI. & TECH. L. REV. 42 (2001).

127. See Gaurav White, *Evaluating Trade Secrets Under the IPR Paradigm: The Hypothesis of Trade Secrets as a Right Analysis in the Pure Hohfeldian Sense*, LEGAL SERVICE INDIA.COM, <http://www.legalservicesindia.com/articles/tradesecrets.htm> (last visited Mar. 20, 2011).

128. MAHENDRA CHANDRA MAJUMDAR, THE HINDU WILLS ACT (ACT XXI OF 1870) 50 (1904), available at: http://books.google.com/books?id=T0IbAAAAAYAAJ&pg=PA50&lpg=PA50&dq=indian+common+law+trust+confidence&source=bl&ots=wP5_bi4MH_&sig=asSKJ9gLfJ7Bo73SIKFN1C2-9P4&hl=en&ei=JNNzTaOXKYKBlAfd7vGbAQ&sa=X&oi=book_result&ct=result&resnum=3&ved=0CCUQ6AEwAg#v=onepage&q=indian%20common%20law%20trust%20confidence&f=false.

economy controversies can be very costly.

XII. REFORM

While existing laws and procedures have not been effective in addressing the controversies generated by a globalized and highly technical economy, some laws and procedures already in place can provide the basis of potentially meaningful reform. One example is the UDRP.¹²⁹ Adopted by ICANN in 1999, the UDRP is an online arbitration proceeding that allows owners of valid trademarks to recover from cybersquatters, domain names that incorporate or are substantially similar to a trademark.¹³⁰ The proceedings have the advantage of being fast; a decision can be expected within approximately one month of the filing of the complaint. The proceedings are also global, in the sense that the person seeking to recover the domain does not have to bring a lawsuit in the country where the cybersquatter is located and is unencumbered by local procedural rules.¹³¹ However, the UDRP has one major disadvantage. If the UDRP panel rules in favor of the trademark owner, the domain registrant can prevent the transfer of the domain name by filing a lawsuit in the country where the domain registrar is based.¹³² Because filing a lawsuit against foreign companies is inexpensive and simple in Korea, Seoul has become the ground zero of cybersquatting.¹³³ Winners of UDRP proceedings must contend with Korean courts, which like many other court systems, are slow and encumbered by local procedure.

Nevertheless, while the UDRP may not offer a foolproof procedure for combating cybersquatting, it is a step in the right direction. The UDRP mechanism is actually effective: it is fast, global, inexpensive, and unencumbered by local procedure. It is the appeals process that is slow, expensive, local, and hampered by procedural rules. The UDRP indicates that the solution to providing an effective dispute resolution method must correspond to and keep pace with the commercial activity that the law or procedure aims to address. Cybersquatting is fast, global, inexpensive, and unencumbered by procedure; any legal method to combat cybersquatting must adopt the same methods; that is, be fast, global, inexpensive, and unencumbered by procedure. Otherwise, it is commercially ineffective.

129. ICANN, Uniform Domain Name Dispute Resolution Policy, at 4(a) (Aug. 26, 1999), available at <http://www.icann.org/en/udrp/udrp.htm>.

130. *Id.*

131. *Id.* at 5.

132. *Id.* at 18.

133. *See supra* note 124 and accompanying text.

An online arbitration proceeding and appeals procedure designed to resolve intellectual property disputes between entities located in different jurisdictions would appear to offer the type of relief that may be appropriate to address the controversies arising in the modern day economy.¹³⁴

However, an online procedure alone would be insufficient to address the concerns raised by the cases described above in this Article because of the inadequacy of the existing body of substantive law and the inconsistencies between the laws of various jurisdictions. Which law would the online tribunal apply? Today, such a tribunal would have to resort to an analysis under a body of law known as “conflicts of laws,” under which each jurisdiction has set up a set of rules by which its courts decide which law to apply to multi-jurisdictional disputes.¹³⁵ However, a conflicts analysis does not offer a viable solution if only because of the difficult, if not impossible, tasks of choosing which jurisdiction’s conflicts rules to apply.

A better solution to this thorny problem is the adoption of an international convention tailored to modern day controversies. International conventions that harmonize various intellectual property laws are common. The Berne Convention, initially drafted in 1886, has been adopted by 164 countries.¹³⁶ The Berne Convention attempts to harmonize the copyright laws of its Member States and requires each country to provide the same rights to copyright owners in other Member States as it does to its own nationals.¹³⁷ The Paris Convention and Madrid Protocol evince a similar attempt at harmonization of national laws in the context of trademarks.¹³⁸

The proposed convention should be tailored specifically to modern day factual controversies. Therefore, rather than being focused on copyright, trademark, or patent law, the convention would address

134. We recognize that the existence of such an online tribunal is inconsistent with fundamental principles of the laws of certain jurisdictions, such as the constitutional right in the United States to a jury trial and cross examination. U.S. CONST. amend. VI. However, these local concepts, however fundamental, need to be re-evaluated at least in terms of their application to global disputes arising out of international commerce.

135. *Accord* EUN-JOO MIN, HANDBOOK OF BEST PRACTICES, ALTERNATIVE DISPUTE RESOLUTION PROCEDURES: INTERNATIONAL VIEW 1416, available at <http://www.iphandbook.org/handbook/chPDFs/ch15/ipHandbook-Ch%2015%2003%20Min%20Dispute%20Resolution.pdf> (discussing the difficulties of multi-jurisdictional dispute and alternative dispute resolution).

136. WIPO, Berne Convention for the Protection of Literary and Artistic Works, http://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html (last visited Mar. 12, 2011).

137. *Id.* § 5.

138. WIPO.int, Paris Convention for the Protection of Industrial Property, available at <http://www.wipo.int/treaties/en/ip/paris/> (last visited Mar. 12, 2011); WIPO.int, Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods, available at <http://www.wipo.int/treaties/en/ip/madrid/> (last visited Mar. 12, 2011).

specific concerns arising out of the twenty-first century economy. For example, one major issue is the liability of online service providers for the actions of their users. Any effective convention must address this issue directly, for example, by providing safe harbors for Internet service providers but at the same time, addressing the concerns of intellectual property owners quickly, effectively, and inexpensively. The outlines of such a convention can be seen in some existing laws and procedures. For example in the United States, the Digital Millennium Copyright Act of 1998 (DMCA) provides a safe harbor to Internet service providers against claims of copyright infringement by their users.¹³⁹ In Europe, Article 14(1) of Directive 2000/31 (E-Commerce Directive) provides an exemption from liability to “information service providers.”¹⁴⁰ EBay has established a program called Verified Rights Owner (VeRO) under which trademark owners can remove counterfeit listings from the EBay sites globally by submitting a claim form with proof of their ownership of a trademark.¹⁴¹ To be sure, the DMCA and VeRO fall short of providing the ideal solution. However, they are steps in the right direction that offer a guide to what the future must hold.

The UDRP too provides guidance for the proposed convention. The UDRP establishes a three-prong test that governs the decision whether or not to award the domain name in question to the claimant.¹⁴² While the test draws heavily from concepts underlying trademark law, it is specifically tailored to the recovery of hijacked domain names.¹⁴³ Like the UDRP, the proposed convention should be tailored to the specific factual controversies generated in today’s economy.

The creation of online tribunals applying laws that are tailored to the controversies they attempt to resolve will provide effective solutions to modern day disputes—effective in terms of outcome, speed as well as global reach. Over time, such tribunals will presumably create a body of case law that will provide additional certainty and guidance on an international scale. To return to Lord Chalmers: “Again, men of business as a rule are more concerned with the certainty of the law than the nicety of its application. If they know what the law is they can

139. Digital Millennium Copyright Act (DMCA), 17 U.S.C. § 512 (1998).

140. Eurlex, Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on Certain Legal Aspects of Information Society Services in Particular Electronic Commerce in the Internal Market (“Directive on Electronic Commerce.”), <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32000L0031:EN:HTML> (last visited Mar. 12, 2011).

141. *VeRO: Helping to Protect Intellectual Property*, EBAY, <http://pages.ebay.com/vero/intro/index.html> (last visited Mar. 12, 2011).

142. *Uniform Domain Name Dispute Resolution Policy*, ICANN.ORG, <http://www.icann.org/en/udrp/udrp-policy-29sept99.htm> (last visited Mar. 12, 2011).

143. *Id.*

regulate their conduct with regard to it beforehand.”¹⁴⁴ Perhaps reform along the lines described above would be a step in the direction of knowing what the law is.

144. See CHALMERS, *supra* note 17, at IV-V.