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Mass Copyright Infringement Litigation: Of Trolls, Pornography, Settlement and Joinder

Christopher Civil¹

Recently, a staggering number of copyright lawsuits have been filed by producers of pornographic videos against individuals who have allegedly illegally downloaded the videos via the BitTorrent Protocol. While the law should respect the legitimate protection of a producer's copyright interest, there is significant reason to question the legitimacy of these lawsuits. Mass copyright infringement lawsuits such as these present significant problems relating to IP address sufficiency, personal jurisdiction, and joinder.

This paper presents a comprehensive analysis of mass copyright infringement lawsuits. It first provides an overview of the BitTorrent protocol and the typical proceedings in mass copyright infringement lawsuits. The paper then addresses the myriad of problems that have been identified with such lawsuits. The second half of the paper examines how courts have dealt with mass copyright infringement, and presents results from a comprehensive analysis of jurisdictions and judges that have decided the question of whether joinder is proper in such cases. Amongst other things, this examination reveals that denial of joinder is the prevailing trend. When considered in conjunction with the identified problems associated with such lawsuits, judges that deny joinder thus appear to have solid foundational support.

¹ J.D., UC Berkeley Law, 2013. I am an intellectual property law attorney in the San Francisco Bay Area, specializing in copyright and trademark law. I would like to thank professors Chris Hoofnagle and Daphne Keller, who reviewed an earlier version of this paper and provided valuable feedback and support. I would also like to extend my thanks to all of the editors at the Syracuse Journal of Science & Technology Law for their help in editing and bringing forth this article.

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I. Introduction

Over the course of the past three years, a new type of copyright infringement case has been born. In federal courts all across the country, copyright infringement suits have been brought against 100,000 individuals for allegedly illegally downloading pornographic videos online via BitTorrent technology.² By early 2013, more than 200 such cases were docketed. Yet, despite the enormous number of such lawsuits, not a single case has yet reached a determination on the merits. Not only have the factual merits of these cases failed to be addressed by a Circuit Court of Appeals decision,³ no District Court judge has yet conducted a full analysis of the factual strength of such lawsuits. These numbers reveal the real purpose behind these copyright infringement cases. Instead of intending to pursue a legitimate copyright infringement case, these cases are filed in order to shame, coerce and threaten the defendants into settling their case by paying upwards of \$1000 to \$3000.⁴ The plaintiffs in these lawsuits are using all of the powers of the American justice system – including those of discovery, the threat of expensive litigation, high statutory damages, as well as the potential future shame and embarrassment of having one's name attached to a copyright infringement suit involving pornographic material – in order to harass and convince possibly completely innocent individuals to pay large settlement amounts.

² Zack Whittaker, *Mass US copyright lawsuits to reach 100,000 mark*, ZDNET (Jan. 31, 2011), <http://www.zdnet.com/blog/igeneration/mass-us-copyright-lawsuits-to-reach-100000-mark/7955>.

³ While this article was being written, the D.C. Circuit Court of Appeals held oral argument on April 14, 2014 in one of these such cases, on several of the issues addressed in this paper. See Corynne Mcsherry, *Prenda On Appeal: Copyright Troll Tactics Challenged in DC Circuit*, EFF DEEPLINKS BLOG (April 14, 2014), <https://www.eff.org/deeplinks/2014/04/prenda-appeal-copyright-troll-tactics-challenged-dc-circuit>. As of early May 2014, no decision in this case had been reached.

⁴ Sarah Jacobsson Purewal, *So, Your Being Sued for Piracy*, TECHHIVE (Jun. 16, 2011), http://www.pcworld.com/article/230515/So_Youre_Being_Sued_for_Piracy.html.

Indeed, plaintiffs in such cases have even threatened to notify the neighbors and employers of defendants involved in such cases if they do not quickly agree to a settlement offer.⁵

A typical case of this type proceeds as follows. A copyright protection agency, usually affiliated with a small law firm, engages in limited monitoring of BitTorrent traffic engaged in the unauthorized sharing of a pornographic work. This monitoring results in a list of up to 2000 IP addresses that allegedly participated in sharing the file. Using this list of IP addresses, the copyright firm files a complaint in federal court against the unnamed “John Does” for copyright infringement. Once filed, the first action taken by the plaintiffs is to file a motion for expedited discovery in order to force the Internet Service Providers (ISPs) of the defendants to reveal the personal contact information of the Internet subscriber behind the identified IP addresses. Once the provided with this information, the plaintiff begins to reach out via phone, mail and email to the named defendants in order to persuade them to settle the case by paying a set amount of money. If a defendant pays to settle, he is quickly dismissed from the case. Once enough of the named defendants settle and are dismissed, the plaintiff typically drops the entire case against the remaining defendants.

There are significant reasons to believe that the plaintiffs behind these lawsuits do not earnestly intend to engage in a legitimate copyright infringement case, instead using the mechanism of the courts to coerce individuals into settling.⁶ Indeed, for the individuals behind these mass infringements lawsuits, filing and coercing settlements out of individuals has become

⁵ Joe Mullin, *New Prenda letter threatens to tell neighbors about porn accusations*, ARS TECHNICA (May 13, 2013), <http://arstechnica.com/tech-policy/2013/05/new-prenda-letter-threatens-to-tell-neighbors-about-porn-accusations/>.

⁶ *See On The Cheap, LLC v. Does 1-5011*, 280 F.R.D. 500, 505 (N.D. Cal. 2011) “Plaintiff’s desire to enforce its copyright in what it asserts is a cost-effective manner does not justify perverting the joinder rules to first create the management and logistical problems discussed above and then offer to settle with Doe defendants so that they can avoid digging themselves out of the morass plaintiff is creating.”

a lucrative endeavor, with one noted lawyer claiming to have earned more than a few million dollars through this practice.⁷ There are several reasons why courts should be wary about being used in such fashion, including the importance of conserving court resources and protecting individuals from illegitimate lawsuits and coercive settlements.⁸ As courts across the country are beginning to realize, infringement cases that are filed against dozens of John Does can quickly become unmanageable for courts and allow plaintiffs to easily engage in their coercive settlement regime without even having to pay filing fees for each of the individuals against which the plaintiff is pursuing a settlement.⁹ Furthermore, unnamed John Doe defendants in such cases are in a particularly vulnerable position that courts should recognize and protect.¹⁰

This paper is one of the first to systematically investigate this problem of copyright porn trolls and examine how courts across the country have actually dealt with the issue on the ground.¹¹ The paper begins with a brief explanation of the technology involved in these cases,

⁷ Kashmir Hill, *How Porn Copyright Lawyer John Steele Has Made A 'Few Million Dollars' Pursuing (Sometimes Innocent) 'Porn Pirates'*, FORBES (Oct. 15, 2012), <http://www.forbes.com/sites/kashmirhill/2012/10/15/how-porn-copyright-lawyer-john-steele-justifies-his-pursuit-of-sometimes-innocent-porn-pirates/>.

⁸ Mike Masnick, *Another Judge Blasts Copyright Trolls*, TECHDIRT (Sep. 24, 2012), <http://www.techdirt.com/articles/20120923/22100820477/another-judge-blasts-copyright-trolls.shtml>.

⁹ On the Cheap, *supra* note 4, at 503 “There are also case manageability problems. This Court has already struggled with the logistical issues associated with keeping the identities of the moving Doe defendants sealed so that their privacy rights are protected. Such procedural hurdles will only become more problematic as this case moves forward.”

¹⁰ Corynee McSherry, *Mass Copyright Litigation: Another Court Gets It Right*, ELECTRONIC FRONTIER FOUNDATION (Aug. 3, 2011), <https://www.eff.org/deeplinks/2011/08/expendables-mass-copyright-litigation-another>.

¹¹ See also Fowler, Colin, *Catching Digital Pirates: The Witch Hunt of the 21st Century* (Jan. 1, 2012), available at <http://ssrn.com/abstract=1989268> [hereinafter Fowler, *Catching Pirates*]; Colman, Charles E., *Copyright, Shame, and Extortion: The Thriving Cottage Industry of Pornography-Related Infringement Lawsuits* (Oct. 5, 2012), available at <http://ssrn.com/abstract=2157714> [hereinafter Colman, *Copyright Extortion*]; LaFond, Jason R., *Two Billy Goats Gruff: Personal Jurisdiction and Joinder in Mass Copyright Troll Litigation* (Oct. 29, 2011). Maryland Law Review End Notes, Forthcoming, available at <http://ssrn.com/abstract=1799555> [hereinafter LaFond, *Bill Goats*]; Balganes, Shyamkrishna, *The Uneasy Case Against Copyright Trolls* (Aug. 15, 2012). Southern California Law Review, Vol. 86, May 2013; U of Penn, Inst for Law & Econ Research Paper No. 12-32; U of Penn Law School, Public Law Research Paper No. 12-42, available at <http://ssrn.com/abstract=2150716> [hereinafter Balganes, *Uneasy Case*]; Sean B. Karunaratne, *The Case Against Combating Bittorrent Piracy Through Mass John*

BitTorrent. Part III of the paper then provides an in-depth exploration of the issue of copyright porn trolls in federal courts. The paper looks at the typical steps involved in a copyright porn troll lawsuit, from the first steps of discovering an IP address to filing a complaint in federal court and attempts to convince defendants to settle. The paper then examines the individuals involved in these type of lawsuits, both plaintiffs and defendants. Part V of the paper explores how courts across the country are dealing with these types of cases, including an examination of which federal jurisdictions and federal judges have allowed these cases to proceed after an examination of the issue of joinder and which have not. Overall, the data reveals that more courts across the nation have concluded that joinder is not proper in mass copyright litigation lawsuits.¹² An examination of how judges have ruled on joinder issues involved in these cases reveals a remarkable amount of consistency. Only four of the examined judges issued contradicting opinions. Additionally, such data reveals that judges are not more or less likely to find joinder permissible based on the number of times they rule on the issue. Judges thus do not appear to be adopting a flexible approach to the issue of joinder, finding it less appropriate the more they are presented with mass copyright infringement cases.

The paper concludes by offering several suggestions as to how courts should address these concerns in the future. American courts should not ignore the issue of copyright infringement. Copyright protection provides an important incentive for authors and other creators to engage in creative endeavors for the greater benefit of society.¹³ However, courts should not allow individuals to be taken advantage of. The substantial weight of the American judicial

Doe Copyright Infringement Lawsuits, 111 Mich. L. Rev. 283, 284 (2012) [hereinafter Karunaratne, *The Case Against*].

¹² As discussed *infra*, these conclusions are based on data gathered between 2006 and Feb. 28, 2013.

¹³ See U.S. CONST. art. I, § 8, cl. 8 (“To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”).

system should not be employed in order to engage in so-called “settlement shakedown” efforts.¹⁴ Courts should therefore not grant permissive joinder in such cases.

II. Mechanics of BitTorrent Technology

Understanding the technology at issue in each of these cases is fundamentally important to properly position the legal arguments that courts are forced to address. Furthermore, plaintiffs in mass BitTorrent suits have placed a significant emphasis on the nature of the underlying technology in order to advance their complaints and address concerns relating to proper joinder and personal jurisdiction.¹⁵ Courts have therefore paid a significant amount of attention to explaining the underlying technology, and, for the most part, have showcased a careful understanding of the nature of BitTorrent technology, regardless of the outcome of the particular motion.¹⁶

BitTorrent is a protocol that facilitates and supports the sharing of computer data files over the Internet.¹⁷ A protocol is a “set of rules or procedures for transmitting data between electronic devices, such as computers.”¹⁸ The protocol was designed in 2001 and has since grown to represent as much as 70% of all Internet traffic.¹⁹

¹⁴ See Julie Samuels, *Judge Shuts Down Another Mass Copyright Case, Characterizes Lawsuits as “Massive Collection Scheme”*, EFF DeepLinks Blog, <https://www.eff.org/deeplinks/2011/09/judge-shuts-down-another-mass-copyright-case>.

¹⁵ See, e.g. *Malibu Media, LLC v. John Does 1-35*, 2:12-CV-178-FTM-99, 2012 WL 4513050 (M.D. Fla. Aug. 15, 2012) report and recommendation adopted, 2:12-CV-00178-FTM-UA, 2012 WL 4604544 (M.D. Fla. Oct. 2, 2012).

¹⁶ See Section IV.A, *infra*.

¹⁷ See Clive Thompson, *The BitTorrent Effect*, WIRED (Jan. 2005), <http://archive.wired.com/wired/archive/13.01/bittorrent.html>.

¹⁸ See Protocol, Encyclopedia Britannica, <http://www.britannica.com/EBchecked/topic/410357/protocol>.

¹⁹ See Hendrik Schulze and Klaus Mochalski, *Internet Study 2008/2009*, ipoque, <http://www.ipoque.com/sites/default/files/mediafiles/documents/internet-study-2008-2009.pdf>.

The fundamental idea behind the BitTorrent protocol is that by dividing a single data file into small blocks it can be efficiently downloaded by others connected to the sharing network.²⁰ BitTorrent breaks files up into “lots of smaller ‘pieces,’ each of which is usually around 256 kilobytes (one-fourth of one megabyte) in size.”²¹ Users that connect to a sharing network are known as “peers.”²² Peers that attempt to download a file do so by connecting to potentially thousands of other peers that are simultaneously engaged in downloading the same file.²³ Each peer downloads a different portion of the file from different users. These segmented portions of the larger file are known as “blocks.”²⁴ Unlike older downloading methods, where “the user would download the entire file in one large chunk from a single peer at a time, BitTorrent permits users to download lots of different pieces at the same time from different peers.”²⁵ Once all of the pieces of a file are downloaded, “the file is automatically reassembled into its original form.”²⁶

In order to organize and facilitate this process, BitTorrent uses what are known as “torrent files.”²⁷ When a user wants to download a specific “target” data file (for instance, a music or movie file), he or she must first download a torrent file that is associated with the

²⁰ See LaFond, *supra* note 9.

²¹ See *Columbia Pictures Indus., Inc. v. Fung*, 710 F.3d 1020, 1026 (9th Cir. 2013).

²² See *id.*

²³ *Id.*

²⁴ *Id.*

²⁵ See *id.*

²⁶ See *Columbia Pictures Indus., Inc. v. Fung*, *supra* note 19.

²⁷ See *id.* (“The torrent file is quite small, as it contains none of the actual content that may be copyrighted but, instead, a minimal amount of vital information: the size of the (separate) movie file being shared; the number of “pieces” the movie file is broken into; a cryptographic “hash” that peers will use to authenticate the downloaded file as a true and complete copy of the original; and the address of one or more “trackers.”).

desired data file.²⁸ This torrent file subsequently organizes how the content that makes up the target file is shared amongst peers. The torrent file contains a unique hash code, which is an identifier developed by an algorithm.²⁹ This hash code “serves as a roadmap to a BitTorrent program to download all the pieces of a file such as a motion picture or music.”³⁰

When the user activates the torrent file, it connects the user with a tracker.³¹ A tracker is essentially a server that connects peers with each other and provides information statistics about upload and download speeds.³² The tracker then examines the associated network speeds of all other peers affiliated with that torrent file that are currently uploading and downloading the target file.³³ This group of other peers is known as a “swarm,” a metaphoric device used to describe the potential cluster of thousands of individuals uploading and downloading around target file at the same time.³⁴ A swarm can consist of peers from all around the world, whose only shared characteristic is the fact that they are all downloading and uploading the target file.³⁵ The tracker then randomly selects several other peers from the swarm to establish a connection with.³⁶ The individual user then sends a request to these other users to download blocks of the target file that the individual does not already have.

²⁸ *See id.*

²⁹ *See id.* (“A hash is a unique digital identifier of certain data. It is usually written as a forty-digit long hexadecimal number, where each digit can be 0–9 or A–F.”).

³⁰ *Liberty Media Holdings, LLC v. Does 1-62*, No. 11-cv-575, 2011 U.S. Dist. WL 2491776, at 1-62 (S.D.Cal. March 22, 2011).

³¹ *See* Fowler, *CatchingPirates*, *supra* note 9.

³² *See id.*

³³ *See id.*

³⁴ *See id.*

³⁵ *See id.*

³⁶ *See* LaFond, *Billy Goats*, *supra* note 9.

Note, however, that the user cannot connect to all of the peers within the swarm at the same time. Each user is allowed to connect with only a subset of the swarm at any one time; usually, this number is four other peers.³⁷ Furthermore, in most instances the supply of blocks of the target file outstrips the feasible demand for them.³⁸ That is, the amount of blocks being shared usually far outmatches the available bandwidth an individual has to download content with.³⁹

These limits necessitate an ordering structure for efficient downloading, and such an ordering structure is included with the BitTorrent protocol.⁴⁰ The determination of which peers share with each other is made based on download speed calculations.⁴¹ Each peer thus shares with the four peers that will provide it with the highest download speed available.⁴² After a specified amount of time, usually around 30 seconds, each user randomly connects to a fifth peer and examines the download rate. The connection speeds of the now five peers are compared, and the lowest peer dropped.⁴³ This process results in a constant search for the highest download speed and discourages freeriding, as users that share at higher rates will be able to download the file more quickly.⁴⁴ Importantly, throughout this process users are constantly shifting connections; indeed, they potentially connect and transfer data with a new individual every 30 seconds.

³⁷ *See id.*

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *See LaFond, Billy Goats, supra* note 9.

⁴² *See id.*

⁴³ *Id.*

⁴⁴ *Id.*

This process continues until the user disconnects from the swarm.⁴⁵ This can occur by the user turning off his or her torrent software or stopping the torrent software from transferring the target file.⁴⁶ Users typically disconnect as soon as the target file is finished downloading, but they may potentially disconnect either substantially before or after the target file has finished downloading.⁴⁷

It is important to note that this nature of BitTorrent technology means that the file sharing process is different than past file sharing programs and services. Unlike other peer-to-peer file sharing services like Napster, Kazaa and Grokster, BitTorrent transfers do not involve a centralized server that hosts or transfers the data files in question. Instead, BitTorrent involves users interacting directly with other users to upload and download the content.

III. An Examination of the Mass Pornography Litigation Phenomena.

The BitTorrent protocol can be used to share a vast variety of data files. Unmistakably, some of the files shared via BitTorrent consist of copyright infringing content. Furthermore, some of this copyright infringing content consists of pornographic videos. Following the lead of other content industry groups, such as the RIAA, content rights holders within the pornography industry have begun to litigate copyright infringement lawsuits against individuals that they claim to have participated in illegal downloading and uploading activities.

There are three characteristics of these lawsuits, however, that make them unique compared to past attempts to litigate directly against individual downloaders. Fundamentally, the sheer number of individuals involved in these types of lawsuits sets them apart from past

⁴⁵ *Id.*

⁴⁶ *See* LaFond, Billy Goats, *supra* note 9.

⁴⁷ *See id.*

litigation attempts. Notably, while it took years for the RIAA to reach lawsuits against 35,000 individuals, cases involving pornographic content reached over 200,000 users in less than three years.⁴⁸ Another characteristic that sets these lawsuits apart is several circumstances that indicate lawsuits are being filed illegitimately. Several courts have called into question the litigation tactics involved in these lawsuits, including threatening the use of sanctions.⁴⁹ Courts and commentators have also noted that there are legitimate reasons to question whether the underlying John Does involved in these lawsuits had ever downloaded the work in question. Additionally, the fact that not a single case out of the thousands brought thus far has made it past the early stages of discovery suggests that the plaintiffs have motives that diverge from those traditionally associated with proper litigation. One final characteristic that sets these types of cases apart is their particular emphasis on coercing individuals into settlement. While putting forth settlement offers early in the litigation cycle is not unique to this type of litigation, the forcefulness and strength involved in reaching out for a settlement perhaps is. Furthermore, the nature of the underlying works – that is, pornography – is likely being used to shame individuals into settling these types of cases, regardless of whether they have actually committed copyright infringement.

This section provides a thorough examination of mass copyright infringement lawsuits involving pornography. It begins by examining how such cases have typically proceeded. It then examines the current major players in these types of lawsuits. It concludes by illustrating several causes for concern involving these lawsuits and their related settlement efforts.

⁴⁸ See Reyhan Harmanci, *The Pirates and Trolls of Porn Valley*, BUZZFEED (Aug. 30, 2012), <http://www.buzzfeed.com/reghan/the-pirates-and-trolls-of-porn-valley>.

⁴⁹ See Karunaratne, *The Case Against*, *supra* note 9 at 303. (citing *Mick Haig Prods., e.K. v. Does 1-670*, No. 3:10-CV-1900-N, 2011 WL 5104095, at *1, *5 n.9 (N.D. Tex. Sept. 9, 2011); *K-Beech, Inc. v. Does 1-85*, No. 3:11cv469-JAG (E.D. Va. Oct. 5, 2011), available at <https://www.eff.org/files/K-Beech.pdf>).

A. Life Cycle of a Mass Pornography Lawsuit

1. Gathering IP Addresses

The first step in a typical mass pornography lawsuit involves action by a copyright holder or an associate of a copyright holder to identify a list of IP addresses associated with the sharing of a copyrighted work. This process involves examining what peers make up a swarm associated with the work at a given point in time.⁵⁰ The exact method that copyright holders use to identify specific IP addresses is at this time unclear.⁵¹ However, current industry practices and techniques illustrate how the process might occur.

There are currently two popular methods for monitoring BitTorrent traffic for copyright infringing material. Indirect monitoring involves the process of communicating with the tracker and receiving a list of all IP addresses of peers involved in the swarm.⁵² This process has the benefit of being a fast method to harvest a large number of peer IP addresses. However, some industry experts have criticized it for being unreliable.⁵³ Indirect monitoring also leaves a trace of the individual conducting the monitoring, as their IP address also becomes part of the swarm associated with the torrent and therefore can be identified by others. Direct monitoring involves direct probing and contact by the monitoring party with other peers in the swarm.⁵⁴ This

⁵⁰ See Emil Protalinski, *New Research: Most top torrents are monitored, your IP address can be logged within three hours*, THE NEXT WEB (Sept. 4, 2012), <http://thenextweb.com/insider/2012/09/04/new-research-most-top-torrents-monitored-ip-address-logged-within-three-hours/>.

⁵¹ See Balganes, *Uneasy Case*, *supra* note 9.

⁵² See TOM CHOTHIA et al., *The Unbearable Lightness of Monitoring: Direct Monitoring in BitTorrent*, 8TH INT'L ICST CONFERENCE, SECURECOMM 2012, PADUA, ITALY, SEPTEMBER 3-5, 2012. REVISED SELECTED PAPERS, 185-202, available at <http://www.cs.bham.ac.uk/~tpc/Papers/P2PSecComm2012.pdf>.

⁵³ Michael Piatek, Tadayoshi Kohno, and Arvind Krishnamurthy, *Challenges and Directions for Monitoring P2P File Sharing Networks — or — Why My Printer Received a DMCA Takedown Notice.*, Proceedings of the USENIX Workshop on Hot Topics in Security (2008), available at http://dmca.cs.washington.edu/dmca_hotsec08.pdf.

⁵⁴ See TOM CHOTHIA et al., *supra* note 50.

mechanism has been put forth as a more reliable method of obtaining IP addresses through monitoring; however, it has not been shown to be employed by copyright enforcement entities. In both cases, the monitoring party receives three key pieces of information: the title of target file being shared, the date and time of the activity, and the IP address associated with a specific peer.

2. *The Complaint*

Once the copyright enforcement entity has gained a list of IP addresses associated with sharing a particular piece of content, the enforcement entity then typically files a complaint in federal court for copyright infringement. The complaint at this stage is styled in the fashion of “Copyright Entity v. John Does 1-XX.” The number of John Does involved in a given suit varies; there can be as many as 5000 John Does involved in a given lawsuit, or as few as one. The complaint typically makes clear to the court that at the time of filing, the “true names and capacities, whether individual, corporate, associate or otherwise, of defendants....are unknown” to the plaintiff, and that the “Plaintiff knows each Defendant only by the [IP] address assigned to the account used by the Defendant at the account holder's [ISP]on the date and at the time at which the infringing activity of each Defendant was observed.”⁵⁵ The complaint also makes clear that the plaintiff seeks to “subpoena theISP.... that issued the Defendants' IP addresses in order to learn the identity of the account holders for the below IP addresses.”⁵⁶

The complaint then alleges that the defendants are “a group of BitTorrent users or peers whose computers are collectively interconnected for the sharing of a particular unique file,

⁵⁵ *Liberty Media Holdings, LLC v. Does 1-62*, No. 11 cv 575, 2011 U.S. Dist. WL 2491776, (S.D.Cal. 2011).

⁵⁶ *Id.*

otherwise known as a “swarm.”⁵⁷ The plaintiffs then state that “information obtained in discovery will lead to the identification of each Defendant’s true name and permit the Plaintiff to amend this Complaint to state the same. Plaintiff further believes that the information obtained in discovery may lead to the identification of additional infringing parties to be added to this Complaint as defendants.”⁵⁸ The plaintiffs then allege that “[e]ach of the fictitiously named defendants engaged in their copyright infringement scheme together. They all used the same torrent-sharing website to coordinate their copyright theft, and they all shared and republished the same Motion Picture, and thus collectively participated in the same swarm sharing, the same hash file, on the same date.”⁵⁹ The complaint then moves on to list each John Doe’s identified IP address, along with alleging that the IP address was used “to illegally republish and illegally distribute the Plaintiffs copyrighted Motion Picture to an unknown number of other individuals over the Internet” at a specific date and time.⁶⁰

The complaint then proceeds to describe the technical mechanics of how BitTorrent works. This section explains that “[d]efendant peers each utilized a .torrent file to upload and download Plaintiffs copyrighted film,” that “...each Defendant peer downloaded a torrent containing Plaintiffs copyrighted Motion Picture...” and that “each Defendant uploaded their torrent onto a BitTorrent site for the purpose of sharing Plaintiffs copyrighted work with other members of the BitTorrent collective network.”⁶¹

⁵⁷ *Liberty Media Holdings, LLC*, 2011 WL 2491776 at 1-62.

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ *Id.*

The complaint then describes what has become known as the “swarm theory,” the rationale commonly invoked by plaintiffs in mass copyright infringement lawsuits to justify joinder of potentially thousands of defendants in one lawsuit. The complaint alleges that:

“Plaintiffs copyrighted Motion Picture was then uploaded and downloaded through a single swarm collective among the various Defendants in concert - all members sharing the same exact video, using the same exact hash file....Once uploaded to the BitTorrent site, the Defendant peers shared the Plaintiffs copyrighted Motion Picture as participants in a unique single swarm. More precisely, the BitTorrent network divided the original copyrighted work into many small pieces and distributed these pieces throughout the swarm until each of the collectively participating Defendants in the swarm had a partial or complete infringing copy of the Motion Picture. Based on this information, Defendants all participated in the same collective swarm, infringing upon Plaintiffs exclusive rights in its work by uploading (distributing) and downloading (reproducing) Plaintiffs copyrighted film, and through their actions each Defendant assisted each and every other Defendant, each members of the P2P network swarm, to illegally download Plaintiff's copyrighted work.”⁶²

The complaint then concludes by listing the causes of action against the defendants. These include allegations of copyright infringement, including violations of the plaintiff's right of distribution and reproduction.⁶³ The allegations may also include contributory copyright infringement,⁶⁴ civil conspiracy,⁶⁵ and negligence.⁶⁶

⁶² *Id.*

⁶³ *See id.* (“Plaintiff is informed and believes, and on that basis alleges, that Defendants without the permission or consent of Plaintiff, have used, and continue to use, the BitTorrent online media distribution system to distribute the Motion Picture to the public, and/or make the Motion Picture available for distribution to others, including other BitTorrent users. In doing so, Defendants have violated Plaintiffs exclusive rights of reproduction and distribution. Defendants' actions constitute infringement of Plaintiffs copyrights and exclusive rights under the Copyright Act.”).

⁶⁴ The allegation proceeds based on the following premise: “BitTorrent users upload infringing works in concert in order to gain access and ability to download other infringing copyrighted works. As each of the thousands of people who illegally downloaded the movie accessed this illegal publication, they derived portions of their illegal replication of the file from multiple persons, including but not limited to the Defendants named in this action. The Defendants knew of the infringement, were conscious of their own infringement, and the Defendants were conscious of the fact that multiple other persons derivatively downloaded the file containing the Plaintiffs Motion Picture. The infringement by other BitTorrent users could not have occurred but for the Defendant's participation in uploading the Plaintiffs protected work. As such, the Defendants participation in the infringing activities of others is substantial. The Defendants each profited from this contributory infringement by way of being granted access to a greater library of other infringing works, some of which belonged to the Plaintiff and some of which belonged to

3. Motion for Expedited Discovery

Usually immediately following the filing of the complaint, plaintiffs involved in mass copyright infringement lawsuits file an *ex parte* Motion for Expedited Discovery. This allows the plaintiff to move forward with discovery at an expedited pace without knowing the identities of the defendants. Under the Federal Rules of Civil Procedure, both parties to a proceeding typically have to hold a discovery conference prior to the beginning of discovery.⁶⁷ However, the Federal Rules allow a court to grant limited discovery before such a conference is held, if circumstances indicate it is necessary to do so.⁶⁸ Here, plaintiffs state that expedited discovery is necessary because ISPs are under no obligation to maintain permanent records of IP address. Indeed, ISPs regularly delete their records of IP addresses, usually within six months.

other copyright owners.” See *Liberty Media Holdings, LLC, v. Does 1 through 62*, 2011 WL 2491776 (S.D. Cal. 2011).

⁶⁵ The allegation proceeds based on the premise that “Plaintiff is informed and believes, and based thereon alleges, that each Defendant distributed infringing movies in anticipation of receiving copies of infringing movies in return. Each Doe Defendant knew or should have known that the infringing content the Defendant downloaded to his computer came from the computers of other users, who made the content available to him and others on the BitTorrent network, in violation of copyright laws. The operators of the BitTorrent servers form the hub of a rimless wheel conspiracy to reproduce and distribute content without the copyright holders' authorization and without regard to copyright laws. Each Doe Defendant understood the nature of the conspiracy to violate copyrights and agreed to join the conspiracy by downloading the BitTorrent client with the intention of using that BitTorrent client to knowingly download, reproduce, and distribute infringing files with coconspirators. Each Defendant engaged in an unlawful act in furtherance of the conspiracy when he, without authorization, used the BitTorrent client to download, reproduce, and distribute copies of Plaintiff's copyright registered works. Defendants, all and each of them, conspired with the other Defendants by agreeing to provide infringing reproductions of various copyright protected works, including Plaintiff's works, in exchange for infringing reproductions of other copyright protected works, including Plaintiff's works. Each Defendant took affirmative steps to advance the conspiracy by unlawfully and without authorization reproducing Plaintiff's copyrighted works and distributing those works to coconspirators by and through the BitTorrent network in anticipation of receiving other infringing copies of copyright protected works in exchange.” See *Liberty Media Holdings*, *supra* note 53.

⁶⁶ The allegation proceeds based on the premise that “Defendants failed to adequately secure their internet access, whether accessible only through their computer when physically connected to an internet router, or accessible to many computers by use of a wireless router, and prevent its use for this unlawful purpose. Upon information and belief, Plaintiff alleges that Defendants' failure to secure their internet access allowed for the copying and sharing of Plaintiff's Motion Picture by use of the BitTorrent protocol on Defendants' respective internet connections, and interfering with Plaintiff's exclusive rights in the copyrighted work.” See *id.*

⁶⁷ See FED. R. CIV. P. 26(f).

⁶⁸ *Id.* at 26(d)(1).

Many courts have typically granted these motions as a matter of course, in part because at this point in the litigation there are no named defendants to confer with. Some courts, however, have questioned the need to grant such a motion against all joined defendants, and have used this as an opportunity to force plaintiffs to justify joinder of all defendants.⁶⁹ In those cases, however, the motion is still usually granted.⁷⁰ As explained in Part IV of this paper, courts should, however, use greater caution in granting such motions in the future.

4. ISP Subpoena

Once a plaintiff has been granted a motion for expedited discovery, the next step taken in the litigation process is to serve a subpoena upon the defendant's ISPs pursuant to Rule 45 of the Federal Rules of Civil Procedure.⁷¹ Such subpoenas typically ask the ISP to provide the plaintiffs with the subscriber information associated with the IP address they provide them with. Subscriber information typically includes an individual's name, address, home phone number and personal email address.

An ISP that receives a subpoena typically first notifies the account holder that they have received a subpoena request.⁷² The notification sent to account holders typically "explain that an

⁶⁹ *Hard Drive Productions, Inc. v. Does 1-188*, 809 F. Supp. 2d 1150, 1152 (N.D. Cal. 2011).

⁷⁰ *Id.*

⁷¹ *See* FED. R. CIV. P. 45.

⁷² For example, the following is a sample letter that an ISP (Comcast) very likely sent to a subscriber: "Dear Comcast High-Speed Internet Subscriber: Comcast has received a notification by a copyright owner, or its authorized agent, reporting an alleged infringement of one or more copyrighted works made on or over Comcast's High-Speed Internet service (the 'Service'). The copyright owner has identified the Internet Protocol ('IP') address associated with your Service account at the time as the source of the infringing works. The works identified by the copyright owner in its notification are listed below. Comcast reminds you that use of the Service (or any part of the Service) in any manner that constitutes an infringement of any copyrighted work is a violation of Comcast's Acceptable Use Policy and may result in the suspension or termination of your Service account. If you have any questions regarding this notice, you may direct them to Comcast in writing by sending a letter or e-mail to: Comcast Customer Security Assurance Comcast Cable Communications, LLC 1800 Bishops Gate Blvd., 3rd Floor East Wing Mount Laurel, NJ 08054 U.S.A. Phone: (888) 565-4329 Fax: (856) 324-2940 For more information regarding Comcast's copyright infringement policy, procedures, and contact information, please read our Acceptable Use

[IP] address that was “assigned” to [the] account was “associated” with an illegal download on BitTorrent.”⁷³ The ISP also usually explains that unless the subscriber files an objection or a request for more time with the court, the ISP will comply with the request. Such notifications typically “come in nondescript envelopes, contain a copy of the subpoena issued by the court, and give subscribers thirty (30) days....to respond.”⁷⁴

A subscriber that chooses to challenge the subpoena in federal court usually files a Motion to Quash. Such motions typically challenge the subpoena on the grounds of improper joinder and lack of personal jurisdiction.

If the subscriber chooses not to respond to the notification by protesting the subpoena in court, the ISP will either comply by sending the plaintiff the subscriber’s account information, or will challenge the subpoena itself. It appears that ISPs have developed a reputation for themselves depending on whether they typically object to such subpoena requests. Several ISPs have repeatedly challenged the validity of these subpoenas; however, a significant number continue to comply without a challenge.

Policy by clicking on the Terms of Service link at <http://www.comcast.net>. Sincerely, Comcast Customer Security Assurance Copyright work(s) identified in the notification of claimed infringement: Evidence: Infringement Title: Black Bi Cuckolding 7 Infringement File Name: Black Bi Cuckolding 7 Infringement Hash: c783f07e2014080429325a603614d4c5c6bd907b Infringement File Size: 1462178519 bytes Infringement Protocol: BitTorrent Infringement Timestamp: 2012-05-XX Time redacted Infringers IP Address: redacted The following files were included in the download: File 1: Black Bi Cuckolding 7/Black Bi Cuckolding 7.wmv.” See Comcast Customer Security Assurance, *Notice of Action Under the Digital Millennium Copyright Act*, COMCAST CABLE COMMUNICATIONS, LLC (May 2012), http://diertrolldie.files.wordpress.com/2012/05/td_notice1.pdf.

⁷³ *Slaying the Copyright Troll: Help, I Got a Letter from my ISP Seeking to Subpoena My Identity Because a Copyright Troll Wants to Sue me for Copyright Infringement — What do I do?*, THE PIETZ LAW FIRM, <http://pietzlawfirm.com/slaying-the-copyright-troll-help-i-got-a-letter-from-my-isp-seeking-to-subpoena-my-identity-because-a-copyright-troll-wants-to-sue-me-for-copyright-infringement-what-do-i-do> (last visited March, 27, 2014).

⁷⁴ See *id.*

5. *Contact Between the Plaintiff and Subscriber*

If the subscriber does not respond to the ISP notification and the ISP does not choose to challenge the validity of the subpoena in court, then the subscriber's account information will be given to the plaintiffs. Account information typically includes the subscriber's name, physical address, email address, and telephone number.

Following the receipt of the subscriber information, the plaintiff will reach out to the subscriber in various ways to attempt to reach a settlement. Typically, this will occur first via a physical letter mailed to the subscriber's address. Such letters are traditionally sent on the stationary of the plaintiff's representative law firm and inform the subscriber that the content holder has retained legal counsel to "pursue legal actions against people who illegally downloaded their copyright content (i.e. 'digital pirates')." ⁷⁵ Such letters typically continue by informing the subscriber that "[d]igital piracy is a very serious problem for adult content producers, such as our client, who depend on revenues to sustain their business and pay their employees." ⁷⁶

Next, typical letters begin to describe the allegations against the subscriber. They state that on a given date, "our agents observed the IP address with which you are associated illegally downloading and sharing with others via the BitTorrent protocol the following copyrighted file(s)." ⁷⁷ The letter then provides the subscriber with the title of the copyrighted work in question. Given that these complaints involve pornographic films, the titles of the work in question can sometimes be graphic, sexually revealing, and potentially embarrassing. Examples

⁷⁵ Settlement Letter from Prenda Law, <http://copyrightletter.com/wp-content/uploads/2012/09/PrendLawDemand-Letter1.pdf> (May 8, 2011).

⁷⁶ *Id.*

⁷⁷ *Id.*

of such titles include “Amateur Allure—Erin,”⁷⁸ “Illegal Ass 2,”⁷⁹ “Anal Wreckers,”⁸⁰ and “Big Butt Oil Orgy 2.”⁸¹ The letter next lists the subscriber’s ISP name, as well as the “IP address you were assigned during your illegal activity.”⁸² Such letters then note that plaintiffs “have received a subpoena return from your ISP confirming that you are indeed the person that was associated with the IP address that was performing the illegal download of our client’s content listed above on the exact date(s) listed above.”⁸³ This statement appears to be designed to overconfidently assert that the plaintiffs have completely confirmed that the named individual is responsible for the allegedly infringing download; however, there is good reason to believe that this may not be the case.

The letter then begins to describe the details of the legal action the plaintiffs are pursuing. The letter states the date and location where the plaintiffs have filed a complaint against the individuals in federal court, followed by the case number. The letter then notes that “[u]nder the Federal Rules of Civil Procedure, our lawsuit against you personally will not commence until we serve you with a Complaint, which we are prepared to do if our settlement effort fail.”⁸⁴ The letter states that “[w]hile it is too late to undo the illegal file sharing associated with your IP

⁷⁸ Hard Drive Prods, Inc. v. Does 1-188, 809 F. Supp. 2d 1150, 1151 (N.D. Cal. 2011)

⁷⁹ Third Degree Films, Inc. v. Does 1-108, No. 11 Civ. 3007, 2012 WL 669055 (D. Md. Feb. 28, 2012).

⁸⁰ Digiprotect USA Corporation v. John/Jane Does 1-266, No. 10 CV 8759, 2010 WL 4823574 (S.D.N.Y. Nov. 19, 2010).

⁸¹ Third Degree Films, Inc. v. Does 1-53, No. 8:12-CV-00349, 2012 WL 1150811 (D. Md. Apr. 4, 2012).

⁸² Settlement Letter from Prenda Law, <http://copyrightletter.com/wp-content/uploads/2012/09/PrendLawDemand-Letter1.pdf> (May 8, 2011).

⁸³ *Id.*

⁸⁴ Letter from John L. Steele, Attorney and Counselor at Law, Steele and Hansmeier, PLLC, <http://dietrolldie.files.wordpress.com/2011/09/57230736-settlement-letter.pdf> (May 16, 2011). *See also* Settlement Letter from Prenda Law, <http://copyrightletter.com/wp-content/uploads/2012/09/PrendLawDemand-Letter1.pdf> (May 8, 2011).

address,⁸⁵ we have prepared an offer to enable our client to recover damages for the harm caused by the illegal downloading and to allow both parties to avoid the expense of a lawsuit.”⁸⁶ The letter then provides the subscriber with a brief overview of copyright law damages, stating that “[u]nder the Copyright Law of the United States, copyright owners may recover up to \$150,000 in statutory damages (in cases where statutory damages are applicable, which may or may not be the case here) per infringing file plus attorney’s fees in cases, whereas here, infringement was willful.”⁸⁷ The letter then notes that:

in at least one case where the Copyright Law has been applied to digital piracy and statutory damages were applicable, juries have awarded over \$20,000 per pirated file. During the RIAA’s well-publicized campaign against digital music piracy, over 30,000 people nationwide settled their cases for amount ranging from an average of \$3,000 to \$12,000. More recently, on December 22, 2010, a case in which a defendant was accused of illegally downloading 6 works via BitTorrent, a settlement was reached for \$250,000.⁸⁸

The letter then begins to introduce the details of the proposed settlement. The letter states that “[i]n light of these factors, we believe that providing you with an opportunity to avoid litigation by working out a settlement with us, versus the costs of attorneys’ fees and the uncertainty associated with jury verdicts, is very reasonable and in good faith.”⁸⁹ The letter then lays out the settlement offer: “In exchange for a comprehensive release of all legal claims in this matter, which will enable you to avoid becoming a named Defendant in our lawsuit, our firm is

⁸⁵ Note the choice of wording employed here. The letter has switched back to “IP address” instead of its previous assurance that the plaintiff was confident that the person named in the letter was responsible for conducting the illegally downloading.

⁸⁶ Letter from John L. Steele, Attorney and Counselor at Law, Steele and Hansmeier, PLLC, <http://dietrolldie.files.wordpress.com/2011/09/57230736-settlement-letter.pdf> (May 16, 2011).

⁸⁷ Settlement Letter from Prenda Law, <http://copyrightletter.com/wp-content/uploads/2012/09/PrendLawDemand-Letter1.pdf> (May 8, 2011). *See also* Letter from John L. Steele, Attorney and Counselor at Law, Steele and Hansmeier, PLLC, <http://dietrolldie.files.wordpress.com/2011/09/57230736-settlement-letter.pdf> (May 16, 2011).

⁸⁸ *Id.*

⁸⁹ *Id.*

authorized to accept” a named sum, usually around \$2,500 “as full settlement for the claims.”⁹⁰ The letter then states that the offer will expire on a given date and time, usually within 14 days. The letter then states that “[i]f you reject our settlement offers, we expect to serve you with a Complaint and commence litigation.”⁹¹ The letter then reiterates that “if you act promptly you will avoid being named as a Defendant in the lawsuit.”⁹² The letter then discusses what kind of payment options are available to the subscriber to pay the settlement amount, as well as where to mail the payment.

Following this, the letter notes that the subscriber should:

consider this letter to constitute formal notice that until and unless we are able to settle our client’s claim against you we demand that you not delete any files from your computer or any other computers under your control or in your possession. If forced to proceed against you in a lawsuit, we will have a computer forensic expert inspect these computers in an effort to locate the subject content and to determine if you have deleted any content. If in the course of litigation the forensic computer evidence suggests that you deleted media files, our client will amend its complaint to add a ‘spoliation of evidence’ claim against you. Be advised that if we prevail on this additional claim, the court could award monetary sanctions, evidentiary sanctions and reasonable attorney fees.⁹³

The letter itself then concludes by offering the strong, underlined suggestion that the subscriber consult with an attorney.

The letter typically also includes a Frequently Asked Questions (FAQ) sheet. The questions and answers included in this sheet are typically written in simple English to help the subscriber fully understand the situation. The FAQ can include questions like “Will I remain anonymous if I settle?” (Given answer: “Yes, you will remain anonymous if you settle”) and

⁹⁰ *Id.*

⁹¹ *Id.*

⁹² *Supra* note 84.

⁹³ *Supra* note 84.

“How do I make this go away?” (Given answer: “Paying the settlement fee will immediately release you from liability and close the case”).⁹⁴ The letter also typically includes a settlement payment form, designed to make it as easy as possible for the subscriber to quickly pay the settlement amount. The settlement form looks like a typical pay-by-mail order form, and includes options to pay by bank account or credit card.⁹⁵

Finally, the letter also typically includes a sample settlement release and agreement form.⁹⁶ The settlement form typically states that in consideration with full payment of the given settlement amount, the plaintiff agrees to “remise, release, acquit, satisfy, and forever discharge the said Releasee, of and from all manner of actions, causes of action, suits, debts, covenants contracts, controversies, agreements, promises, claims, and demands” regarding the named lawsuit or “any claim related to any act Releaser alleges that Releasee may or may not have done, which said Releaser ever had, now has, or which any personal representative, successor, heir or assign of said Releaser, hereafter can, shall or may have, against said Releasee, by reason of any matter, cause or thing whatsoever, from the beginning of time to the date of this instrument.”⁹⁷ The release agreement then states that the subscriber agrees to release the plaintiffs “from all manner of actions, causes of action, suits, debt, covenants, contracts, controversies, agreements, promises, claims and demands arising from or relating to the aforementioned lawsuit or any claim related any act” alleged.⁹⁸ The agreement concludes by stating that both parties “agree that the terms of this agreement shall forever remain confidential”

⁹⁴ *Supra* note 84.

⁹⁵ *See supra* note 84.

⁹⁶ *See supra* note 84.

⁹⁷ *Supra* note 84.

⁹⁸ *Id.*

and that both parties “shall not discuss this agreement.”⁹⁹ The plaintiff agrees to “not disclose information it may have regarding” the subscriber “the litigation described herein, or any settlement discussion entered into between the parties unless ordered to do so by a valid court order or by permission” of the subscriber.¹⁰⁰

If the subscriber chooses to pay the settlement amount, then the plaintiff likely mails the subscriber a substantially similar agreement as the one outlined above, which both parties sign. After such actions, the subscriber is dropped from the lawsuit, as indicated by the numerous John Doe dismissals that populate the Docket Sheets of such mass litigation cases.

If the subscriber does not pay the settlement amount by the given deadline, the plaintiffs typically do not immediately serve the subscriber with a complaint as stated. Instead, they typically continue to seek out a settlement agreement with the subscriber. Additional letters and emails¹⁰¹ may be sent to the subscriber seeking a settlement. In addition, the plaintiffs typically begin to call the subscriber’s phone number. Such calls typically begin as “Robocalls,” or automated messages recorded by the plaintiffs that appear to send substantially the same message to numerous subscribers affiliated with such lawsuits. The plaintiffs’ lawyers also phone the subscriber personally on occasion. The following is a transcript of a typical call:

“This is [Law Firm] calling about a couple of letters our office has mailed to you having to do with a copyright infringement lawsuit. Our client was generous enough to extend their settlement offer and that has now been expired for more than 30 days so it’s pretty clear to them that you do not plan to enter into a settlement agreement, which is fine. This call is just to inform you that we do have a number of new attorneys on staff. We have started to file lawsuits with individuals, and we will start that process with you shortly. Initially you will receive time sensitive documents. We’ve

⁹⁹ *Id.*

¹⁰⁰ *Id.*

¹⁰¹ *See* Copyright Law Group Settlement Email, http://diertrolldie.files.wordpress.com/2011/09/clg_settlementemail_00350md.pdf (April 2012).

found that most people do choose to have an attorney review them. If you want to get an idea of what the complaint will look like, just go to our website, weifghtpriracy.com and see some our recent filings. Of course, if you have any questions, we can be reached at [800 number].”¹⁰²

A more recent form of communication between the plaintiffs and the subscriber involves a request for additional information related to the case. Termed “Exculpatory Evidence Requests,” these letters have typically been sent out in lieu of the initial settlement letter to the subscriber.¹⁰³ Exculpatory letters first state that the individual’s ISP has identified him or her as “the subscriber in control” of a stated IP address. The letter states that the IP address was “detected infringing one or more” of the plaintiff’s copyrighted works, and that the law firm is “currently reviewing [the] matter for purposes of determining whether to pursue....a copyright infringement claim.”¹⁰⁴ The letter includes a form that the subscriber is asked to complete in order to convey to the plaintiff “any evidence which...makes it less likely that [the subscriber is] the infringer.”¹⁰⁵ The questions on such forms typically ask the subscriber to “[l]ist all authorized users of the network,” whether “there a WiFi access point associated with the public IP address,” if “BitTorrent been installed on any systems,” “[h]ow far is the closet neighbor” to the subscriber, whether the subscriber has “visited any Web sites containing Torrent Magnet Links,” whether the subscriber has “used search engines to search for information on torrent files or Web sites,” whether the subscriber has “ever visited streaming media site containing “unauthorized”

¹⁰² See DieTrollDie, Prenda Robo Call, https://www.dropbox.com/s/r4f6zvhjqc4ckq/Prenda_Lutz1.wav.

¹⁰³ See *Lipscomb Fishing Co., or “Exculpatory Evidence Request”* DieTrollDie, January 28, 2013, <http://diertrolldie.com/2013/01/28/lipscomb-fishing-co-or-exculpatory-evidence-request/>.

¹⁰⁴ See *id.*

¹⁰⁵ *Id.*

copies of Plaintiff's movies," and whether the subscriber has "ever receive[d] notices of copyright infringement from your ISP or other content owner."¹⁰⁶

Communication between the plaintiff and the subscriber continues in this manner until either the subscriber pays the settlement amount to the plaintiff, or the subscriber becomes a named defendant in the lawsuit, at which time the case proceeds through the judicial process.

B. Who Are the "Copyright Trolls"

An examination of the mass copyright litigation phenomena necessitates an examination into the key players behind the dispute, chiefly because a limited number of entities are involved in these types of cases thus far. Although hundreds of copyright infringement cases have been brought against tens of thousands of individuals, there are only approximately forty-five different plaintiffs involved in such cases. There is even a fewer amount of law firms and attorneys typically associated with such cases; three main law firms represent the bulk of mass litigation copyright cases.

An examination of the plaintiffs involved in mass litigation copyrighting infringement suits reveals that approximately forty-five different copyright holders are involved in bringing forth the vast majority of such lawsuits. Figure 1, below, provides a list of the copyright holders names as they appear in the captions of such cases. The copyright holder names are listed in order according to the number of lawsuits they were identified to be a part of.

¹⁰⁶ *See id.*

FIGURE 1
LIST OF PLAINTIFFS IN MASS COPYRIGHT LITIGATION

Malibu Media
Patrick Collins
Third Degree Films
A.F. Holdings
Hard Drive
New Sensations
Nu Image
Raw Films
First Time Videos
K-Beach
Liberty Media
MCGIP
Pacific Century Interactive
SBO Pictures
Boy Racer
Digital Sin
IO Group
Bait Productions
Berlin Media
Discount Video
Media Productions
Openmind Solutions
West Coast Productions
Aerosoft
Bubble Gum Productions
Call of the Wild
Camelot Dist.
Celestial
CineTel Films
Combat Zone
Diabolic Video Productions
DigiProtect
Donkeyball Movie LLC
Lightspeed Media
Mavrick Entertainment
Millennium TGA
Next Phase Distribution

On the Cheap
Paradox Productions
PHE Inc.
PW Productions
Quad Intern
ReFX Audio
Sunlust Pictures
Voltage Pictures
Zero Tolerance

An examination of the law firms representing the entities involved in mass litigation copyright infringement suits reveals that just four law firms were associated with most plaintiffs involved in such cases. These law firms—Prenda, Lipscomb, CEG TEK, and DGW – are responsible for filing virtually all of the litigation surrounding these types of cases.

The sheer number of copyright litigation cases originating from such a small sample set of plaintiffs raises the question of the ultimate rationale behind bringing such litigation in the first place. Given that BitTorrent has been said to promulgate mass copyright infringement activities involving a comprehensive range of media types, it stands to reason that if lawsuits such as these were a way to truly recoup media creation costs, a greater amount of plaintiffs might be involved in such cases. A small range of plaintiffs, however, would appear to be in line with the thesis that such plaintiffs are potentially engaging in an abuse of the judicial system in order to embark in a profit-creating endeavor.

C. Potential Problems With Mass Copyright Litigation

While legitimate enforcement of copyright infringement represents a valid and important use of the judicial system, there are several characteristics of mass copyright infringement lawsuits that make such lawsuits and their accompanying settlement discussions highly suspect. Following from the close examination of mass copyright infringement cases above, several

questions can be raised as to their legitimacy, fairness to the individuals involved, as well as a proper use of judicial resources.

1. IP Address Sufficiency

As a threshold issue, it is important to note that a myriad of problems are associated with attempts to litigate against an individual based upon an IP address. Numerous technical reports and legal scholars have noted that attempts to associate an IP address with a specific individual are inherently flawed and can easily result in misidentification. While an IP address may be used as a tool to locate subscriber information, that information is not conclusive as to who committed the alleged act of infringement. Such subscription information only reveals “the person paying for the internet service;” it does not necessarily reveal anything about the actual infringer.¹⁰⁷ The actual alleged infringer could in fact be “a family member, roommate, employee, customer, guest, or even a complete stranger.”¹⁰⁸ Famously, a similar mass copyright infringement lawsuit in the United Kingdom involved naming a 60-year old woman who stated she had never heard of peer-to-peer technology.¹⁰⁹ She was named in a lawsuit for illegally downloading pornography on the basis of faulty IP address information.¹¹⁰

Despite this questionable link between an IP address and a specific individual, and despite the fact that courts have held that IP addresses are not sufficient to identify individuals,¹¹¹

¹⁰⁷ *A.F. Holdings v. John Doe*, 2:12-cv-5709-ODW(JCx) (C.D. Cal 2012).

¹⁰⁸ *Id.*

¹⁰⁹ *See* The Pirates And Trolls Of Porn Valley, <http://www.buzzfeed.com/reghan/the-pirates-and-trolls-of-porn-valley>.

¹¹⁰ *See id.*

¹¹¹ *See A.F. Holdings v. Rogers*, 12cv1519 BTM(BLM) (S.D. Cal 2013). While courts have held that IP address information is not sufficient, alone, to identify an individual, courts have typically allowed IP address information to serve as a basis for moving forward with expedited discovery.

plaintiffs in mass copyright infringement suits nevertheless use IP addresses as the basis for petitioning for expedited discovery. With nothing more than a list of IP addresses, plaintiffs successfully ask the court for subpoena requests in order to obtain subscriber contact information. Plaintiffs appear to take no steps to mitigate problems associated with IP identification; one court, for example, has chastised plaintiffs for not conducting any investigation as to whether the address was spoofed, or even determining whether the download was actually completed.¹¹² Plaintiffs then use such information to engage in possibly coercive and deceptive settlement negotiations. If the underlying IP address information utilized by the plaintiffs is faulty, then there is sufficient reason to question whether plaintiffs have sufficiently established even the basic threshold question of whether they are targeting the correct individuals. The inadequacy of using an IP address to establish the identity of a single individual thus reveals a significant problem with mass copyright infringement lawsuits; that is, there is a significant chance that such proceedings are being initiated against completely innocent individuals based on faulty information.¹¹³

2. Personal Jurisdiction

Questions regarding personal jurisdiction strike at the center of a court's power to render decisions against an individual. The Supreme Court has stated that the Due Process Clause requires an individual to be subject to the personal jurisdiction of the court.¹¹⁴ Unless an

¹¹² See *Ingenuity 13 LLC v. John Doe*, 2:12-cv-8333-ODW(JCx) (C.D. Cal 2013).

¹¹³ See *The Pirates And Trolls Of Porn Valley*, <http://www.buzzfeed.com/reghan/the-pirates-and-trolls-of-porn-valley> ("Mitch Stoltz, a lawyer at the Electronic Frontier Foundation who has been working on this issue on behalf of file sharers... ticked off a list of problems with associating pirate identities with IP addresses. "Their methods are opaque — the software that monitor BitTorrents have never been tested in court. They could be transposing digits, they could be getting the name wrong, the [Internet service providers] could have the wrong name associated with [an IP address]," he said.").

¹¹⁴ See *International Shoe Co. v. Washington*, 326 U.S. 310 (1945).

individual has consented to a court's personal jurisdiction, a court generally has no power over an individual unless he or she is present or domiciles within the jurisdiction,¹¹⁵ has made "purposeful contacts" with the jurisdiction,¹¹⁶ or has a "reasonable expectation" of facing a lawsuit in the jurisdiction.¹¹⁷ The Supreme Court has articulated that the guiding light for personal jurisdiction matters is whether the defendant's contacts with the state in question are "such that maintenance of the suit does not offend traditional notions of fair play and substantial justice."¹¹⁸ Moreover, in situations involving unnamed defendants, courts have recognized a judicial responsibility to investigate personal and subject matter jurisdiction when a non-party to the suit may be subject to costly discovery.¹¹⁹ In situations such as mass copyright infringement lawsuits, courts may have a particularly strong responsibility to investigate personal jurisdiction questions, as such cases are likely to involve individuals who are unfamiliar with the law, lack the means to obtain a lawyer, and are therefore more likely to settle case, waiving a right they did not know existed in the first place.

Plaintiffs involved in mass copyright infringement cases have brought numerous lawsuits against hundreds of individuals from all across the country joined together as part of a single suit. In cases involving such large numbers of individuals coming from so many different corners of the country, it is reasonable to investigate whether the court in question has the power to exercise personal jurisdiction against all defendants. Lacking such authority, a court would not

¹¹⁵ See *Milliken v. Meyer*, 311 U.S. 457, 463 (1940).

¹¹⁶ See *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 296-97 (1980).

¹¹⁷ See *Hanson v. Denckla*, 357 U.S. 235, 251-52 (1958).

¹¹⁸ See *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. at 290 (Internal quotations removed).

¹¹⁹ See *Sinoying Logistics Pte Ltd. v. Yi Da Xin Trading Corp.*, 619 F.3d 207, 213-14 (2d Cir. 2010) (holding that a court's inquiry into its personal jurisdiction is a proper exercise of the court's responsibility to determine that it had the power to enter a default judgment).

constitutionally be empowered to grant a subpoena request from the plaintiff regarding accessing defendant John Doe's ISP subscription information.

The plaintiffs of mass copyright infringement lawsuits typically justify the court's proper exercise of personal jurisdiction by stating that the nature of BitTorrent justifies jurisdiction over all defendants in the case.¹²⁰ Plaintiffs typically assert that because the nature of BitTorrent requires individuals to receive and transmit data from one another concurrently, all users of the protocol are acting in concert with one another. Plaintiffs claim that this act of simultaneous occurrence and mutual beneficial activity can sufficiently establish the required amount of minimum contacts between out of state defendants and in-state defendants for the court to exercise proper personal jurisdiction.¹²¹ For example, one plaintiff has claimed that "[u]nder the BitTorrent protocol every user simultaneously receives information from and transfers information to one another, and the aggregate group of downloaders/distributors of a particular file share such information in a so-called "swarm" of transfers in which the information is shared among the peers....more or less simultaneously and in concert with one another, thus connecting *peers physically present in this jurisdiction* to peers *elsewhere* in a shared and mutually supportive network of unlawful copying, all of which causes harm to Plaintiff in this jurisdiction" (emphasis added).¹²²

¹²⁰ See, e.g., *DigiProtect USA Corp. v. Does*, No. 10 Civ. 8760 (PAC), 2011 WL 4444666, at *2 (S.D.N.Y. Sept. 26, 2011).

¹²¹ Note, however, that the Federal Rules of Civil Procedure do not require plaintiffs to justify a court's exercise of personal jurisdiction. See 4 CHARLES ALAN WRIGHT ET AL., *FEDERAL PRACTICE AND PROCEDURE* § 1067.6 (3d ed. 2007) (collecting cases and noting that "strictly speaking, under Federal Rule 8(a) plaintiffs are not required to plead the basis for personal jurisdiction over defendants"). Nonetheless, a court must still justify its exercise of personal jurisdiction. The mere fact that plaintiffs feel compelled to explain the basis of a court's exercise of personal jurisdiction in and of itself raises the question that a court, acting on its own accord, might properly question its exercise of personal jurisdiction in such cases.

¹²² *DigiProtect USA Corp. v. Does*, 2011 WL 4444666 at *4.

There are significant reasons to question the premise of such justification, however. Notably, the BitTorrent protocol is more dynamic than such claims appear to allege. As noted in Part II, when an individual uses the BitTorrent protocol to download a target file, he or she connects only to a small subset of the entire swarm at any given time to download and upload the file. At no point is a single individual connected to all users within the swarm. Instead, users are connected to each other randomly, and such connections are in a near constant state of flux, as the protocol seeks to connect individuals with the fastest and most reliable connection speeds possible.

It is questionable whether such apparently random and disjointed connections between in-state and out-of-state defendants would be enough to meet the constitutional requirements for proper personal jurisdiction. Establishing random connections between peers, as the BitTorrent protocol does, would seem to fall short of the Supreme Court's requirements of "purposeful contacts"¹²³ and "reasonable expectation" of facing a lawsuit in the jurisdiction¹²⁴ standards.

Indeed, several courts have recognized that mass copyright infringement lawsuits present problems relating to personal jurisdiction.¹²⁵ Courts have noted that in past instances where early discovery was granted and plaintiffs obtained ISP subscriber information, plaintiffs "often learned that some of the ISP subscribers did not live in the state where the lawsuit was brought."¹²⁶ Courts have held that complaints that "summarily assert[] that...defendants 'downloaded copyrighted content from, or uploaded it to'" residents residing within the court's

¹²³ See *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 296-97 (1980).

¹²⁴ See *Hanson v. Denckla*, 357 U.S. 235, 251-52 (1958).

¹²⁵ See, e.g. *Liberty Media Holdings, LLC v. Does 1-62*, 11-CV-575-MMA NLS, 2012 WL 628309 (S.D. Cal. Feb. 24, 2012).

¹²⁶ *Hard Drive Productions, Inc. v. Does 1-90*, No. C11-03825, (N.D. Cal 2012) available at <http://www.scribd.com/doc/88220169/Gov-uscourts-cand-243765-18-0>.

jurisdiction are “insufficient to support the exercise of general or limited personal jurisdiction.”¹²⁷ Such courts note that even if the plaintiff “could show that each of the Doe defendants transferred a piece of the file to a...resident, this single, miniscule action would not constitute ‘minimum contacts’ with the state.”¹²⁸

There are technically feasible steps that plaintiffs can take to ensure that the defendants included in the suit are likely to reside within the court’s jurisdiction. Indeed, courts have found that “[i]nformation about the geographic location of internet accounts connected to specific IP addresses “is easily accessible and publicly available.”¹²⁹ While some courts do appear to be moving towards adopting a general standard that such technology be used in mass copyright infringement cases,¹³⁰ several jurisdictions have allowed mass copyright infringement lawsuits to move forward without employing the technology.¹³¹ In instances where such technology is not used to identify the defendants within a lawsuit, significant questions thus remains as to whether the court is properly exercising personal jurisdiction.¹³²

¹²⁷ *Id.*

¹²⁸ *Id.*

¹²⁹ *DigiProtect USA Corp. v. Does*, No. 10 Civ. 8760 (PAC), 2011 WL 4444666 at *4.

¹³⁰ *See id.*

¹³¹ *See, e.g. Liberty Media Holdings, LLC v. Does 1-62*, 11-CV-575-MMA NLS, 2012 WL 628309 (S.D. Cal. Feb. 24, 2012) (“Movants have not yet been identified and their connections, or lack there of, to California are unknown. In the absence of this information, it is premature to decide whether the Court has personal jurisdiction over unnamed Doe Defendants. Neither the Court nor Plaintiff can adequately determine if personal jurisdiction exists until Doe Defendants identify themselves or are identified by their ISPs.”); *IO Group, Inc., v. Does 1-19*, 2010 U.S. Dist. LEXIS 133717, 2010 WL 5071605 (N.D. Cal. Dec. 7, 2010); *Call of the Wild Movie, LLC v. Does 1-1, 062*, 770 F.Supp.2d 332, 347 (D.D.C.2011) (“[A]t this juncture when no putative defendant has been named, the Court has limited information to assess whether any putative defendant has a viable defense of lack of personal jurisdiction or to evaluate possible alternate bases to establish jurisdiction.”).

¹³² This is not to say that use of such techniques alleviates all concerns regarding personal jurisdiction. Even in instances in which such techniques are used, valid reasons exist to continue to question whether a court has valid personal jurisdiction against all defendants. *See Hard Drive Productions, Inc. v. Does 1-90*, C11-03825 HRL, 2012 WL 1094653 (N.D. Cal. Mar. 30, 2012) (“Plaintiff alleges in the complaint that it “used geolocation technology to trace the IP addresses of each Defendant to a point of origin within the State of California.... Although not a litmus test for personal jurisdiction, the use of geolocation gives Plaintiff good cause for asserting that personal jurisdiction is proper over the Defendants.” Complaint ¶ 3. But, in its supplemental briefing and at hearing, plaintiff admitted

3. Proper Joinder

A third concern with mass copyright infringement litigation is whether such cases are proper under the Federal Rules of Civil Procedure for joinder. Typical mass copyright infringement lawsuits involve bringing a complaint against as many as a thousand John Doe defendants. There are several reasons to question whether such cases, which bring in such a large number of defendants, each of whom is likely to assert unique defenses under unique sets of facts, are proper under the Federal Rules. While joining thousands of defendants together makes it easier for the plaintiffs involved in such cases to gather subscriber information and engage in settlement discussions, such joinders may present issues of fairness to the defendants. Moreover, massive joinder cases may be costly for the judicial system, as they allow plaintiffs to avoid paying filing fees for each defendant in the case.

The Federal Rules of Civil Procedure authorize joinder of defendants in cases in which a “right to relief is asserted against them jointly, severally, or in the alternative” that arises “out of the same transaction, occurrence, or series of transactions or occurrences” and if “any question of law or fact common to all defendants will arise in the action.”¹³³ Even if these requirements are met, however, joinder remains a matter of the court’s discretion. Courts may, “at any time, on any just terms” sever a party or claim.¹³⁴ While joinder of claims and parties is typically encouraged,¹³⁵ the Supreme Court has consistently instructed that courts only apply joinder in

that while geolocation “is the leading method for associating an IP address with an approximate geographic location,” it is only truly reliable when predicting the *country* in which an IP address is located. Dkt. No. 16, p. 3.”).

¹³³ FED. R. CIV. PRO. 21.

¹³⁴ FED. R. CIV. PRO. 21.

¹³⁵ See 7 Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 1652 (3d ed. 2011) (Noting that the “purpose of the rule is to promote trial convenience and expedite the final determination of disputes, thereby preventing multiple lawsuits.”).

circumstances that are “consistent with fairness to the parties.”¹³⁶ Joinder is not justified when a plaintiff merely alleges that each of the defendants has violated the same statutory duty; that is, joinder is not justified simply because the claims all involve copyright infringement.¹³⁷ Furthermore, joinder is not proper simply because defendants have all used the same method to violate the law.¹³⁸

Plaintiffs in mass copyright infringement cases typically assert that joinder against all defendants is proper by arguing that the unique nature of the BitTorrent protocol requires all defendants to act simultaneously with each other and therefore engage in the same transaction. In what has been termed the “swarm theory,” plaintiffs typically claim that “[o]nce a peer receives a piece of the computer file....it starts transmitting that piece to the other peers.... In this way, all of the peers and seeders are working together in what is called a “swarm.” each [Doe defendant] peer member participated in the same swarm and directly interacted and communicated with other members of that swarm through digital handshakes, the passing along of computer instructions, uploading and downloading, and by other types of transmissions.”¹³⁹

Such claims bring forth concerns similar to those surrounding the issue of personal jurisdiction. Namely, there is significant reason to question the way in which such plaintiffs characterize interactions over the BitTorrent protocol. Given the dynamic nature of BitTorrent, in which peers are constantly, randomly connecting and disconnecting from each other, it is difficult to see how all of the defendants named in such lawsuits could have possibly been connected to each other simultaneously. Given the design of the BitTorrent protocol, it is simply

¹³⁶ *United Mine Workers of Am. v. Gibbs*, 383 U.S. 715, 724 (1966).

¹³⁷ *See Coughlin v. Rogers*, 130 F.3d 1348, 1351 (9th Cir. 1997).

¹³⁸ *See Nassau Cnty. Ass'n of Ins. Agents, Inc. v. Aetna Life & Cas. Co.*, 497 F.2d 1151, 1154 (2d. Cir. 1974).

¹³⁹ *See Malibu Media, LLC v. Does 1-11*, 286 F.R.D. 113, 115 (D.D.C. 2012).

not the case, as plaintiffs typically assert, that each defendant named in the lawsuit necessarily participated in or contributed to the downloading activities of all other defendants included in the lawsuit.¹⁴⁰

Furthermore, claims of simultaneous acts of infringement seem to completely fall apart when one considers the fact that many defendants entered and exited the swarm at different times.¹⁴¹ It is highly unlikely that an individual that began a download at the beginning of the week would still be present in the swarm at the end of the week, given that the file would likely have completed downloading many days before.¹⁴² Nonetheless, many mass copyright infringement cases have attempted to join defendants whose allegedly infringed activity took place weeks, sometimes even months, apart.¹⁴³

¹⁴⁰ *See id.* at 116-17 (“Under the BitTorrent Protocol, it is not necessary that each of the Does 1–[11] participated in or contributed to the downloading of each other’s [pieces] of the work at issue—or even participated in or contributed to the downloading by any of the Does 1–[11]. Any []pieces[] of the work copied or uploaded by any individual Doe may have gone to any other Doe *or to any of the potentially thousands who participated in a given swarm*. The bare fact that a Doe clicked on a command to participate in the BitTorrent Protocol does not mean that they were part of the downloading by unknown hundreds or thousands of individuals across the country or across the world.”).

¹⁴¹ One scholar has explained such situations as follows: “imagine a swarm developed around a file seeded by A. On Day 1, B, C, and D enter that swarm with A and help each other acquire the file by exchanging pieces of the file with one another. Their exchange can fairly be called the same “series of transactions” for purposes of Rule 20. Now, after the exchange, assume all four stay plugged into the swarm through Day 2, uploading pieces of the file to any other users who enter into the swarm. On Day 3, B, C, and D disconnect. The next day E, F, and G enter the swarm with A. Since the swarm develops around the file, E, F, and G are part of the same swarm that A, B, and C were in. However, now the file exchange is occurring between A, E, F, and G. By contrast, B, C, and D have no involvement with the second exchange because they left the swarm. Given that B, C, and D were not and could not be sources for E, F, and G, the former group’s acquisition of the file was a wholly separate series of transactions from the latter’s. Instead, the only link between the parties is that they “used the same peer-to-peer network to copy and reproduce [[a plaintiff’s] video[],” which has time and again been ruled insufficient to meet the requirements for joinder. So long as the plaintiffs cannot allege more, they fail to prove that the defendants engaged in closely related transactions.” Karunaratne, *supra* note 9 at 295 (internal citations omitted).

¹⁴² *Boy Racer v. Does*, No. C 11-02834LHK (PSG), 2011 U.S. Dist. LEXIS 86746, at *2 (N.D. Cal. Aug. 5, 2011).

¹⁴³ *Digital Sins, Inc. v. John Does 1-245*, No. 11 Civ. 8170 (CM), 2012 WL 1744838 (S.D.N.Y. May 15, 2012) (“Nothing in the complaint negates the inference that the downloads by the various defendants were discrete and separate acts that took place at different times; indeed, the complaint alleges that separate defendants shared access to a file containing a pornographic film in separate and isolated incidents over the course of 59 days. In other words, what we have here is 245 separate and discrete transactions in which 245 individuals used the same method to access a file via the Internet—no concerted action whatever, and no series of related occurrences—at least, not related in any way except the method that was allegedly used to violate the law.”).

Joinder of hundreds of defendants in mass copyright litigation cases is further questionable due to the fact that plaintiffs avoid having to pay court filing fees for claims against all of the individual defendants. Typically, filing fees are paid per case and are approximately \$350.¹⁴⁴ Filing fees “not only provide crucial funding for the operation of the Court, but also serve as a deterrent to the filing of frivolous suits.”¹⁴⁵ Indeed, in addressing mass copyright infringement lawsuits, courts have begun to note that “[t]he only economy that litigating these cases as a single action would achieve is an economy to plaintiff – the economy of not having to pay a separate filing fee for each action brought.”¹⁴⁶ Once aggregated over the long term, the avoidance of paying filing fees becomes a significant issue for courts; one court noted that a leading plaintiff in such cases had avoided nearly \$300,000 by filing joined lawsuits.¹⁴⁷ This use of joinder allows plaintiffs to pursue their settlement-based business model without incurring the substantial litigation costs that would result from having to file individual lawsuits.¹⁴⁸ The fact that this kind of litigation appears to be motivated by a business model that relies on joinder in order to avoid paying filing fees raises significant questions as to whether joinder is in fact proper. The judicial economy the Federal Rules have in mind when speaking about joinder involve adequate and efficient use of court resources for the betterment of all litigations; the Rules were not created in order to facilitate the kind of business models plaintiffs in mass copyright infringement cases typically are engaged in.¹⁴⁹

¹⁴⁴ See 28 U.S.C. § 1914 (“The clerk of each district court shall require the parties instituting any civil action, suit or proceeding in such court, whether by original process, removal or otherwise, to pay a filing fee of \$350...”).

¹⁴⁵ *Malibu Media v. John Does 1-24*, No. 2:12-cv-425-UA-DNF, 2013 WL 105094, at *4 (M.D. Fla. Jan. 9, 2013) (citing *In re McDonald*, 489 U.S. 180, 184 (1989)).

¹⁴⁶ *Malibu Media v. John Does 1-24*, No. 2:12-cv-425-UA-DNF, 2013 WL 105094, at *4 (M.D. Fla. Jan. 9, 2013).

¹⁴⁷ *Id.* at *6.

¹⁴⁸ See Karunaratne, *The Case Against*, *supra* note 9, at 303.

¹⁴⁹ *Malibu Media v. John Does 1-24*, No. 2:12-cv-425-UA-DNF, 2013 WL 105094, at *4 (M.D. Fla. Jan. 9, 2013).

4. Questionable Litigation Incentives, Bad Behavior and Unequal Bargaining Power

Finally, proper consideration of the nature of mass copyright infringement lawsuits necessitates recognizing the context in which such cases arise. While it is true that the plaintiffs in mass copyright infringement cases likely have legitimate substantive grounds for pursuing their cases,¹⁵⁰ it is also apparent that plaintiffs have recognized that they can create a lucrative business model out of utilizing federal courts to coerce individuals into paying settlement amounts.¹⁵¹ It is important to note that by bringing forth lawsuits that join together thousands of individuals, plaintiffs minimize their litigation costs and create a profitable litigation model “that can result in monetary gains in the six and even seven figure range.”¹⁵²

The profitability of this model, however, hinges on questionable litigation incentives. In order to be a profitable endeavor, plaintiffs bringing forth such suits must engage in “low cost, high volume” litigation. Such plaintiffs are thus seeking to create litigation against as many individuals as possible, as cheaply as possible. This model appears to inherently depend on minimizing litigation costs to the extreme; plaintiffs involved in mass copyright infringement cases appear to be litigating cases on a model that depends on such cases never reaching a jury. Plaintiffs in these cases never intend or desire for the case to fully go to trial.¹⁵³ A case litigated to its conclusion would simply be too costly for plaintiffs’ business model to remain profitable.

¹⁵⁰ See Karunaratne, *The Case Against*, *supra* note 9 (citing M. Alex Johnson, *Porn Piracy Wars Get Personal*, MSNBC.COM (July 20, 2011, 8:06 AM), <http://www.technolog.msnbc.msn.com/technology/technolog/porn-piracy-wars-get-personal-121928>).

¹⁵¹ See Karunaratne, *The Case Against*, *supra* note 9, at 303 (citing Art Neill, *Does a New Wave of Filesharing Lawsuits Represent a New Business Model for Copyright Owners?*, J. INTERNET L., June 2011, at 1, 8-9).

¹⁵² See Karunaratne, *The Case Against*, *supra* note 9, at 303 (citing David Kravets, *How Mass BitTorrent Lawsuits Turn Low-Budget Movies Into Big Bucks*, WIRED (Mar. 31, 2011, 2:36 PM), <http://www.wired.com/threatlevel/2011/03/bittorrent/>).

¹⁵³ See Keegan Hamilton, *Porn, Piracy, & BitTorrent*, SEATTLE WKLY. (Aug. 10, 2011), <http://www.seattleweekly.com/2011-08-10/news/porn-piracy-bittorrent/>.

Such litigation incentives are important to consider when examining activities surrounding mass copyright infringement cases as a whole. Such incentives indicate that plaintiffs are not bringing such lawsuits because they believe the case will likely succeed on the merits, but instead to use the federal court system in order to facilitate a coercive settlement regime.

Such questionable litigation incentives are also a cause for concern because they are likely to lead to unscrupulous litigation behavior. Given that “an innocent John Doe is just as likely to pay up as a guilty one,” plaintiffs involved in such cases do not have an incentive to ensure that individuals they accuse actually committed the infringing activity. Indeed, it would seem that such plaintiffs have an incentive to name as many defendants as possible, regardless of their possibility of guilt. This kind of litigation strategy has been characterized by one commentator as “shoot first, and identify....targets later.”¹⁵⁴ Indeed, plaintiffs themselves acknowledge the possibility of misidentification in the initial letters they send out to defendants in such cases, indicating that plaintiffs are fully aware of the problem but choose to proceed in cases nonetheless.¹⁵⁵

Knowingly initiating suits against innocent defendants, however, is far from the only example of observed bad behavior by plaintiffs in mass copyright infringement lawsuits. From the very beginning of such cases, several plaintiffs have been involved in conduct deemed to be unethical and subject to sanctions by various courts.¹⁵⁶ In one notable example, a judge admonished lawyers associated with the leading mass copyright infringement law firm, Prenda

¹⁵⁴ See Karunaratne, *The Case Against*, *supra* note 9, at 303.

¹⁵⁵ Plaintiffs communicate in letters sent to John Doe defendants that unsecured WiFi access may contribute to misidentification. Plaintiffs assert, despite lacking legal support, that unsecured WiFi access may be negligent behavior.

¹⁵⁶ See *id.* (citing *Mick Haig Prods., e.K. v. Does 1-670*, No. 3:10-CV-1900-N, 2011 WL 5104095, at *1, *5 n.9 (N.D. Tex. Sept. 9, 2011); *K-Beech, Inc. v. Does 1-85*, No. 3:11cv469-JAG (E.D. Va. Oct. 5, 2011), available at <https://www.eff.org/files/K-Beech.pdf> (plaintiff ordered to show cause for why its conduct did not violate Rule 11)).

Law, for misleading the court by concealing information.¹⁵⁷ Judge Otis Wright III, of the Central District of California, issued an order calling for Rule 11 sanctions¹⁵⁸ and other disciplinary action against the chief individuals associated with mass copyright infringement pornography lawsuits: Brett Gibbs, John Steele, Paul Hansmeier, and Paul Duffy.¹⁵⁹ The court stated that plaintiffs engage in “lawsuits. . . filed using boilerplate complaints based on a modicum of evidence, calculated to maximize settlement profits by minimizing costs and effort.” The order eviscerates the plaintiff lawyers for deliberately withholding information from the court and making material misrepresentations involving their activities surrounding their mass copyright infringement scheme. The court stated that “Plaintiffs’ representations about their operations, relationships, and financial interests have varied from feigned ignorance to misstatements to outright lies” that were “calculated so that the Court would grant Plaintiffs’ early-discovery requests, thereby allowing Plaintiffs to identify defendants and exact settlement proceeds from them.” Additionally, in numerous instances, the plaintiffs involved in such cases have served subpoenas upon ISPs without having first been granted expedited discovery.¹⁶⁰ Plaintiffs then immediately engage in settlement negotiations with the identified subscribers, in violation of the court.

Additionally, the nature of the copyrighted work in question may contribute to unequal bargaining power between the plaintiffs and defendants, giving raise to concerns about possible

¹⁵⁷ See Ken White, *Deep Dive Analysis: Brett Gibbs Gets His Day in Court—But Prenda Law Is The Star*, TECHDIRT (Mar. 11, 2013), <http://www.techdirt.com/articles/20130311/19422822287/deep-dive-analysis-brett-gibbs-gets-his-day-court-prenda-law-is-star.shtml> (Noting that Judge White, the presiding judge, commented during the hearing that a deposition from an individual associated with Prenda Law contained “so much obstruction...that it’s obvious that someone has an awful lot to hide.”).

¹⁵⁸ In a feat of poetic justice, Judge Wright calculated sanctions in the case to be “just below the cost of an effective appeal.” See *Ingenuity 13 LLC v. John Doe*, 2:12-cv-8333-ODW(JC_x) (C.D. Cal 2013) at 10 n. 5.

¹⁵⁹ See *Ingenuity 13 LLC v. John Doe*, 2:12-cv-8333-ODW(JC_x) (C.D. Cal 2013).

¹⁶⁰ *Mick Haig Prods., e.K. v. John Does 1-670*, No. 3:10-CV1900-N, 2011 U.S. Dist. LEXIS 128366, 2011 WL 5104095, at 1 (N.D. Tex. Sept. 9, 2011).

extortion-like behavior. Almost all of the works at issue in mass copyright infringement cases involve pornographic works.¹⁶¹ Additionally, almost all of works in question contain graphically-explicit, sexually-revealing and potentially embarrassing titles. Thus, in some instances a defendant may be forced to settle despite being confident in his or her case, as litigation would expose the defendant to his family, friends, co-workers, and the general community as a viewer of pornography.¹⁶² Such a risk is likely enough to make a defendant “inclined to agree to pay a few thousand dollars to make the whole embarrassing, inconvenient mess go away.”¹⁶³

The plaintiffs bringing forth these cases, in fact, have clearly indicated that this shaming effect is a part of the reason behind plaintiffs’ motivation for litigation. One leading plaintiff’s lawyer has stated publicly that “he expects to get settlements precisely because many people who download pornography are unwilling to risk being publicly identified as having done so.”¹⁶⁴ The lawyer stated that, “You have people that might be OK purchasing music off iTunes, but they’re not OK letting their wife know that they are purchasing pornography.”¹⁶⁵ Consequently, he bragged, once they are identified, “Most people just call in to settle. We have a 45 percent settlement rate.”¹⁶⁶ John Steele, perhaps the most prominent lawyer associated with mass copyright infringement lawsuits, has stated that individuals he has sued are “more than willing to

¹⁶¹ See *id.* at 305. Notably, however, not all of the works at the center of mass copyright infringement cases involve pornography. *The Hurt Locker*, an Academy-Award winning film, has been the center of a significant mass copyright infringement case. See *Voltage Pictures, LLC v. Does 1-5000*, 818 F. Supp. 2d 28 (D.D.C. 2011).

¹⁶² See *Ingenuity 13 LLC v. John Doe*, 2:12-cv-8333-ODW(JCx) (C.D. Cal 2013).

¹⁶³ Alison Frankel, *How Porno Piracy Cases Are Breaking Copyright Ground*, THOMSON REUTERS (Sept. 8, 2011), <http://blogs.reuters.com/alison-frankel/2011/09/09/how-porno-piracy-cases-are-breaking-copyright-ground/>.

¹⁶⁴ *Mick Haig Productions, e.K. v. Does*, 3:10-CV-1900-N, 2011 WL 5104095 (N.D. Tex. Sept. 9, 2011) aff’d sub nom. *Mick Haig Productions E.K. v. Does 1-670*, 687 F.3d 649 (5th Cir. 2012).

¹⁶⁵ John Council, *Adult Film Company’s Suit Shows Texas Is Good for Copyright Cases*, TEXAS LAWYER (Oct. 4, 2010), available at <http://viewer.zmags.com/publication/c4ff88fd#/#c4ff88fd/19>.

¹⁶⁶ *Id.*

say, 'I don't want my name in a federal lawsuit for, in this case, downloading transsexual porn.’¹⁶⁷ Steele notes that he uses this aversion to work out settlement agreements.¹⁶⁸

V. Dealing With Mass Copyright Infringement Litigation.

Mass copyright litigation cases have become near commonplace throughout the country. Over 100,000 defendants have been named in such cases. As such, district courts across the country are being forced to deal with the complicated issues involving IP address accuracy, personal jurisdiction, and proper joinder that arise in such cases. Not surprisingly, given the rapid evolution and vast complexity of such cases, courts have come to different conclusions as to how to best approach such cases. The following section provides a comprehensive examination of courts from around the country that have addressed the particularly vexing problem of joinder.

A. What Courts are Currently Doing

1. Current General Confused State.

Courts across the country are beginning to realize the pervasive nature of mass copyright infringement lawsuits.¹⁶⁹ Numerous courts in recent decisions have described the phenomenon as widespread. Cases involving mass copyright infringement typically now open with the court making a general observation that the case is one of the thousand currently pending cases involving similar allegations.

¹⁶⁷ Steve Schmadeke, *Chicago lawyer leads fight against porn piracy*, CHICAGO TRIBUNE (Nov. 15, 2010), available at http://articles.chicagotribune.com/2010-11-15/news/ct-met-porn-attorney-20101115_1_face-lawsuit-anti-piracy-campaign-copyright-violators.

¹⁶⁸ *See id.* (“We worked out a very reasonable, minor fine.”).

¹⁶⁹ *See Next Phase Distribution, Inc. v. John Does 1-27*, 284 F.R.D. 165, 168 (S.D.N.Y. 2012) (“Over the past year, a large number of civil actions about the illegal trading of pornographic films on BitTorrent have been filed in federal courts across the country.”).

Several courts have begun to recognize the potential problems with mass copyright infringement cases described in Part III.C of this paper. Courts have noted that such cases may present problems relating to whether the court has proper personal jurisdiction and whether joinder is proper. Courts are also beginning to recognize that mass copyright infringement lawsuits are being litigated out of an interest to drive settlements and may involve instances of unscrupulous or coercive conduct by the plaintiffs.¹⁷⁰

While courts have been relatively quick to recognize problems associated with mass copyright infringement lawsuits, courts have come to widely divergent views as to how to best address such problems. Not only have several splits emerged amongst different circuits, but splits have emerged within circuits and even within districts themselves. In addressing the current diverging views, one court has noted “inconsistent holdings regarding whether defendants who participated in the same swarm on BitTorrent and downloaded the same file....can be properly joined.”¹⁷¹ The same court noted that within the same district “judges have come to different conclusions.”¹⁷² Given the fact that mass copyright infringement cases have evolved rapidly and have never yet reached a full judgment on the merits, let alone a decision from a Circuit Court, this divergence of opinion is perhaps understandable. An in-depth exploration of how courts have addressed the confusion, however, may help guide consideration of the issue moving forward.

¹⁷⁰ See e.g. *Third World Media, LLC v. Does 1-21*, CIV.A. 12-10947-FDS, 2012 WL 5464266 (D. Mass. Nov. 5, 2012) (“The plaintiffs’ claims and filings are virtually identical in all of these cases, and they have been brought by the same attorney. The strategy implemented by these plaintiffs has been to file mass copyright infringement lawsuits against ‘Doe’ defendants known only by their IP addresses, alleging that a person associated with each IP address illegally reproduced a pornographic film using BitTorrent file sharing technology as part of single ‘swarm.’ Plaintiffs then move for expedited discovery of the information identifying the defendants by means of Rule 45 subpoenas served on the relevant Internet Service Providers (“ISPs”)”).

¹⁷¹ *Next Phase Distribution, Inc. v. John Does 1-27*, 284 F.R.D. 165, 168 (S.D.N.Y. 2012).

¹⁷² See *id.*

2. Judicial Consideration of Joinder

While courts have come to different conclusions regarding personal jurisdiction and IP address sufficiency, the problem that appears most vexing to courts involves whether joinder is proper. There appears to be two diverging views on whether joinder of defendants in mass copyright infringement cases is proper.

Several courts have held that joinder of defendants is proper “as long as the complaint is based on “specific factual allegations” connecting the defendants to the “same specific swarming transaction, or series of transactions.”¹⁷³ Such courts have stated that when individuals participate in the “same swarm and download[] the same copyrighted pornographic film using BitTorrent” joinder is proper because “it is difficult to see how the sharing and downloading activity....—a series of individuals connecting either directly with each other or as part of a chain or ‘swarm’ of connectivity designed to illegally copy and share the exact same copyrighted file—could not constitute a ‘series of transactions or occurrences’ for purposes of Rule 20(a).”¹⁷⁴ Courts have also allowed joinder in mass copyright infringement cases on the theory that “the claims are ‘logically related.’”¹⁷⁵ Notably, many courts allow joinder in the early stages of case; courts typically state that because the defendants have yet to be identified, consideration of whether joinder is proper is premature.¹⁷⁶

¹⁷³ *Next Phase Distribution, Inc. v. John Does 1-27*, 284 F.R.D. 165, 168 (S.D.N.Y. 2012) (citing *DigiProtect USA Corp. v. Does 1-240*, 10 Civ. 8760, 2011 WL 4444666, at *3 n. 3 (S.D.N.Y. Sept. 26, 2011)).

¹⁷⁴ *See id.*

¹⁷⁵ *See Next Phase Distribution Inc. v. John Does 1-27*, 284 F.R.D. at 169 (citing *Patrick Collins, Inc. v. Does 1-21*, 282 F.R.D. 161, 166 (E.D.Mich.2012); *Maverick Entm't Grp., Inc. v. Does 1-2115*, 810 F.Supp.2d 1, 12 (D.D.C.2011); *K-Beech, Inc. v. Does 1-31*, No. 12 Civ. 88, 2012 WL 1431652, at *2 (D.Md. Apr. 24, 2012)).

¹⁷⁶ *See e.g. Patrick Collins, Inc. v. John Does 1-33*, No. 11-CV-02163-CMA-MJW, 2012 WL 415424 (D. Colo. Feb. 8, 2012); *see MCGIP, LLC v. Does 1-18*, C-11-1495 EMC, 2011 WL 2181620 (N.D. Cal. June 2, 2011).

However, numerous other courts have denied joinder in mass copyright infringement cases.¹⁷⁷ Joinder is typically denied because plaintiffs do “no more than assert that ‘the defendants merely committed the same type of violation in the same way.’”¹⁷⁸ Courts have held that joining John Does in mass copyright infringement lawsuits to be improper because each individual participated in “separate and discrete transactions” and there was no “concerted action” among them.¹⁷⁹ Courts have also noted that in most cases there is no way to show that “defendants shared the file with one another, as opposed to with other members of the same very large swarm.”¹⁸⁰ Finally, courts have noted that because defendants “would likely assert individual and different defenses,” there is little “litigation econom[y] to be gained from trying...different cases together.”¹⁸¹

Given this apparent split amongst courts, an examination as to how specific jurisdictions have addressed the issue of joinder is illuminating.¹⁸² Figure 2 represents a comprehensive examination of how courts from around the country have addressed the issue of joinder.

FIGURE 2

District	Joinder Granted	Joinder Not Granted
C.D. California	0	1
C.D. Illinois	1	1
D. Arizona	0	2
D. Colorado	2	10
D. Maryland	7	10
D. Massachusetts	4	6
D. District Columbia	6	2

¹⁷⁷ See, e.g. *Zero Tolerance Entm't Inc. v. Does 1–45*, No. 12 Civ. 1083, 2012 WL 2044593 (S.D.N.Y. June 6, 2012); see *SBO Pictures, Inc. v. Does 1–20*, No. 12 Civ. 3925, 2012 WL 2034631 (S.D.N.Y. June 5, 2012).

¹⁷⁸ *Next Phase Distribution, Inc. v. John Does 1-27*, 284 F.R.D. 165, 169 (S.D.N.Y. 2012).

¹⁷⁹ *Id.*

¹⁸⁰ *Id.* (citing *SBO Pictures*, 2012 WL 2304253, at *2).

¹⁸¹ *Id.*

¹⁸² Data for Figure 3 was pulled from cases in which courts issued a written order or opinion on the issue of joinder. The data includes all court opinions on file as of Feb. 15, 2013.

E.D. California	1	11
E.D. Michigan	2	1
E.D. Pennsylvania	4	0
E.D. Virginia	0	3
E.D. New York	0	1
M.D. Florida	12	3
N.D. California	11	25
N.D. Georgia	0	1
N.D. Illinois	6	2
N.D. Indiana	2	0
N.D. Texas	1	0
S.D. Florida	2	1
S.D. California	4	3
S.D. Ohio	1	0
S.D. Texas	2	1
S.D. New York	7	6
W.D. Louisiana	0	1

Figure 2 reveals the division between how courts have addressed the issue of joinder. Notably, it illustrates that in many jurisdictions across the nation, courts within the same district have come to different conclusions on the issue of joinder. Overall, the data in Figure 2 reveals that more courts across the nation have come to the conclusion that joinder is not proper in mass copyright litigation lawsuits. Figure 2 reveals several jurisdictions that typically find joinder in such cases to be proper: the Northern District of Illinois, the Middle District of Florida, the District Court for the District of Columbia, the Eastern District of Pennsylvania, and the Northern District of Indiana. On the opposite end of the spectrum, the data reveals that the District of Arizona, the District of Colorado, the Eastern District of California, and the Eastern District of Virginia typically do not grant joinder. Finally, the District of Maryland, the District of Massachusetts, the Northern District of California, and the Southern District of New York are districts that have especially come to diverging internal views on the issue.

Given the significant internal divisions with jurisdictions, an examination of how particular judges have ruled on the issue of joinder is further illuminating. Figure 3 presents data as to how judges have ruled on the issue of joinder in the context of mass copyright infringement cases.

FIGURE 3

Judge	Joinder Granted	Joinder Not Granted
Alsup	1	0
Anello	1	0
Arguello	2	0
Atlas	1	0
Baer	0	1
Bartick	0	2
Baylson	1	0
Beeler	9	1
Brennan	0	5
Brown	0	1
Buchwald	1	0
Bucklew	0	1
Bucklo	1	0
Castillo	1	0
Chappell	8	0
Chasanow	0	1
Chen	1	0
Conti	1	1
Corley	1	2
Cosbey	2	0
Covington	0	1
Crotty	0	1
Cudmore	1	0
Dalton	0	1
Darraha	1	0
Delaney	0	2
Dembin	1	0
Engelmayer	2	0
Facciola	1	0
Forrest	2	0
Frazier	3	0

Furman	1	0
Gibney	0	1
Goodman	1	0
Gorman	0	1
Grewal	0	1
Hill	0	1
Hilton	0	1
Howell	5	0
Huff	0	1
Huvelle	0	1
Illston	0	3
Kelly	1	0
Kendall	1	0
Kushner	0	1
Leinenweber	1	0
Litkovitz	1	0
Lloyd	0	1
Manning	0	1
Maria-Elena James	5	0
Marrero	0	1
Martinez	0	5
McLaughlin	1	0
McMahon	0	1
Messitte	0	3
Michelson	1	0
Miller	0	1
Moore	0	1
Morales	0	1
Motz	0	6
Newman	1	3
Pauley	1	0
Porcelli	1	0
Rainey	0	1
Randon	1	0
Ryu	0	5
Saylor	0	7
Scheidlin	0	2
Scola	1	0
Seitz	0	2

Snow	0	1
Sorokin	3	0
Stacy	1	0
Steeh	0	1
Stengel	1	0
Stormes	2	0
Teilborg	0	1
Tharp	1	0
Thrash	0	1
Wilkins	0	1
Williams	7	1
Wright II	0	1
Young	1	0
Zimmerman	0	1

Figure 3 reveals that judges are remarkably consistent in their decision whether to grant joinder; only four of the examined judges issued contradicting opinions. Interestingly, the data in Figure 3 reveals that judges are not more or less likely to find joinder permissible based on the number of times they ruled on the issue. Thus, judges do not appear to be adopting a flexible approach to the issue of joinder and are not finding joinder less appropriate the more they are presented with mass copyright infringement cases.

B. Recommendations

In light of the findings of this examination, it is clear that district courts are struggling to determine how best to deal with mass copyright infringement litigation. However, when such litigation is viewed in the complete context of the technological nature of the BitTorrent protocol, as well as the nature of the business model plaintiffs attempt to pursue, the proper role of the court in such cases becomes clearer.

Fundamentally, courts should first realize the vast importance of carefully considering ex parte applications for expedited discovery. Upon granting such an application, courts give the

plaintiffs essentially carte blanche to gather the subscriber information from ISPs and begin a systemized settlement harassment campaign. Instead of regularly granting such applications, courts can utilize the opportunity to take a hard look at the plaintiff's request, and ensure that they are taking steps to properly target individuals that are likely to have committed the infringement within the court's jurisdictional powers.

Courts should also draw upon the correct technical definition of the BitTorrent protocol when considering issues of joinder. Given the requirements under the Federal Rules of Civil Procedure for joinder, it appears difficult to justify the joinder of dozens of individuals in one case. Given that past experience dictates that such defendants are each likely to raise a unique defense, courts should heed the opportunity to sever parties in such cases.

This is not to say that copyright holders are to be left without a solution to the very real problem of copyright infringement. It is to say, however, that intellectual property rights, like all other claims, must be properly filed before the court. Problems related to copyright infringement are no excuse for engaging in improper litigation tactics against thousands of individuals across the country and making a mockery of courts in the process. Copyright holders can and should use the courts to assert their rights, assuming they follow—like everyone else—the longstanding judicial guidelines that have been adopted in order to protect against the exact kinds of abuse displayed in these lawsuits. In the words of one court, “copyright laws originally designed to compensate starving artists” should not “allow starving attorneys in this electronic-media era to plunder the citizenry.”¹⁸³

¹⁸³ *Ingenuity 13 LLC v. John Doe*, 2:12-cv-8333-ODW(JCx) (C.D. Cal 2013).

VI. Conclusion

Copyright holders have a valid right to protect works through legitimate litigation. However, as this examination has shown, there are several reasons for courts to be skeptical of mass copyright infringement lawsuits. There is ample reason to suspect that such lawsuits are using the courts as part of a money-making business model. In the process of doing so, plaintiffs are engaging in questionable legal tactics and coercing individuals to pay settlement fines they might not even be responsible for. This examination has shown, however, that courts are far from powerless to stop this occurrence. Courts can exercise caution in granting expedited discovery requests, and can pay close attention to issues surrounding personal jurisdictions and IP address sufficiency. Courts can also sever mass copyright infringement lawsuits, therefore alleviating some procedural obstacles for defendants and ensuring that plaintiffs are not unfairly taking advantage of the judicial process for their own financial gain.

Moreover, this examination shows that while courts around the country are still grappling with these issues, the majority of jurisdictions and judges have decided that the fair and just option is to sever such lawsuits early on in the process. Such courts have consistently recognized that mass copyright litigation cases present problems under the traditional requirements for joinder and personal jurisdiction. Furthermore, such courts have also recognized the likelihood that both the court and defendants are being unfairly taken advantage of.

Going forward, courts presented with the problem of mass copyright litigation should confront the issues identified in this paper early on. They should confidently sever such lawsuits and carefully probe for personal jurisdiction issues, knowing that they are acting in accordance with the majority of courts throughout the country.

There are important lessons to be learned from this examination of mass copyright infringement lawsuits. Namely, they provide a telling example of the importance behind close judicial observation of subpoena requests for subscriber information. In the future, courts should heed the warning from these kinds of lawsuits and ensure that the judicial system is not being subject to abuse by conducting a thorough investigation before allowing the identity of individuals to be revealed.

**NOTICE AND MANIFESTATION OF ASSENT TO BROWSE-WRAP
AGREEMENTS IN THE AGE OF EVOLVING CRAWLERS, BOTS,
SPIDERS AND SCRAPERS: HOW COURTS ARE TETHERED TO THEIR
APPLICATION OF *REGISTER* AND *CAIRO* AND WHY CONGRESS
SHOULD MANDATE USE OF THE ROBOTS EXCLUSION STANDARD
TO PREVENT CIRCUMVENTION OF RESPONSIBILITY**

Michael H. Laven

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I. INTRODUCTION TO BROWSE-WRAP AGREEMENTS

A. *What are Browse-Wrap Agreements?*

In 2012, when Internet users browsed the World Wide Web looking for the best price on a new Apple product, Thanksgiving flight or car insurance, they inevitably encountered a brave new world of manifestation of assent to a contract: the world of “click-through” and “browse-wrap” agreements.¹ The click-through agreement probably garners the most awareness from the average Internet user, as satisfactory completion usually involves clicking “agree” or “yes” before the one is allowed to continue – a physical action from the user that is mandatory.² However, much more commonplace, as it appears on virtually every website, although much less conspicuous, is the browse-wrap agreement. This type of agreement is found on websites of all varieties, including commercial, educational and personal websites, and allows for acceptance of the website’s “terms of use”³ simply through the conduct of continued use of the website. The user therefore has notice of the terms, may read them if they desire and may discontinue their use of the website if dissatisfied with the terms offered. Bits and pieces of litigation have arisen involving both click-through and browse-wrap agreements, certain issues have been settled, but, with technology evolving so quickly, the current state of the law leaves many uncertainties for web users and designers alike.⁴

These types of agreements are really just the natural evolutionary extensions of judicial decisions of the recent past, which dealt with the validity of “pay-now-terms-later” contracts (“PNTL”). A classic example of a PNTL contract comes from the realm of shrink-wrapped software. If one were to recall physically purchasing software from a brick-and-mortar retailer in the 1990’s, one might remember that the software was shrink-wrapped in plastic. Once the

¹ See Ian Rambarran & Robert Hunt, *Are Browse-Wrap Agreements All They Are Wrapped Up to Be?*, 9 TUL. J. TECH. & INTELL. PROP. 173 (2007) (contending that the two most common types of standardized electronic agreements, encountered by Internet users, are click-through and browse-wrap agreements).

² *Id.* at 174, 177-78. Rambarran & Hunt further explain: “A click-through agreement is usually conspicuously presented to an offeree and requires that person to click on an acceptance icon, which evidences a manifestation of assent to be bound to the terms of a contract.”

³ Essentially, the “terms of use” of a website are contractual terms offered by the website designer, and are found commonly after the user clicks a hyperlink at the bottom of the website’s homepage. Once the user clicks the hyperlink, which might display the text “terms of use” or “terms of service,” the user is directed to another webpage where the actual terms are displayed for the user to read.

⁴ *Id.* at 174-75.

purchaser got home, unwrapped the product and inserted the software for installation onto their computer, the purchaser was presented with the End User License Agreement (“EULA”), which the purchaser was required to agree to in order to use the software. These agreements, and others with similar attributes, came to be known as PNTL because the purchaser’s notice to the terms of use came after the exchange of money for goods.⁵ From a policy rationale standpoint, it would not be conducive to retail shopping if a cashier was required to read all terms of use to a customer at the point of sale, and, because of this, courts have been willing to enforce the terms of PNTL agreements if the purchaser has the opportunity to reject the terms and return the product.⁶

A landmark PNTL decision came about in *ProCD v. Zeidenberg*⁷, essentially a click-through case in the early to pre-internet era. Zeidenberg, the defendant, purchased the plaintiff’s software and was then presented with the terms of use later, when he installed the software on his computer. The court held that the defendant, through his continued use of the software after presentation of the terms, amply manifested acceptance, particularly because the defendant had the option of discontinuing use of the software and returning it.⁸ This decision, relying heavily on the Uniform Commercial Code⁹, opened the door for click-through and browse-wrap future validity, stating “[a] vendor, as master of the offer, may invite acceptance by conduct, and may propose limitations on the kind of conduct that constitutes acceptance.”¹⁰

B. The Notice Requirement

⁵ See Florencia Marotta-Wurgler, *Some Realities of Online Contracting*, 19 SUP. CT. ECON. REV. 11, 12 (2011), (describing PNTL’s as those in which “sellers do not make their contracts available to consumers until *after* they purchase the product.”).

⁶ See *Hill v. Gateway 2000, Inc.*, 105 F.3d 1147, 1149 (7th Cir. 1997) (where the customers did not have notice of the full contractual terms until after the computer, purchased over the phone from a Gateway representative, arrived, stating: “[p]ractical considerations support allowing vendors to enclose the full legal terms with their products. Cashiers cannot be expected to read legal documents to customers before ringing up sales.”).

⁷ *ProCD v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996) (holding that because the defendant used the “shrinkwrapped” software, after having a chance to reject the terms of use and return the product, the acceptance was binding).

⁸ *Zeidenberg* is not so different from the web user confronted with a browse-wrap terms of use – that user can simply leave the page if not satisfied with the terms.

⁹ *Zeidenberg*, 86 F.3d 1447; see also U.C.C. § 2-204 (“A contract for sale of goods may be made in any manner sufficient to show agreement, including conduct by both parties which recognizes the existence of such a contract.”).

¹⁰ See *Zeidenberg*, 86 F.3d at 1452.

Usually, when a party is contemplating a physical world offer, the opportunity to review the terms before possibility of assent is nearly automatic, unlike browse-wrap agreements, where the conspicuous display of such offer to the party might be in question. Stated simply, contracts require that the offeree have notice of the offer being presented, and this aspect, coupled with formation of assent, present unique complications in the context of the web.¹¹ Turn again to the web user confronted with a browse-wrap agreement – the statement of terms, once found, is the offer, and the notice requirement is likely satisfied if the hyperlink leading to the textual terms can easily be found by the user. A look at Google’s search engine homepage reveals a modern, common example: close to the lower right corner of the page is hyperlinked text that states “Privacy & Terms”.¹² Clicking that link leads the user to a page has three prominent links, one of which is “Terms of Service”¹³, and, when clicked, the user is led to a page that finally displays the actual text of the terms of service, accompanied, in the second paragraph, by the phrase, “By using our Services, you are agreeing to these terms.”¹⁴ This manner of browse-wrap agreement and the steps required by the user to find and read the terms are commonplace on the Internet. In the context of reasonable notice on the web, Google has an uncluttered home page, relative to many of its competitors, displaying the “Privacy & Terms” hyperlink fairly conspicuously.¹⁵

C. Browse-Wraps, the Law, and People

Over the last twelve years courts have attempted to tackle, with varying degrees of certainty, the validity of agreements created by the conduct of a webpage visitor. A proper chronology of cases would probably start with *Pollstar v. Gigmania, Ltd.*¹⁶, where the term

¹¹ See Woodrow Hartzog, *Website Design As Contract*, 60 AM. U. L. REV. 1635, 1643 (2011) (arguing that when courts interpret contracts they “focus on whether the plaintiff had reasonable notice of and manifested assent to the online agreement.”).

¹² <https://www.google.com/intl/en/policies/?fg=1> (last visited Nov. 4th, 2012 15:00 EST).

¹³ The other two prominent hyperlinks are “Overview” and “Privacy”.

¹⁴ <https://www.google.com/intl/en/policies/terms/> (last visited Nov. 4th, 2012 15:00 EST).

¹⁵ For purposes of example, the author encourages you to visit <http://www.yahoo.com/> and attempt to find the hyperlink for the terms of use; then, try the same thing on <http://www.google.com> and compare your experience. This analogy was relevant on November 4th, 2012 15:00 EST.

¹⁶ *Pollstar v. Gigmania, Ltd.*, 170 F. Supp. 2d 974, 982 (E.D. Cal. 2000) (possibly coining the browse-wrap term, stating “[t]he court hesitates to declare the invalidity and unenforceability of the browse wrap license agreement at

“browser wrap” or “browse wrap” may have very well made its debut in a judicial decision about the validity of the browser wrap agreement that was decided, factually, on whether the term’s display was “sufficiently conspicuous”. A series of *Ticketmaster* cases focused the spotlight on whether there was clear evidence that the defendant had assented to the terms and conditions of the plaintiff’s website. In those cases, the court distinguished between the visibility of shrink-wrap terms and browse-wrap terms.¹⁷ *Ticketmaster* came on the heels of *Specht v. Netscape Communications Corp.*¹⁸, where the court, grappling with a browse-wrap agreement that accompanied the download of a software “plug-in”¹⁹, dug deeply into the issue of visibility and notice, noting the subtle difference when a user must scroll down the page to successfully find the terms or a hyperlink that directs a user to the terms.²⁰ Although the courts were dealing with issues of contract law within a new manner of commerce – on the Internet – these cases, and a few subsequent which will be discussed shortly in this article, support the concept that the fundamental principles of contract have not been changed by these particular technological developments.²¹

C. Browse-Wraps and Agency in the Age of Bots

this time . . . people sometimes enter into a contract by using a service without first seeing the terms—the browser wrap license agreement may be arguably valid and enforceable.”).

¹⁷ *Ticketmaster Corp. v. Tickets.Com, Inc.*, CV997654HLHVBKX, 2003 WL 21406289 (C.D. Cal. Mar. 7, 2003) (finding that “[t]he “shrinkwrap” cases find the printed conditions plainly wrapped around the cassette or CD enforceable. Even the back of your parking lot ticket may be enforceable.”).

¹⁸ *Specht v. Netscape Commc’ns Corp.*, 306 F.3d 17, (2d Cir. 2002).

¹⁹ A plug-in, generally, is a smaller software program that operates within, and enhances the function of, an existing software program. *Plug-in*, TECHTERMS.COM (2014), <http://www.techterms.com/definition/plugin>.

²⁰ *Specht*, 306 F.3d 17 (commenting on the “scroll-down” visibility issue, stating, “even though plaintiffs could not have learned of the existence of those terms unless . . . had scrolled down the webpage to a screen located below the download button . . . a reasonably prudent Internet user in circumstances such as these would not have known or learned of the existence of the license terms . . . and that defendants therefore did not provide reasonable notice of the license terms.”).

²¹ *See Cairo, Inc. v. Crossmedia Services, Inc.*, No. C 04-04825 JW. 2005 WL 756610 (N.D. Cal. Apr. 1, 2005) (stating, “[w]hile new commerce on the Internet has exposed courts to many new situations, it has not fundamentally changed the principles of contract. It is standard contract doctrine that when a benefit is offered subject to stated conditions, and the offeree makes a decision to take the benefit with knowledge of the terms of the offer, the taking constitutes acceptance of the terms, which accordingly become binding on the offeree.”).

As busy as folks are in the modern world, forget browsing the web yourself. You can simply dispatch your web robots (“bots”) to do your bidding and have them return to you with data and information, the likes of which ye have never seen.²² This article has already attempted to dissect browse-wrap agreements with regards to people, but humans are not the only visitors to websites on the Internet. They go by many names, but bots, spiders, crawlers, scrapers or whatever they might come to be called are constantly scouring the Internet, performing a variety of tasks for a variety of people and entities.²³ ²⁴ These bots can perform many important tasks, such as helping a web user perform various “info-chores”, but bots, which will most likely continue to play an important role in the future of the Internet, can be utilized for nefarious purposes as well.²⁵ In the year 2012, the average Internet user encounters bots more than some might realize. If you have ever unsuccessfully bid on an EBay auction item, chances are, you did not lose a legitimate fight - you lost to a bot.²⁶

However, many e-commerce business models include bots.²⁷ The most prominent example of when bots (or data scrapers in this instance) are essential to a business model is with a search engine. All of the major search engines utilize bots to repeatedly scrape the Internet for websites and the content of those websites, and this data is returned to the search engine, analyzed and used to generate search query results for the engine’s users. Even issues of copyright, in this context, have mostly been settled as fair use, because of the economic

²² Read this sentence using a pirate voice/accnt.

²³ See Andrew Leonard, *Bots Are Hot!* WIRED MAGAZINE, ISSUE 4.04, APR 1996, http://www.wired.com/wired/archive/4.04/netbots_pr.html (listing synonyms for autonomous web robots, such as “spiders, wanderers, and worms. Cancelbots, Lazarus, and Automoose. Chatterbots, softbots, userbots, taskbots, knowbots, and mailbots. MrBot and MrsBot. Warbots, clonebots, floodbots, annoybots, hackbots, and Vladbots. Gaybots, gossipbots, and gamebots. Skeleton bots, spybots, and sloth bots. Xbots and meta-bots. Eggdrop bots.”).

²⁴ See *id.* (stating, “[s]trings of code written by everyone from teenage chat-room lurkers to top-flight computer scientists, bots are variously designed to carry on conversations, act as human surrogates, or achieve specific tasks - such as seeking out and retrieving information.”).

²⁵ See *id.* (noting some of the potential evil purposes for bots: “Bots can be instructed to do whatever their creators want them to do, which means that along with their potential to do good they can do a whole lot of evil. Bots can steal information instead of simply retrieving it. A commercial bot - such as an online-shopping bot or a news-retrieval bot - could be designed to disable its competitors.”).

²⁶ Google “autosniping” or “autobidding” to find a plethora of websites, such as www.auctionsniper.com, that offer bot services to the average Internet users, which will place a final bid in an EBay or similar web auction at the latest possible moment.

²⁷ Jeffrey M. Rosenfeld, *Spiders and Crawlers and Bots, Oh My: The Economic Efficiency and Public Policy of Online Contracts That Restrict Data Collection*, 2002 Stan. Tech. L. Rev. 3 (2002).

importance of search engines, a policy rationale proffered by the court in *Kelly v. Arriba Soft*.²⁸ Bots are certainly not going away in the foreseeable future – they are an essential part of the Internet and e-commerce.

Since 2004, courts have dealt with a variety of cases involving the validity and enforceability of browse-wrap agreements when the conduct of assent is “performed” by a bot and not a person. This raises questions of both contract and agency law. Can a bot manifest assent to a browse-wrap agreement like its human counterpart and do the person (the bot operator) and the bot share a principal-agent relationship under the law?

In the case of *Register.com v. Verio*²⁹, a data-scraping bot encountered a browse-wrap agreement while functioning in a manner clearly in violation of the terms presented, and the defendant claimed that these terms were rejected. The court determined that because the bot visited the site so very frequently, the defendant must have been aware of the terms and likened the situation to this: “Returning to the apple stand, the visitor, who sees apples offered for 50 cents apiece and takes an apple, owes 50 cents, regardless whether he did or did not say, ‘I agree.’”³⁰ This decision piggybacked on some traditional common law legal doctrines of contract, including the concept that silence can function as assent.³¹ In an obvious difference, this defendant did not visit the apple stand himself, albeit frequently. His bot, or tool really, took apples without paying. In *Register*, however, the court found that the defendant (through his bot) had notice of the terms offered and that such notice, coupled with an ample opportunity to reject the offer by discontinuing visitation of the plaintiff’s website, constituted acceptance.³²

²⁸ *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, (9th Cir. 2003) (holding that the search engine’s bot copying of copyrighted images and the subsequent unlicensed display of thumbnail versions of those images constituted fair use “because use was transformative.” Additionally, the court noted that the use “benefitted the public by enhancing Internet information gathering techniques.”).

²⁹ *Register.com, Inc. v. Verio, Inc.*, 356 F.3d 393 (2d Cir. 2004) (defendant Verio used a bot to obtain information, about Register’s newly registered domain customers, for use in later in mass unsolicited emails. Verio claimed not to be bound by the terms of use attached to such a use of the data: “By submitting a WHOIS query, you agree that you will use this data only for lawful purposes and that under no circumstances will you use this data to ... support the transmission of mass unsolicited, commercial advertising or solicitation via email.”).

³⁰ *See Register.com, Inc.*, 356 F.3d at 403.

³¹ RESTATEMENT (SECOND) OF CONTRACTS § 69(1)(A) (1981) (“[S]ilence and inaction operate as an acceptance ... [w]here an offeree takes the benefit of offered services with reasonable opportunity to reject them and reason to know that they were offered with the expectation of compensation.”).

³² *See Register.com, Inc.* 356 F.3d at 403.

About a year after *Register*, the courts dealt with a closely related issue in *Cairo v. Crossmedia Services*.³³ In *Cairo*, the defendant firmly denied having awareness of the terms of use, again, because only a bot, and not the defendant himself, had visited the plaintiff's site. The *Cairo* court cited to *Register* for the proposition discussed previously, which is crucial to the framework established in these cases: "[N]ew commerce on the Internet has exposed courts to many new situations, it has not fundamentally changed the principles of contract . . . when a benefit is offered subject to stated conditions, and the offeree makes a decision to take the benefit with knowledge of the terms of the offer, the taking constitutes acceptance of the terms, which accordingly become binding on the offeree."³⁴ Both of these decisions shined a spotlight on the bot's notice of the website's offered terms – imputing, vicariously, the bot's notice to the operator. The court seemed to be saying that notice to a bot would constitute constructive notice to the operator, giving the operator knowledge of the terms and knowledge of the fact that continued use of the website would manifest assent. But, as bots continue to evolve, and smart bot operators (and their legal counsel) become aware of the case law, it is likely that routes will be discovered that will effectively reduce the ability of plaintiffs to prove that a bot operator knew they had assented to a website's terms.³⁵ A possible battle in this regard might already be brewing between Microsoft and Google because of this very type of circumvention related activity.³⁶ Is there a solution that would be legally enforceable?

Within our current legal doctrine of enforceable contracts that are electronically signed and executed, the law of agency, in the realm of autonomous web bots, might not retain the traditional aspects legal scholars have come to expect.³⁷ Drafters of two proposed but failed

³³ C 04-04825 JW, 2005 WL 756610 (N.D. Cal. Apr. 1, 2005) (holding that "[s]imilar to the circumstance in *Register.com*, Cairo's visits to CMS's web sites with knowledge of CMS's Terms of Use constituted acceptance of the terms, which accordingly are binding on Cairo.").

³⁴ *Id.* at 5.

³⁵ What if the bot only visits the site a single time for scraping? What if the bot operator employs a new bot for each scrape? Would this make the terms unenforceable for lack of notice and lack of knowledge of assent under the standard used in *Register* and *Cairo*?

³⁶ See Amit Singhal, *Microsoft's Bing uses Google search results—and denies it*, GOOGLE OFFICIAL BLOG, <http://googleblog.blogspot.com/2011/02/microsofts-bing-uses-google-search.html>. (last visited Feb. 6, 2014).

³⁷ These "aspects" of agency law would include the traditional doctrines of actual and apparent authority, agent-third party liability, principal-agent liability and agent-principal liability.

acts³⁸ tried to establish that an “electronic agent, as defined, is in essence a tool of its user.”³⁹ The problem is that, under a characteristic closely associated with the law of agency, if an agent goes on a “frolic of its own”, the act is outside the scope of the agent’s authority and can relieve the principal of *respondeat superior* liability.⁴⁰ As the drafters of the EUTA realized that bots could someday “act autonomously, and not just automatically”,⁴¹ their efforts seemed to predict this very conundrum of agency law principle. A bot is probably not an agent under the concepts of agency law, but rather simply a tool of its operator. Society generally does not condone relieving a criminal suspect of liability simply because the crime was committed with some manner of criminal tool rather than with the suspects bare hands. The operator-bot relationship seems to be not much different than the criminal-tool relationship in that the operator is using a tool - the bot - to visit a website, rather than to visit the site in person.⁴² With bot operators potentially protected from liability using the shields of agency and contract law, where is the future of e-commerce and the Internet headed?

II. HOW TO FIGHT THE BOTS

A. Good Bots

Most website providers probably do not want to keep all bots from visiting every part of their site. Keeping a website totally hidden from all types of bots would be akin to a store owner having a hidden location that no customer could possibly find unless they were personally informed of the secret address. The store would have no random foot traffic either. Only invited

³⁸ The UNIFORM ELECTRONIC TRANSACTIONS ACT (UETA) and the UNIFORM COMPUTER INFORMATION TRANSACTIONS ACT (UCITA).

³⁹ See Stephen T. Middlebrook & John Muller, *Thoughts on Bots: The Emerging Law of Electronic Agents*, 56 Bus. Law. 341, 348 (2000).

⁴⁰ See, e.g. *Makor Issues & Rights, Ltd. v. Tellabs Inc.*, 513 F.3d 702, 707-08 (7th Cir. 2008) (stating, “[a] routine invocation of respondeat superior, which would impute the mistake to the corporation provided only that it was committed in the course of the employee’s job rather than being ‘a frolic of his own.’”).

⁴¹ See note 21, § 2 cmt. 5, at 9, UNIFORM ELECTRONIC TRANSACTIONS ACT (UETA) (1999), available at <http://www.law.upenn.edu/bll/ulc/ulc.htm>.

⁴² “In person” might be a strange concept in this context as it refers to a person sitting at a computer, entering a URL into a web browser and viewing a website’s content. It is not “in person” in the sense that the human and the website server are likely many miles apart, physically.

guests could shop. Arguably, the most important bots on the Internet are those of major, reputable search engines. Search engines, for quite some time, have been the essential mechanism for how web users find content. Search engines employ bots to report back on the websites that exist in the World Wide Web – not only what the website is and where it is located in cyberspace, but the content of the site, page by page. Bottom line, if you run a business on the Internet, you need to allow the bots of search engines to list and catalog the pages of your site or you will not have any visitors. Of course, there are many reasons to have websites that are only for a select set of visitors, which one would want to keep private from all uninvited visitors, including search engines, but this aspect can easily be accomplished using login and password protection.⁴³ This is not the problem contemplated in this article.

B. The Robots Exclusion Standard

In 1994, a standard, albeit purely advisory and not legal in nature, was invented to give website providers a mechanism to deal with bots and, in essence, control the bots' access to information and function within their site.⁴⁴ Known commonly as the Robots Exclusion Standard (“RES”) or Robots Exclusion Protocol, the system essentially involves placing a data file “in the top-level directory of your web server” and using the “the /robots.txt file to give instructions about their site”⁴⁵ which can include information for cooperating bots (the key word being “cooperating”) to access and follow. This information would ordinarily be a list of which pages and sub-pages within the website are available for scraping and which pages are not. Under this protocol a web designer can have a publicly available website with certain portions that are kept private from search engines, web users and the like. The robots.txt file could certainly contain data other than file directory access lists – it could contain the text of the terms of use offered by the website designer. This may sound like a quick and easy solution, until one considers the amount of bots that may exist, now and in the future, which are likely to be

⁴³ Note how your bank account information does not appear in a Google search of your own name and information. Google your full legal name and Social Security number – you won't find anything. (Author is not responsible for any identity theft as a result of trying this.)

⁴⁴ Martijn Koster, *A Standard for Robot Exclusion*, ROBOTSTXT, <http://www.robotstxt.org/orig.html#status> (last visited Feb. 5, 2014). The invention of the RES is generally attributed to Martijn Koster.

⁴⁵ See *About /robots.txt : In a nutshell*, available at <http://www.robotstxt.org/robotstxt.html>.

operated by those who will not cooperate and follow the RES. It is an unfortunate situation, as the RES has become, quite organically, the “de facto standard on the Internet.”⁴⁶ This only works to magnify the true flaw of this otherwise effective system: it relies on compliance instead of mandating it under force of law.⁴⁷ A similar, albeit less commonly used system also exists, known as Sitemaps⁴⁸, which is essentially the reverse of the RES, allowing for the *inclusion* of particular uniform resource locators (“URLs”) and a limited amount of accompanying meta-data.⁴⁹ Under this system, web designers can submit, periodically, to each chosen search engine, a Sitemap file that details the content and location of each page and directory within the site. It is theoretically feasible that Sitemaps could perform the same function, with regard to containing the textual terms of use of the website, as a legally enforceable RES system, but, as RES is already a more commonly employed as a tool for this purpose, and as RES would apply to all visitors of a website (not just those who have received a Sitemap file), it would seem to jump out as the obvious choice.

III. THE EFFECTIVENESS OF THE CURRENT FRAMEWORK AND WHY IT WON’T LAST

A. *What the courts can do right now*

When a court addresses a dispute akin to *Cairo* or *Register*, it must engage in a factual search for some evidence demonstrating the bot’s ample notice of the terms offered by the website. This notice translates to the bot operator’s notice and the bot operator further has knowledge that they have assented to the terms - all because the repeated actions of the bot. What can courts do when the evidence of notice, and hence the bot operator’s knowledge of assent, cannot be construed? Both of the browse-wrap cases previously examined in the context

⁴⁶ *Id.*

⁴⁷ See Lourenço, A. & Belo, O., *Applying Clickstream Data Mining to Real-Time Web Crawler Detection and Containment Using ClickTips Platform.*, available in Reinhold Decker, *Advances in Data Analysis: Proceedings of the 30th Annual Conference of The Gesellschaft Für Klassifikation E.V., Freie Universität Berlin, March 8-10, 2006* (Google eBook) (discussing how web crawlers can be confused with regular users or even impersonate others – the programs do not have any strict regulation enforcing and limiting their actions).

⁴⁸ See <http://www.sitemaps.org/> (defining Sitemaps as an XML file which allows webmasters to include additional URL information including when it was last updated, how often it changes, and how important it is in relation to other URLs in the site).

⁴⁹ See <http://www.sitemaps.org/> (defining Sitemaps as an XML file which allows webmasters to include additional URL information including when it was last updated, how often it changes, and how important it is in relation to other URLs in the site).

⁴⁹ Meta-data is data that is attached to or about other data: in this example, the URL itself is the data, and information about the content of the URL, how often updated, etc., would represent the meta-data.

of bot assent, *Register* and *Cairo*, basically determined that frequent bot scrapings of a site puts the bot operator on notice of the terms – after which, the continued visitation and scraping of the site constitutes assent to the terms within. The situation that might throw courts a curveball, and which is bound to present itself sooner rather than later, is one where the bot is making a single scraping, never to return, and the bot operator cannot be found to have actual notice, or the constructive notice essentially applied in *Register* and *Cairo*. The court could try and force the facts of a hypothetical situation like this into the limited framework of *Register* and *Cairo*, but it would be a difficult, if not futile, task. Those cases sought to find clear notice and, within this hypothetical, it will become much more difficult for the court to ascertain in the future. Difficulties under this framework might also arise under other, more complicated, methods of attempted circumvention. For example, what if a clever data scraper turned unwitting Internet users themselves into bots? This might not be merely a hypothetical situation for long – a dispute may already have begun between Microsoft and Google, brewing since at least 2011, which has the potential to explode into a landmark case-in-the-making regarding browse-wrap agreements.⁵⁰

It would be naïve to expect that in a world of bot use proliferation, plenty of it for illegitimate and nefarious purposes, that there will not be bot operators, with qualified attorneys,⁵¹ who will advise their clients how to avoid liability under this current framework. This article has already discussed examples of how that might happen, effectively giving the bot operator a loophole to avoid responsibility under the law.

B. Is a Bing-Google storm brewing?

When considering how a potential framework-defying case might come about, the question arises as to how a potential plaintiff would become aware that a bot had visited its site and in some way violated its terms of use. In *Register*, the plaintiff became aware of what was occurring, because the company began receiving complaints from customers (those who had recently registered new domain addresses with the plaintiff) complaining about the unsolicited

⁵⁰ See Amit Singhal, *Microsoft's Bing uses Google search results—and denies it*, GOOGLE OFFICIAL BLOG (Feb. 1, 2011), <http://googleblog.blogspot.com/2011/02/microsofts-bing-uses-google-search.html>.

⁵¹ Some, not all, attorneys are qualified.

mass emails they had received from the defendant company. The defendant was first easily discovered because it explicitly referenced the plaintiff company in the solicitations made to the plaintiff's customers. The defendant quickly changed the emails to not include the reference to the connection to the plaintiff, but at this point, the game was up.⁵² This case demonstrates not only how a plaintiff can become aware of malfeasance, but also how a defendant will act with intent to avoid detection and responsibility.

In *Cairo*, the plaintiff was put on notice of a violation of its terms of service when it reviewed its server logs and easily discovered that the defendant was copying its promotional and circular materials and reposting the data on the defendant's site, without permission from the plaintiff.⁵³ This represents another method that can be used by plaintiffs to discover a defendant's actions. Additionally, the defendants in *Cairo*, alleged that its "computer search programs cannot read the Terms of Use posted on a web site, and they do not report the presence of such Terms of Use."⁵⁴ Simply put, a bot operator openly displaying a purpose to avoid responsibility, while claiming that the bot shields him from liability.

Apparently, Bing, the search engine arm of Microsoft⁵⁵, and hopeful competitor of Google, has been violating Google's terms of service by means of a fairly clever "back door" attempt to reverse engineer Google's prized search algorithm.⁵⁶ In addition to using bots (spiders) to crawl the web compiling data on every possible website, Google uses a mathematical algorithm to determine which of those listings are most relevant as results to return to its users during search queries. The difference between Google's algorithm and that of its competitors is what distinguishes the quality of their respective search engine products. Google's terms of service clearly state two important things: "[b]y using our Services, you are agreeing to these terms" and "[y]ou may not use content from our Services unless you obtain permission from its owner or are otherwise permitted by law."⁵⁷ Any attempt by Bing to reverse engineer Google's

⁵² See Register.com, 356 F.3d at 397.

⁵³ See *Cairo, Inc.*, 2005 WL 756610, at * 3.

⁵⁴ *Id.*

⁵⁵ Bing is simply the name a Microsoft product. BING, available at <http://www.bing.com/?publ=DBING> (last visited Feb. 20, 2014).

⁵⁶ See Singhal, *supra* note 36.

⁵⁷ GOOGLE, *Terms of Service*, last modified March 1, 2012, available at <http://www.google.com/intl/en/policies/terms/>.

algorithm or other search content results would almost certainly violate the terms – but only if Bing is bound by those terms.

The accusation, from Google's own Official Blog, is that Bing is monitoring the search queries and results that are done through Microsoft's Internet Explorer 8 ("IE8") web browser⁵⁸. When IE8 users enter a Google search using IE8, the resulting data is being reported to Microsoft (Google suspects), which is then being used to bolster Bing's performance. Google appears to have caught Bing red-handed, using several "synthetic queries" (essentially bogus queries and results) that were then found to exist within Bing with no other reasonable or possible explanation, a la *Feist*.⁵⁹ No lawsuit has been filed to date, but Google's response to the situation does not show approval: "We look forward to competing with genuinely new search algorithms out there—algorithms built on core innovation, and not on recycled search results from a competitor."⁶⁰ Imagine for a moment that Google sues Bing over this issue – what result under the current framework?

Allegedly, Bing is not technically visiting Google's site (human or bot) but, rather, is monitoring the actions of its own users, who are visiting Google during their day-to-day use of IE8. Although the IE8 users have likely consented to this practice in the fine print of the IE8 terms of use, they have still essentially been turned into bots by Microsoft. Microsoft seems to have found a clever way (intentionally or not) to avoid the *Cairo* framework – by letting their IE8 users perform the bot scraping (simply by using Google search) and subsequently collecting that data from the IE8 users, data that, most importantly, did not come directly from Google. Assuming the IE8 users are subject to Google's terms, would Bing also be subject to those terms because they were monitoring the search queries of its customers? Would IE8 users be pleased to learn that they have unwittingly violated Google terms of service? Would a court find that Microsoft was aware of Google's terms of service with ample opportunity to review and reject them under these specific circumstances? With so many unanswered questions from just one real-world example, only a simple, unified approach will suffice.

⁵⁸ On March 14th, 2011 a newer version of the browser, Internet Explorer 9, was released.

⁵⁹ See *Feist Publications, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340 (1991) (wherein the plaintiff placed fake telephone listings in its product to determine if the defendant was copying. The trick worked for proving the defendant's actions, but liability was not found for reasons of copyright law and originality).

⁶⁰ Singhal, *supra* note 36.

IV. A RECOMMENDED SOLUTION TO FUTURE PROBLEMS

A. Congressional Action

When a tool, designed for this very purpose, already exists but suffers from a fatal flaw that deprives it of legal enforceability, Congress should step forward and mandate the use of the RES for all bot operators. This law would not apply to website designers, who would have the *caveat emptor* option of utilizing this tool or not when making and publishing their website. The law should require that bot operators must program their bot to access a robots.txt file every time it visits a site and the bot must report all data in the robots.txt file back to the operator. Website designers could use the file to exclude certain portions of the site from scraping and could also include their terms of use in the RES file. This would take the framework, as it applies to humans in the line of cases discussed in Section I(C) and make it equally applicable to bots, whether the operator of such bot claimed to have notice of terms or not. In the same way that a physical property owner could post a warning at the perimeter of his property, a website designer can expect that terms of use will be binding on human visitors if they are displayed conspicuously and, now, a designer could expect their terms to be binding on a bot operator. Under this proposed law, a bot operator should be deemed, under the law, to have been provided ample opportunity to see and review the terms of service on the very first visit to the site, if those terms are made available in the robots.txt file. The law would leave little room for a bot operator to claim that they have not assented to the terms for lack of notice. The law could also create a mandatory principal-agent relationship between the operator and the software, regardless of whether the bot is automatic or autonomous. The operator would always bear responsibility for the actions of the bot, no matter how clever their programming might be. This law might be the easy part; the hard part would involve international enforcement in a Web that is, after all, World Wide.⁶¹

⁶¹ The law would need to become a part of the TRIPS treaty (administered by the World Trade Organization) that requires signatories to have minimum standards of intellectual property regulation. Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, THE LEGAL TEXTS: THE RESULTS OF THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS 320 (1999), 1869 U.N.T.S. 299, available at http://www.wto.org/english/tratop_e/trips_e/t_agm0_e.htm.

Incorporation of this law into TRIPS⁶² or a similar enforceable treaty would prevent bot operators from avoiding the liability created under the new American law by simply taking their operations offshore. The operator could simply locate their servers and computers in a country that does not mandate use of the RES system. As website terms of service are often in place to help protect the intellectual property of the website, particularly copyright and trademark, fundamental arguments could be made that TRIPS is the proper vehicle to implement RES legal standards world-wide. Issues, however, may arise within the clauses, common to website terms of use, that deal with choice of forum and arbitration. Bot operators would not be pleased with being subject to the arbitration and choice of forum clauses for sites in all corners of the world.⁶³ Nevertheless, the notable strengths of arbitration clauses, an “important mechanism for defining rights and obligations resulting from new contractual forms” in the international commerce context, would easily outweigh the concerns of inconvenience.⁶⁴

The use of arbitration clauses in international contracts provides many positive benefits including flexibility of procedure, lower costs and speed.⁶⁵ In the long run and in the interest of promoting free trade, “treaty-based, international arbitration offers a private court system that enforces contracts.”⁶⁶ In fact, these clauses have been referred to, by the Supreme Court, as an “indispensable precondition to achievement of the orderliness and predictability essential to any international business transaction.”⁶⁷

B. Conclusion

This proposed solution of this paper solves the potential problems that could arise under the limited framework provided by *Register* and *Cairo*, yet still gives web designers the flexibility needed to work with the “good bots”, so that the future of e-commerce, in this context, can proceed uninterrupted. Web designers can breathe a sigh of relief knowing that any

⁶² Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments--Results of the Uruguay Round vol. 31, 33 I.L.M. 1197 (1994).

⁶³ TRIPS currently applies in all WTO states, see <http://www.iipa.com/trips.html>

⁶⁴ Thomas H. Oehmke, *Arbitrating International Claims—At Home and Abroad*, 81 AM. JUR. TRIALS 1 (2001).

⁶⁵ *Id.* at §3.

⁶⁶ *Id.*

⁶⁷ See *Scherk v. Alberto-Culver Co.*, 94 S. Ct. 2449, 2455 (1974).

misappropriation of their site or its services or content will not go unpunished. Web designers can operate their site in a free and open manor, making it easily accessible to major search engines, individual users and other relevant scrapers, without having to implement costly and time consuming monitoring practices to become aware of and fend off potential wrongdoers. The future of e-commerce on the Internet is ever expanding and nobody can say for sure when the explosion in growth and importance will subside. Having a law in place to regulate the liability of bot operators - one with international enforcement, that removes the burden of responsibility from the shoulders of the website designer and places it squarely on that of the bot operator, where it belongs - would encourage and incentivize e-commerce investment while de-incentivizing unscrupulous bot operation.

**SEEING RED: CHRISTIAN LOUBOUTIN’S PROTECTION OF HIS TRADEMARK THROUGH HIS
BATTLE WITH YVES ST. LAURENT**

Sachpreet Bains

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INTRODUCTION

Let's start with a simple question. How much are you willing to spend on a pair of shoes? Write three zeros on a piece of paper. Now, place a five in front of the three zeros. Next, place a comma after the five. Lastly, place a dollar sign at the very beginning. You have now written down the "small" amount of "\$5,000." It is very hard to justify spending \$5,000 on a pair of stylish shoes. In my twenty-six years, the most I have ever spent on a pair of shoes is about \$200.00.

The French luxury brand, Christian Louboutin, is most renowned and notorious for the high-end shoes it produces for both genders. The brand caters to the wealthy population throughout the world, as its luxury line of shoes can be sold in retail stores for up to \$6,000 a pair.¹ Known for its red lacquered sole, Louboutin successfully applied for a trademark in 2008. This trademark dealt strictly with how red paint was used on the sole of the shoe. When Yves St. Laurent (which has now changed its name to Saint Laurent Paris) made high-heeled shoes incorporating red soles in its 2009 collection, Louboutin sued for trademark infringement and unfair competition under the Lanham Act.² This note focuses primarily on the District Court and Second Circuit Court of Appeals decision and the difficulties of trademarking a single color in today's legal world, along with the road to Louboutin successfully being able to retain his trademark for the red lacquered soles of his shoes.

¹ See generally CHRISTIAN LOUBOUTIN, <http://us.christianlouboutin.com> (last visited Feb. 3, 2013).

² See *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, 778 F.Supp.2d 445 (S.D.N.Y. 2011).

I. WHY CHOOSE CHRISTIAN LOUBOUTIN OVER ALL OTHER SHOES?

Christian Louboutin started his company in 1991, when he established a small shoe boutique in the streets of Paris and sold 200 pairs of shoes, “despite his little shop being at the entrance of a Parisian shopping arcade so dusty and unvisited that Louboutin would trot its length several times a day to make it seem busier.”³ Now, in 2011, the brand has sold over seven-hundred thousand pairs of shoes ranging in price from £350 to £1,050.⁴ Ninety-five percent of the \$300 million revenue of the Louboutin brand comes from its high-end shoes and the remaining five percent comes from its purses and handbags.⁵

Christian Louboutin boutiques are all over the world. The flagship store is located on Rue Jean-Jacques Rousseau in Paris, France, in the heart of the luxury fashion district.⁶ With stores in Europe, the Middle East, Asia, Southeast Asia, and Australia, the brand leaves its imprint all over the world. The United States currently has ten Christian Louboutin boutiques across the country in major cities such as Los Angeles, New York, Miami, Chicago, and Las Vegas.⁷ The United States market share accounts for 52 percent of the brand’s total sales.⁸ Thus, the United States is the biggest market for the brand and thus vital for Louboutin to protect his brand in the country, which provides the most revenue for the infamous fashion brand.⁹

³ Lisa Armstrong, *Christian Louboutin: The Fun and the Fetishism*, THE TELEGRAPH (Apr. 14, 2012), <http://fashion.telegraph.co.uk/columns/lisa-armstrong/TMG9200589/Christian-Louboutin-the-fun-and-fetishism.html>.

⁴ *Id.*

⁵ Miles Socha, *Getting a Handle On Louboutin*, WOMEN’S WEAR DAILY (Feb. 4, 2008), <http://www.wwd.com/accessories-news/handbags/getting-a-handle-on-louboutin-467853>.

⁶ CHRISTIAN LOUBOUTIN, *supra* note 1.

⁷ *Id.*

⁸ Miles Socha, *Getting a Handle On Louboutin*, WOMEN’S WEAR DAILY (Feb. 4, 2008), <http://www.wwd.com/accessories-news/handbags/getting-a-handle-on-louboutin-467853>.

⁹ Katie Abel, *Red State: Q&A With Christian Louboutin*, WOMEN’S WEAR DAILY (Nov. 19, 2012), <http://www.wwd.com/footwear-news/people/red-stateqa-with-christian-louboutin-6493139?page=2>.

The fashion industry is one of the biggest industries when it comes to consumer choice. There are dozens and dozens of brand names, such as Gucci, Louis Vuitton, and Prada, which are known for the quality products they sell throughout the world. The average person, though he or she may not be able to afford the items the brand sells, would still understand the name and quality the brand represents. Christian Louboutin, like other brands, screams excellence when it comes to footwear.

A. Sex Appeal and High Heels

Louboutin is credited, by some, of bringing back the high heel and increasing its length. The structure of the shoe has changed over the years with the lasts (shape of foot) being shorter from toe to heel, “higher in the arch, and tighter across the width of the foot than those of most designers, and their proportions have become even more exaggerated over the years.”¹⁰ Elizabeth Semmelhack, of the Bata Shoe Museum, mentions how Louboutin “has sort of upped the ante in terms of how high the heel can soar.”¹¹ “His best shoes are [considered] almost prosthetic, morphing the body—lengthening the legs, defining the calves, lifting the butt—as radically as it is possible to do without surgery.”¹²

However, the reason why women choose Louboutin, perhaps over other luxury brands, is the sex appeal of the shoe and its designer. Louboutin, in an interview with the New Yorker’s Lauren Collins, said that he does not make shoes for women, but for the enjoyment of men: “The core of my work is dedicated not to pleasing women but to pleasing men.”¹³ Louboutin considers

¹⁰ Lauren Collins, *Sole Mate: Christian Louboutin and the psychology of shoes*, THE NEW YORKER (Mar. 28, 2011), http://www.newyorker.com/reporting/2011/03/28/110328fa_fact_collins?currentPage=all.

¹¹ *Id.*

¹² *Id.*

¹³ Collins, *supra* note 10.

his shoes as “man-bait.” It is a simple concept, he states: “men like heels, and women like being liked by men.”¹⁴

The manager of Louboutin’s boutique on Horatio Street in New York spoke of clients who shop uptown for their wives and downtown for their mistresses; another customer, every time he buys a pair, “gets an extracurricular activity behind closed doors from his wife.”¹⁵

Louboutin continues to argue the beauty of a high heel is the shape it causes a woman’s foot to take, the “shape that emulates the arch in her foot during orgasm.”¹⁶ Because the shape of the foot is emulating an orgasmic reaction, “you are putting yourself in a possibly orgasmic situation.”¹⁷

B. *The Infamous Red Sole*

The main reason the shoe carries such sex appeal has to be credited to Louboutin’s notoriously known red lacquered sole. Louboutin first used the red sole when he was inspecting prototypes for a collection in 1993. He became dissatisfied with the impression a black sole made with the design of the upper part of the shoe. He took “an assistant's nail varnish and began to lacquer the shoe's underside.”¹⁸

Now, this red sole has become notoriously renowned in the fashion industry. Every single shoe that Louboutin sells to its customers, whether walk-in or private, possesses a red lacquered sole that covers the whole bottom portion of the sole. This red color, known by the color code “Pantone 18-663 TPX” and “China red”, is the color that is synonymous with the brand today.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ Tara MacInnis, *On Christian Louboutin’s new Cinderella shoes, gender divides and the sex appeal of stilettos*, THE NATIONAL POST (Sept. 15, 2012), available at <http://life.nationalpost.com/2012/09/15/on-christian-louboutins-new-cinderella-shoes-gender-divides-and-the-sex-appeal-of-stilettos/>.

¹⁷ Harriet Walker, *Christian Louboutin: Sexual Heeling*, THE INDEPENDENT (Oct. 29, 2011), available at <http://www.independent.co.uk/news/people/profiles/christian-louboutin-sexual-heeling-2377441.html>.

¹⁸ *Id.*

Without the red sole, the French brand known for selling the sexiest shoes in the world would be like any other shoe company that sells high end shoes: just simply expensive. Louboutin believed in the red color and chose it because he considered it “engaging, flirtatious, memorable and the colour of passion.”¹⁹

Louboutin has invested substantial amounts of capital building a reputation for high-fashion, high-quality shoes, as well as protecting Louboutin’s claim to exclusive ownership of the mark as its signature in women’s high fashion footwear. Now, the red lacquered outsole is solely associated with Louboutin. Glancing at any A-list celebrities at any formal event, one would be hard-pressed not to see a pair of Louboutin stilettos with the China Red underside. Hollywood starlets, like Jennifer Lopez, strut down the red carpets, causing heads to turn and eyes to drop to the celebrities’ feet.²⁰ The lacquered red soles on high heeled, black shoes flaunt a glamorous statement that pops out at once and is instantly recognized as Louboutin’s mark. This is the mark Louboutin wished and was successfully able to protect with his appeal of the Second Circuit’s Court of Appeals decision in 2012.

II. U.S. TRADEMARK AND UNFAIR COMPETITION LAWS

The question whether a color can be trademarked in today’s world must be analyzed from a historical perspective. Before the passage of the Lanham Trademark Act of 1946, courts did not go as far as to say that single colors could attain trademark protection, but some courts did recognize that a single color, in certain circumstances, could acquire secondary meaning.²¹

¹⁹ Harriet Walker, *Christian Louboutin: Sexual Heeling*, THE INDEPENDENT (Oct. 29, 2011), available at <http://www.independent.co.uk/news/people/profiles/christian-louboutin-sexual-heeling-2377441.html>.

²⁰ *Id.*

²¹ *Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc.*, 696 F.3d 206, 217 (2d. Cir. 2012).

The Lanham Act was passed in 1946; to this very day, it is the primary federal trademark statute law of the United States. The Lanham Act consists of four subchapters, each dealing with a specific aspect of today's growing trademark law. Subchapter I provides the procedural requirements that a mark must meet to receive trademark recognition on the Principal Register, which bestows various rights on the trademark owner to prevent others from infringing their mark.²²

Subchapter II incorporates registration on the Supplemental Register, which is made for certain marks that are unable to be registered on the Principal Register at the time, but that may be registered in the future. The Supplemental Register gives notice to potential infringers that the mark is in use and should not be used as it may lead to issues for the party infringing upon the Supplemental Register.²³

Subchapter III provides the general provisions, in the form of remedies and actions parties can take when a party infringes a trademark. These provisions can be used to restrict, through the use of injunctions and damages, the importation of goods that infringe or counterfeit registered trademarks.²⁴ Section 45 of the Lanham Act lays out the purpose of the act:

The intent of this Act is to regulate commerce...by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception ins such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to prove rights and remedies stipulated by treaties and conventions respecting trademarks, trade names , and unfair competition entered into between the United States and foreign Nations.²⁵

²² 15 U.S.C.A. § 1051 (West).

²³ 15 U.S.C.A. § 1091 (West).

²⁴ 15 U.S.C.A. § 1111 (West).

²⁵ 15 U.S.C.A. § 1127 (West).

In summary, the Lanham Act, governing federal trademark law, was enacted to secure the public's interest in protection against deceit as to the sources of its purchases, and the businessman's right to enjoy business earned through investment in the good will and reputation attached to a trade name.²⁶ It provides the owner of a mark with the enforceable right to exclude others from using the mark to their advantage, and, in turn, reap the benefits of their work.

However, it must be noted that there is a difference between federal trademark law and copyright law. Federal trademark law in the United States was not implemented to protect innovation by giving the innovator a monopoly over a useful product feature. Trademark law seeks to preserve a "vigorously competitive market" for the benefit of consumers, whereas copyright and patent law "seek to encourage innovation" and the protection of that innovation.²⁷

After the passage of the Lanham Act, which codified all trademarks that could be registered, courts began to "gradually...reject[] the *dictum* [of earlier cases]...to the effect that color alone is not subject to trademark protection," and owners of color-related marks in the course of business began to enjoy some success in protecting their color.²⁸ The Supreme Court case of *Qualitex Co. v. Jacobson Products Co., Inc.* finally resolved, once and for all, the question of whether a color can be protected as a trademark in the United States.

III. THE TRADEMARKING OF COLORS IN THE INDUSTRIAL INDUSTRY

In 1995, *Qualitex* posed a question to the Supreme Court on whether the Lanham Act permits the registration of a trademark that consists, purely and simply, of a color. A simple question for a complicated issue, as some would say. Qualitex Company manufactured pads that

²⁶ *Fabrication Enters., Inc. v. Hygenic Corp.*, 64 F.3d 53, 57 (2d Cir. 1995).

²⁷ *Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 115 (2d Cir. 2001).

²⁸ *Louboutin*, 696 F.3d at 217.

it sold to dry cleaning firms for use on dry cleaning presses.²⁹ Qualitex had been using a special shade of green-gold since the 1950s on these special manufactured pads. In 1989, defendant Jacobson Company, a direct competitor of Qualitex Company, began to use the same tone of this green-gold color for its pads as it manufactured the same type of pad used in dry cleaning stores.³⁰ Qualitex Company, in 1991, registered the special green-gold color with the Patent and Trademark Office (“PTO”) as a trademark and filed a trademark infringement lawsuit against Jacobson Products.

The District Court awarded the victory of the lawsuit to Qualitex, but after an appeal from Jacobson Products, the Court of Appeals of the Ninth Circuit set aside the judgment because they firmly believed that the Lanham Act did not permit Qualitex, or anyone else, to “register color alone as a trademark.”³¹

The Supreme Court, however, held that “there is no rule absolutely barring the use of color alone.”³² The Supreme Court interpreted the language of the Lanham Act and the underlying principles of trademark law as to include color “within the universe” of things that can qualify as a trademark. This “universe” is written in the broadest of terms in section 1127 of the Lanham Act. The section states that trademarks “includ[e] any word, name, symbol, or device, or any combination thereof.”³³ This language was not restrictive in the courts eyes. The Court also mentioned that the use of a color in the definition of a trademark also satisfies the requirement that a person must “us[e] or inten[d] to use” the mark “to identify and distinguish his

²⁹ *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159, 161 (1995).

³⁰ *Id.*

³¹ *Id.*

³² *Id.* at 162.

³³ 15 U.S.C.A. § 1127 (West 2006).

or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods...”³⁴

What prevents a color from being trademarked under the Lanham Act? If a color becomes embedded in the psyche of a customer and that particular color on packaging or on the product itself signifies a brand, then the color would perform the function of “indicat[ing] the source” and distinguishing the goods from others on the market.³⁵ For example, Ivory has developed the secondary meaning signifying a particular manufacturer’s soap, whereas its primary meaning and descriptive term is the substance of an elephant’s tusk. Thus, Ivory has been trademarked by the soap manufacturer and is a valid trademark today.

A. Secondary Meaning

This secondary meaning that a product or term acquires, now known as distinctiveness by an amendment in the Lanham Act, is “when in the minds of the public, the primary significance of a product feature...is to identify the source of the product rather than the product itself.”³⁶ The Seventh Circuit in *Platinum Mortgage Corp. v. Platinum Financial Group* named four factors that should be considered in determining whether a mark has secondary meaning: “(1) length and manner of use; (2) manner and extent of advertising and promotion; (3) sales volume; and (4) evidence that potential purchasers actually view the mark as indicating the product’s source, including consumer testimony and survey evidence.”³⁷ It must be noted that this is a non-exhaustive list of factors and any number may be considered. The court concluded that based on

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851 (1982).

³⁷ *Platinum Mortg. Corp. v. Platinum Fin. Grp.*, 149 F.3d 722, 728 (7th Cir. 1998).

the goals of trademark law, which were discussed above, there is no good reason to absolutely disqualify the use of a color as a mark.³⁸

B. Arguments against Color Trademarks Pre-Louboutin

Jacobson raises some concerns regarding why a color cannot be trademarked. The first concern is that if colors can be trademarked, the law will “produce uncertainty and unresolvable court disputes about what shades of a color a competitor may lawfully use.”³⁹ This “shade confusion,” as the court puts it, would not be an issue because the courts have traditionally been used to decide difficult questions regarding trademarks when it comes to similarly descriptive and suggestive terms.⁴⁰ The court can apply standards such as strong marks with greater secondary meaning receive broader protection than weak marks.⁴¹

The second concern Jacobson raised was the lack of color availability. If color trademarks are registered, new companies and products will not have any colors to choose from. The court states that there are hundreds of colors that can be used within a product category. If colors are all in fact trademarked, the doctrine of functionality would prevent the anticompetitive consequences of the color depletion argument.⁴² Once a color use is termed as functional, it can no longer be trademarked or enforced. Thus, several manufacturers within a product category will be able to use that standard color.

This decision to allow the protection of a color as a trademark arose because of a split among the circuits. Certain courts were not permitting the color trademark, like the Seventh

³⁸ *Qualitex*, 514 U.S. at 165.

³⁹ *Qualitex*, 514 U.S. at 165

⁴⁰ *Id.*

⁴¹ Hun Ohm, *Selecting a Mark – What’s in a Name?*, FIERST, KANE & BLOOMBERG LLP (2012), available at <http://fierstkane.com/sites/fierstkane.com/files/Selecting%20a%20Mark%20by%20Hun%20Ohm.pdf> (last visited Feb. 3, 2013).

⁴² *Qualitex*, 514 U.S. at 165.

Circuit in 1990 in *NutraSweet Co. v. Stadt Corp.* (affirming summary judgement that defendants use of a blue packet for its SWEET ONE sugar substitute did not infringe plaintiff's rights in its blue packet for its EQUAL sugar substitute).⁴³ On the other hand, in *In Re Owens-Corning Fiberglas Corp.*, the color pink for insulation was registrable as a trademark given its nonfunctionality and the company's strong showing that the color had secondary meaning among consumers.⁴⁴

After *Qualitex*, the *Wal-Mart Stores Inc.* Supreme Court decision further clarified that color alone can never be inherently distinctive; secondary meaning must be shown before it receives trademark protection.

C. Functionality Defense of Opponents of Color Trademarks

The main defense Jacobson Products brought to the Supreme Court was that of functionality. In *Inwood Laboratories*, the Supreme Court declared that a product feature is functional and cannot serve as a trademark "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article."⁴⁵ Basically, if the exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage, the product feature could not be trademarked.

We have already analyzed the purpose of trademark law. It is to promote competition by protecting a firm's reputation, instead from inhibiting legitimate competition by allowing a producer to control a useful product feature. If a product's functional features could be used as trademarks, a monopoly over such a feature could be obtained without regard to whether they

⁴³ See *NutraSweet Co. v. Stadt Corp.*, 917 F.2d 1024 (7th Cir. 1990).

⁴⁴ See *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116 (Fed. Cir. 1985).

⁴⁵ *Inwood*, 456 U.S. at 850.

qualify as patents. Thus, the *Qualitex* court indicated in its holding that “functional” colors would not be protected. In that case, the green-gold color for dry cleaning presses did not perform any function for the product. It was solely used for several years to “indicate the source” of the product.

There are two forms of the functionality doctrine: the “traditional” or “utilitarian” functionality and the “aesthetic” functionality. A product feature is considered to be functional in a “utilitarian” sense if the feature itself is essential to the use or purpose of the article, or if it affects the cost or quality of the article.” In color trademark cases, as in *Qualitex* and *Louboutin*, the “aesthetic” functionality defense is primarily used. If the aesthetic design of the product is the mark that is to be trademarked, the mark can be labeled as functional if giving the mark holder the right to use it exclusively “would put competitors at a significant non-reputation-related disadvantage.”⁴⁶ The aesthetic functionality combines the utilitarian test and adds the competition inquiry prong. In short, a mark is aesthetically functional and ineligible for trademark protection if the protection of the mark significantly undermines competitor’s ability to compete in the relevant market.⁴⁷

The aesthetic functionality test was born out of *Qualitex* and is now an affirmative defense in the world of trademark law.

IV. THE DISTRICT COURT DECISION

The district court in *Louboutin v. YSL* held that a single color could not be trademarked in the fashion industry. It was noted that the Lanham Act has been upheld to permit the use of color in a trademark, but only in distinct patterns or combinations of shades that manifest a

⁴⁶ *Qualitex*, 514 U.S. at 165.

⁴⁷ *Louboutin*, 696 F.3d at 222.

conscious effort to design a uniquely identifiable mark embedded in the goods.⁴⁸ For example, the Louis Vuitton monogram that the brand uses on their handbags is trademarked because the colors are used in a distinct pattern or combination.⁴⁹ The District Court points out that as long as the color applies to the arrangement and pattern on the product, then color can be trademarked in that way because the combination of patterns and colors creates a distinct recognizable image purposely intended to identify a source, while simultaneously serving as an expressive, ornamental or decorative concept.⁵⁰ This is radically different when compared to the use of the red lacquered sole on a pair of Louboutins, because the sole is only one color and not a combination of patterns and colors.

The court believed that the fashion world was different compared to other industries where color could be successfully registered as a trademark. The court gives a hypothetical of Picasso trying to seek an injunction to bar the display of Monet paintings because of a certain shade of a color was used in Monet's that was trademarked by Picasso. The court states "no one would argue that a painter should be barred from employing a color intended to convey a basic concept because another painter, while using that shade as an expressive feature of a similar work, also staked out a claim to it as a trademark in that context."⁵¹

The court, already seeming to be against the idea of having a color trademarked in the fashion industry, then focuses on whether a color can be functional in that context. As stated in the introduction, the red color chosen by Louboutin served as a nontrademark function because it provides his shoes "energy" and the color itself is "sexy" and "attracts men to the women who

⁴⁸ *Louboutin*, 778 F.Supp.2d at 451.

⁴⁹ See *Louis Vuitton Malletier v. Dooney & Burke, Inc.*, 454 F.3d 108 (2d. Cir. 2006) ("LV" monogram combined in a pattern of rows with 33 bright colors).

⁵⁰ *Louboutin*, 778 F.Supp.2d at 451.

⁵¹ *Louboutin*, 778 F.Supp.2d at 453.

wear [his] shoes.”⁵² The use of color in fashion attracts, references, stands out, blends in, and beautifies, to provide with sex appeal – these all compromise nontrademark functions of color in fashion.⁵³

Thus, the court determined that the red lacquered sole served nontrademark functions other than as a source identifier and affects the cost and quality of the shoe. The court then applied the aesthetic functionality test. As stated above, the court examined whether granting trademark rights for Louboutin’s use of the color red as a brand would “significantly hinder competition.”⁵⁴ Its claim to the color red was overly broad and inconsistent with the court. Allowing one company in the designer shoe market a monopoly on the color red would impermissibly hinder competition among other fashion companies.

The district court raised several concerns regarding the validity of the registered trademark of Louboutin. The color red and the different shades of red would basically lead to confusion in the courts and make the judge an arbitrator of fashion.⁵⁵ Though Louboutin has the exact “Chinese Red” on every designer piece of footwear he makes, what about a shade that is one shade lighter than Pantone No. 18-1663 TP? What about two shades lighter or darker? Louboutin recommends drawing a range both above and below the borderlines of the “Chinese Red” color. The court finds issue also with the gloss of the color. What if a competitor uses a flat red like YSL did in the issue at hand? Is a flat red in leather different than a glossy lacquered red, as Louboutin currently possesses?

⁵² *Id.*

⁵³ *Louboutin*, 778 F.Supp.2d at 453.

⁵⁴ *Id.* at 454.

⁵⁵ *Id.* at 455.

In the Amicus Curiae brief filed by the International Trademark Association, it was argued, in support of Louboutin, that the court did not look at the filing of the registered trademark as defined in the registration. It claimed that the court construed the mark as a “broad claim to the color red” and did not recognize the statutory presumption of validity conferred by the registration.⁵⁶ The registration in the PTO reads:

THE COLOR(S) RED IS/ARE CLAIMED AS A FEATURE OF THE MARK.

THE MARK CONSISTS OF A LACQUERED RED SOLE ON FOOTWEAR. THE DOTTED LINES ARE NOT PART OF THE MARK BUT ARE INTENDED ONLY TO SHOW PLACEMENT OF THE MARK.⁵⁷



As seen in the above illustration, it is not a claim to the color red, but a claim to the color red on the sole of the shoe. The trademark that Louboutin had filed in 2008 is for where the illustration is colored black. Thus, the district court’s interpretation of Louboutin’s broad claim to the color red was incorrect.

More importantly, the mark was valid and registered. Validity means that the trademark is protectable and “capable of distinguishing the products it makes from those of others.”⁵⁸ The

⁵⁶ Brief of Amicus Curiae International Trademark Association in Support of Vacatur and Remand at 9, *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, 778 F.Supp.2d 445 (S.D.N.Y. 2011) (No. 11-3303-cv).

⁵⁷ *Louboutin*, 778 F.Supp.2d at 449.

fact that the mark had been registered reflects that the claim for rights in the mark has been examined by a PTO Examining Attorney in accordance with the agency's examining procedures and thereafter published in its Official Gazette.

How could the district court get this wrong? It was laid out in front of them and the description of the PTO was clear: "THE DOTTED LINES ARE NOT PART OF THE MARK BUT ARE INTENDED ONLY TO SHOW PLACEMENT OF THE MARK."

The District Court's functionality argument was not as strong as one would think. The painting of the red sole not only increases the product cost, but it shows more wear readily than a traditional black or beige outsole. A "design feature affecting the cost or quality of an article is one which permits the article to be manufactured at a lower cost...or one which constitutes an improvement in the operation of the goods."⁵⁹ Thus, the functionality defense is not present.

There are several cases in the fashion industry that have protected marks consisting of color applied in a specific location or configuration, even to shoes. Prada's red heel stripe on its shoes is a protected trademark.⁶⁰ The use of the red stripe in a particular location serves to identify the source. The "red tab on the pocket of Levi's jeans" is "protected as a source identifier," as is the "blue rectangular 'kicker' place on the heel or instep of KEDS sneakers."⁶¹

The court took the wrong approach when it focused on the aesthetic functionality defense of YSL where the defense may have not even been applicable.

These were all questions that the court believed to be relevant to the case and led to doubts that Louboutin possessed a protectable trademark. The District Court held that the mark

⁵⁸ Lane Capital Mgmt. v. Lane Capital Mgmt., 192 F.3d 337, 344 (citing *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992)).

⁵⁹ *Cf. Stormy Clime Ltd. v. Progroup, Inc.*, 809 F.2d 971, 975 (2d Cir. 1987).

⁶⁰ Amicus Brief, *supra* note 55, at 24.

⁶¹ Amicus Brief, *supra* note 55, at 24.

was not valid and that Louboutin could not stop YSL from making monochrome color shoes in all red. If any company chose to make a shoe with a red sole, they were given the green light to do so.

Christian Louboutin at the time defended his decision to appeal to the Court of Appeals of the Second Circuit. He claimed that YSL should have understood what he was trying to protect as they too have valid trademarks which they protect everyday. In his opinion,

They understand a signature when it's about them, but don't see when it's about somebody else... There is something incredibly hypocritical in [YSL] trying to break what I consider is my trademark. It's incredibly rude and double standards... I'm like a mouse with this elephant that can crush me. They have spent so much money on lawyers. But I have to stand up for who I am, and for everyone who believes there is still the possibility to start your own thing, instead of having to be paid and employed by just one or two possible groups.⁶²

It can be seen from his comments that Louboutin has worked tremendously hard to develop his brand. His signature on every shoe is the red lacquered sole and with the district court decision against him, he was not going to ease up and live with the decision. He appealed immediately and did so for the right reasons. The real question that should have been asked was whether the red lacquered sole had acquired such secondary meaning among the right high fashion market that Louboutin had the right to enforce his protectable trademark and whether it was likely to lead to consumer confusion.

V. SECOND CIRCUIT COURT OF APPEALS DECISION

Firstly, the Court of Appeals disagreed with the District Court's decision that color trademarks cannot be registered in the fashion industry. The Supreme Court in *Qualitex* expressly held that "sometimes [] a color will meet ordinary legal trademark requirements [,a]nd,

⁶² Genevieve Roberts, *Christian Louboutin: 'I don't think comfort equals happiness'*, THE INDEPENDENT (May 27, 2012), <http://www.independent.co.uk/news/people/profiles/christian-louboutin-i-dont-think-comfort-equals-happiness-7791467.html>.

when it does so, no special legal rule prevents color alone from serving as a trademark.”⁶³ The Supreme Court specifically disallowed the implementation of a rule that would deny protection for the use of a single color as a trademark in a particular industrial context.

In this case, it was a trademark in the fashion industry. The District Court did not look into an individualized, fact-based inquiry into the nature of the Louboutin trademark. They assumed that “there is something unique about the fashion world that militates against extending trademark protection to a single color.”⁶⁴

The Court of Appeals treated the trademark infringement claim by Louboutin in two stages after determining that there is no *per se* rule forbidding the protection of a color in the fashion industry: (1) whether the mark “merits protection”, and (2) whether the allegedly infringing use of the mark (or a similar mark) is “likely to cause consumer confusion.”⁶⁵

The court explains that the fact that the mark itself was registered was *prima facie* evidence that the mark is valid and protectable. In *Lane Capital Management*, the Third Circuit held that “a certificate of registration with the PTO is *prima facie* evidence...that the registrant owns the mark, and that the registrant has the exclusive right to sue the mark in commerce.”⁶⁶

The mark as it stands in the PTO certificate is ineligible for protection because it precludes competitor’s use of “red bottoms” in all situations. The issue in the district court case was whether the YSL shoe, that was monochromatically red, meaning all red, was infringing on the Louboutin protected trademark. The Supreme Court made a distinction here. It firmly stated that the mark has acquired secondary meaning and thus distinctiveness to merit protection, but

⁶³ *Qualitex*, 514 U.S. at 161.

⁶⁴ *Louboutin*, 778 F.Supp.2d at 451.

⁶⁵ *Louboutin*, 696 F.3d at 224.

⁶⁶ *Lane Capital Mgmt.*, 192 F.3d at 345.

“only when used as a red outsole contrasting with the remainder of the shoe.”⁶⁷ Thus, the Court of Appeals claimed the YSL shoe, which was monochromatic red, did not infringe upon the Louboutin mark.

A. Was the Louboutin Mark Distinctive?

The court, after claiming that the registration of the mark was valid earlier, switches its approach and investigates whether the red-lacquered sole mark is distinctive. To determine whether a mark is distinctive, the Supreme Court in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, claimed that distinctiveness could be shown “either by proof that the mark is itself inherently distinctive, or by showing that the mark has acquired, through use, secondary meaning in the public eye.”⁶⁸ Secondary meaning, of course, is acquired when “in the minds of the public, the primary significance of a product feature...is to identify the source of the product rather than the product itself.”⁶⁹ Thus, distinctiveness must generally be proved by demonstrating that the mark has acquired secondary meaning.

By lacquering the soles of high fashion footwear red, it is very much possible for the way the color is used by Louboutin for the mark and color to acquire a secondary meaning to indicate its source. If customers begin to associate a color with a product and the source of the product, secondary meaning can be established. The Supreme Court in *Qualitex* laid out how a color can acquire secondary meaning:

[o]ver time, customers may come to treat a particular color on a product or its packaging (say, a color that in context seems unusual, such as pink on a firm’s insulating material or red on the head of a large industrial bolt) as signifying a brand. And, if so, that color would have to come to identify and distinguish the

⁶⁷ *Louboutin*, 696 F.3d at 225.

⁶⁸ *Id.*

⁶⁹ *Louboutin*, 696 F.3d at 225.

goods—i.e., ‘to indicate’ their ‘source’—much in the way that descriptive words on a product...can come to indicate a product’s origin.⁷⁰

The Louboutin mark specifically serves as a source identifier. Its main function is to “identify the source of the product rather than the product itself.”⁷¹

Does the public use the mark to indicate the source of the product’s origin? Under the secondary meaning analysis, an important question that must be asked is whether the “public is moved in any degree to buy an article because of its source.”⁷² As explained in the introduction of this note, the main reason why the public, whom can afford to purchase Christian Louboutins, buys them is because they want people to know that they are wearing Louboutins. The way to distinguish Louboutins from other high fashion footwear is by the red lacquered sole. In section III.A., several factors that determine whether the product has acquired secondary meaning were mentioned. By looking at the length and manner of use, the manner and extent of advertising and promotion, sales volume, evidence that potential purchasers actually view the mark as indicating the product’s source such as consumer testimony and survey evidence, it can be well established that the Louboutin mark has acquired distinctiveness and secondary meaning.⁷³

The District Court was offered, in the Second Circuit’s mind, extensive evidence of Louboutin’s advertising expenditures, media coverage, and sales success, demonstrating both that Louboutin has created a “symbol” within the meaning of *Qualitex*, and that symbol has gained secondary meaning that causes it to be uniquely associated with the Louboutin brand. The Louboutin brand, which was started in 1991, first used and originated this particular commercial use of the lacquered red color in 1993.

⁷⁰ *Id.*

⁷¹ *Id.* at 226.

⁷² See *Genesee Brewing Co.*, 124 F.3d at 143 (2d Cir. 1997).

⁷³ *Platinum Mortg. Corp.*, 149 F.3d at 728.

The District Court acknowledged this and made it clear that there were no errors in the fact-findings that were presented to the court. The District Court even acknowledged that “Louboutin invested substantial amounts of capital building a reputation and good will, as well as promoting and protecting Louboutin’s claim to exclusive ownership of the mark as its signature in women’s high fashion footwear.”⁷⁴ Louboutin’s efforts were successful in that in large commercial markets and social circles, “the red outsole became closely associated with Louboutin.”⁷⁵

The brand has “worldwide recognition.”⁷⁶ The red lacquer is not on the whole shoe. It is in a place which is unusual and by deliberately tying that “Chinese Red” to his product in this unusual way, Louboutin created an identifying mark firmly associated with his brand which, “to those in the know,” “instantly” denotes his shoes’ source.⁷⁷

B. The Application of the Trademark after the Court of Appeals Decision

The Court of Appeals held that the findings by the District Court in denying the claim offered by Louboutin were not completely erroneous. The trademark was held to be valid as above; however, Louboutin was still not able to file an injunction to stop YSL from making all red monochromatic shoes. The Court of Appeals held that the red lacquered outsole, as applied to a shoe with an “upper” of a different color, has “come to identify and distinguish” the Louboutin brand, and therefore is a distinctive symbol that qualifies for trademark protection. However, the red sole mark is limited to only when the sole of a shoe contrasts with the upper.

⁷⁴ *Louboutin*, 778 F.Supp.2d at 447.

⁷⁵ *Louboutin*, 696 F.3d at 226-27.

⁷⁶ *Louboutin*, 778 F.Supp.2d at 448.

⁷⁷ *Id.*

Basically, if the shoe is completely red like the YSL shoe in this case, the trademark will not be protected because the upper does not contrast with the sole. This “upper” can be defined as “the visible portions of the shoe other than the outsole.”

The Chief Executive Officer of YSL’s parent corporation, François-Henri Pinault, himself acknowledged that, “[i]n the fashion or luxury world, it is absolutely clear that we recognize the notoriety of the distinctive signature constituted by the red sole of LOUBOUTIN models in contrast with the general presentation of the model, particularity its upper, and so for all shades of red.”⁷⁸ The contrast between the upper and the sole is what causes the sole to “pop” and to distinguish its creator. The Court of Appeals looked at all of the evidentiary record to determine its holding. Louboutin submitted hundreds of pictures of its shoes and only four of these pictures contained a shoe that was monochrome red. One quick glance at the Louboutin website today and it is apparent that the contrast of the upper and sole plays the most vital role in its brand.

In Louboutin’s own consumer surveys, when consumers were shown the monochrome red YSL shoes, the ones that identified them as Louboutins, nearly every one cited the red sole of the shoe as being the reason why they considered it to be a Louboutin brand shoe. Thus, the use of the red lacquer on the outsole of a red shoe of the same color is not a use of the Louboutin “red bottom” trademark.

VI. FURTHER LITIGATION BETWEEN LOUBOUTIN AND YSL

The issue that was presented after the Court of Appeals decision was regarding the wording and the description of the trademark in the PTO registry. As noted earlier in the note,

⁷⁸ *Louboutin*, 696 F.3d at 227.

the PTO awarded Louboutin a trademark with Registration No. 3,361,597 on January 1, 2008. This language stated, "THE COLOR(S) RED IS/ARE CLAIMED AS A FEATURE OF THE MARK. THE MARK CONSISTS OF A LACQUERED RED SOLE ON FOOTWEAR. THE DOTTED LINES ARE NOT PART OF THE MARK BUT ARE INTENDED ONLY TO SHOW PLACEMENT OF THE MARK."⁷⁹ After the Court of Appeals decision, this had to be changed and the Office of the Solicitor for the PTO issued the following language change in order to reflect that shoe companies could still make monochromatic red shoes: "THE COLOR(S) RED IS/ARE CLAIMED AS A FEATURE OF THE MARK. THE MARK CONSISTS OF A LACQUERED RED OUTSOLE ON FOOTWEAR THAT CONTRASTS WITH THE COLOR OF THE ADJOINING REMAINING PORTION OF THE SHOE (KNOWN AS THE 'UPPER')." ⁸⁰

This favors all other high fashion shoe designers and YSL was in favor of this change. However, Louboutin was not so fond of this proposal. Counsel for Louboutin wanted to make this broader and give fashion companies only access to the red sole if the whole shoe was red. For example, if there was a slight bit of any color on the upper part of the shoe that contrasted with the red lacquered sole, Louboutin would be able to protect their trademark. Louboutin's counsel sent a letter to the USPTO and the Second Circuit that proposed this change to the language of the trademark registration: "THE MARK CONSISTS OF A LACQUERED RED OUTSOLE ON FOOTWEAR THAT CONTRASTS WITH THE COLOR OF ANY VISIBLE PORTIONS OF THE SHOE."⁸¹ This language of the registered trademark would give

⁷⁹ *Louboutin*, 778 F.Supp.2d at 449.

⁸⁰ *Louboutin v. YSL Isn't Actually Over*, THE FASHION LAW (Jan. 11, 2013), <http://www.fashion-law.org/2013/01/louboutin-v-ysl-isnt-actually-over.html#more>.

⁸¹ *Louboutin v. YSL Isn't Actually Over*, THE FASHION LAW (Jan. 11, 2013), <http://www.fashion-law.org/2013/01/louboutin-v-ysl-isnt-actually-over.html#more>.

Louboutin to right to prevent others from selling red soled shoes even if there was any other color which contrasted with the red lacquered soles.

YSL strongly rejected this change in the language of the registration. In a letter written to the USPTO and the Second Circuit, YSL stated that changing the language to erase the term “upper” and replace that with “any visible portion of the shoe” would “be contrary to the Court's clear direction and intent [and] would have serious anti-competitive effects.”⁸² It would grant Louboutin the right to claim as infringing otherwise monochromatic red shoes (red shoes with red soles), “but which feature some ornamentation, however insignificant, such as a black heel cap or a gold buckle fastened to the toe. Such shoes could hardly be considered a use of Louboutin's mark in the absence of a contrasting upper that causes the red sole to “pop.”⁸³

As of March 6, 2013, there has still not been a final and official decision of what the wording and description of Registration No. 3,361,597 is. YSL has good reason to believe that the Second Circuit’s mandate to change the USPTO registration should be made and not altered and edited to the benefit of Louboutin.

VII. CONCLUSION

With the intricacies of the decision still in the balance, the Second Circuit correctly overruled the District Court. The Louboutin brand had registered a valid trademark and this trademark, as a color, had acquired secondary meaning in order for it to be protectable as a registered trademark. Allowing a color to be a protected as a trademark in the fashion industry

⁸² Charles Colman, *YSL's formal response to Louboutin's Jan. 25th letter to the Court: you saw it here first (unless you're REALLY into PACER)*, LAW OF FASHION (Feb. 8, 2013), <http://www.lawoffashion.com/blog/story/02/08/2013/175>.

⁸³ Letter from David H. Bernstein, Partner, Debevoise & Plimpton LLP, to Catherine O'Hagan Wolfe, Clerk of Court, 2nd Cir. (Feb. 8, 2013).

did not seem right at first. The arguments YSL brought forth, similar to those of the defendant in *Qualitex*, made sense. However, by looking at the length and manner of use, the manner and extent of advertising and promotion, sales volume, and evidence that potential purchasers actually view the mark as indicating the product's source, such as consumer testimony and survey evidence – it can be well established that the Louboutin mark had acquired distinctiveness and secondary meaning.⁸⁴ In the minds of the public, the “red bottom,” acting as the primary feature on the Louboutin shoes, “identif[ied] the source of the product rather than the product itself.”⁸⁵ And, as long as the product feature is not deemed aesthetically functional, a color may be trademarked in the fashion industry.

⁸⁴ *Platinum Mortg. Corp.*, 149 F.3d at 728.

⁸⁵ *Inwood*, 456 U.S. at 851.

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**I NEED A LAWYER: ESTABLISHING STATEWIDE NEW YORK COMMUNICATION ACCESS FUND
TO SECURE LEGAL ACCESSIBILITY TO DEAF AND HARD OF HEARING CLIENTS THROUGH
VIDEO REMOTE INTERPRETING SERVICES IN COMPLIANCE WITH THE AMERICANS WITH
DISABILITIES ACT**

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I. INTRODUCTION

Discrimination by lawyers against individuals who are deaf and hard of hearing is not a rare occurrence.¹ Many lawyers decline to represent deaf and hard of hearing individuals as clients, despite the protection of federal and state laws to prohibit discrimination on the basis of disability.

Hearing impairments cover a significant range – from those who may not even be aware they have difficulty hearing to those who are deaf and use sign language.² Statistics suggest that approximately more than 37 million people, or 16 percent of the population of age above 18, of the United States, report having some degree of difficulty hearing.³ Despite the large population of the deaf and hard of hearing community, many attorneys fail to recognize their legal obligation to accommodate individuals who are deaf or hard of hearing.

Many private attorneys are unfamiliar with their obligations under the ADA or others are unwilling to incur the costs to provide the necessary communication access services.

Consequently, it has become difficult for many deaf and hard of hearing individuals to retain attorneys for common legal counseling that are widely provided, such as criminal law proceedings, family law issues, probate, and employment law matters.⁴ Even when a deaf or hard of hearing individual successfully meets an attorney, without effective communication, the attorney cannot provide proper representation, unfulfilling their professional responsibilities.

¹ Sam Diehl, *Accommodating Deaf and Hard-of-Hearing Clients*, L.A. LAW, Oct. 2008, at 14.

² *Id.*

³ *Summary Health Statistics for U.S. Adults: National Health Interview Survey*, 2011, Series 10 Vital and Health Statistics No. 256, U.S. DEP'T OF HEALTH AND HUMAN SERV. (Dec. 2012), at 7.

⁴ *Communication Access Funds for Legal Services*, NATIONAL ASSOCIATION OF THE DEAF, <http://www.nad.org/issues/justice/lawyers-and-legal-services/communication-access-funds> (last visited Feb. 27, 2013) [hereinafter *National Association of the Deaf*].

Because of the communication barrier, the client may not understand the nature of their legal issue.

A change is needed to remove the financial disincentives. Following various communication access funds created by other states and local bar associations, the state of New York must advocate for the establishment of a statewide communication access fund. A change is needed to remove the financial disincentives. Such a fund will remove or alleviate the cost of providing communication access, as many do not want to pay money to accommodate their deaf and hard of hearing clients. One of the effective ways to remove such initial economic disincentive is to mandate legal offices to utilize the video remote interpreting services (“VRI”).⁵ VRI service is reasonable accommodation provided under the ADA.⁶ Because of modern technology that allows lawyers to use computers and the Internet connection throughout their legal profession, both the lawyers and prospective clients who are deaf or hard of hearing can easily access VRI services, which require computers and the Internet connection. Unlike traditional on-site interpreting services, VRI does not require interpreters to travel to law offices, which removes any additional fees for the travel time of the interpreter.

The interpreter serves as a communication bridge, which enables the lawyer to render effective assistance of counsel to the deaf and hard of hearing client.⁷ The development of statewide communication access fund makes both financial and practical sense, and it ensures effective communication mandated by the ADA.⁸

⁵ While the video remote interpreting (“VRI”) services are not free, the costs of utilizing the VRI services are relatively low in comparison to in person interpreting services.

⁶ 28 C.F.R. § 36.303(b)(1) (1991).

⁷ Michael A. Schwartz, *A Lawyer’s Obligation Under the Americans with Disabilities Act*, Vol. 55 BAR REPORT No. 3 (March 2010).

⁸ *National Association of the Deaf*, *supra* note 4.

II. RELEVANT LAWS

A. *The Americans with Disabilities Act*

Congress enacted the Americans with Disabilities Act (“ADA”) in 1990, intending that the Act “provide a clear and comprehensive national mandate for the elimination of discrimination against individuals with disabilities” and broad coverage.⁹ Congress recognized that physical and mental disabilities in no way diminish a person’s right to fully participate in all aspects of society, but that people with disabilities are frequently precluded from doing so because of prejudice, antiquated attitudes, or the failure to remove societal and institutional barriers.¹⁰

1. **Title III Public Accommodations and Services Operated by Private Entities**

Title III of the ADA and its implementing regulations prohibit discrimination by a public accommodation on the basis of disability.¹¹ Discrimination includes “a failure to make reasonable modifications in policies, practices, or procedures, when such modifications are necessary to afford such goods, services, facilities, privileges, advantages, or accommodations to individuals with disabilities, unless the entity can demonstrate that making such modifications would fundamentally alter the nature” of the public accommodation.¹² Furthermore, a failure to take such steps as may be necessary to ensure that no individual with a disability is excluded, denied services, segregated, or otherwise treated differently than other individuals because of the absence of auxiliary aids and service, unless the place of public accommodation can demonstrate

⁹ 42 U.S.C. § 12101(a)(1) (2006).

¹⁰ 42 U.S.C. § 12101(a)(2).

¹¹ 42 U.S.C. § 12182; 28 C.F.R. § 36.101.

¹² 42 U.S.C. § 12182(b)(2)(A)(iii).

taking such steps would fundamentally alter or result in an undue burden, is the type of discrimination prohibited by the ADA.¹³

Whether an accommodation is an undue burden focuses on the nature and the overall financial resources of a public accommodation, not the individual with a disability.¹⁴ While the public accommodation is not required to permit an individual with a disability to participate in or benefit from the public accommodation when that individual poses a direct threat to the health or safety of others, the public accommodation must make an “individualized assessment.”¹⁵ The public accommodation must determine whether reasonable modifications and the provision of auxiliary aids or services will mitigate the risk.¹⁶

The office of an attorney is considered a place of public accommodation for purposes of Title III of the ADA.¹⁷ Department of Justice Title III regulations correctly point out that it is not difficult to imagine a wide range of communications involving areas such as health, legal matter, and finances that would be sufficiently lengthy or complex to require an interpreter for effective communication.¹⁸ Thus, a public accommodation must furnish appropriate auxiliary

¹³ 42 U.S.C. § 12182(b)(2)(A)(iii).

¹⁴ *Id.* (in determining whether an action is readily achievable, factors to be considered include: (A) the nature and cost of the action needed under this chapter; (B) the overall financial resources of the facility or facilities involved in the action; the number of persons employed at such facility; the effect on expenses and resources, or the impact otherwise of such action upon the operation of the facility; (C) the overall financial resources of the covered entity; the overall size of the business of a covered entity with respect to the number of its employees; the number, type, of location of its facilities; and (D) the type of operation or operations of the covered entity, including the composition, structure, and functions of the workforce of such entity; the geographic separateness, administrative or fiscal relationship of the facility or facilities in question to the covered entity).

¹⁵ 28 C.F.R. §§ 36.208(a)-(b).

¹⁶ 28 C.F.R. § 36.208(b) (in determining whether an individual poses a direct threat to the health or safety of others, a public accommodation must make an individualized assessment, based on reasonable judgment that relies on current medical knowledge or on the best available objective evidence, to ascertain: the nature, duration, and severity of the risk; the probability that the potential injury will actually occur, and whether the reasonable modifications of policies, practices, or procedures or the provision auxiliary aids or services will mitigate the risk).

¹⁷ 42 U.S.C. § 12181(7)(F).

¹⁸ 28 C.F.R. pt. 36, App. C.

aids and services when necessary to ensure effective communication in accordance with the method of communication used by the individual.¹⁹ A public accommodation should consult with individual with disabilities whenever possible to determine what type of auxiliary aid is needed to ensure effective communication.²⁰

a. Auxiliary Aids and Services

A public accommodation should take necessary steps to ensure that no individual with a disability is discriminated on the basis of disability because of the absence of auxiliary aids and services.²¹ The term “auxiliary aids and services” includes: qualified interpreters on-site or through video remote interpreting (“VRI”) services; note takers; real-time computer-aided transcription services; written materials; exchange of written notes; telephone handset amplifiers; video-based telecommunications products and system, or equally effective telecommunications devices; or other effective methods of making aurally delivered information available to individuals who are deaf or hard of hearing.²² If a particular auxiliary aid or services by a public accommodation would result in a fundamental alteration or an undue burden, the public accommodation must provide an alternative auxiliary aid or service, if one exists, that would avoid an alteration or such burden but would nevertheless ensure that, to the maximum extent

¹⁹ 28 C.F.R. § 36.303(c)(1)(ii).

²⁰ *Id.* (however, the ultimate decision as to what measures to take rest with the public accommodation).

²¹ 28 C.F.R. § 36.303(a).

²² 28 C.F.R. § 36.303(b)(1) (examples of “auxiliary aids and services” includes – qualified interpreters on site or through video remote interpreting (VRI) services; note takers; real-time computer-aided transcription services; written materials; exchange of written notes; telephone handset amplifiers; assistive listening devices; assistive listening system; telephones compatible with hearing aids; closed caption decoders; open and closed captioning, including real-time captioning; voice, text, and video-based telecommunications products and systems, including text telephones (TTYs), videophones, and captioned telephones, or equally effective telecommunications devices; videotext displays; accessible electronic and information technology; or other effective methods of making aurally delivered information available to individual who are deaf or hard of hearing).

possible, individuals with disabilities receive equal and full enjoyment of services offered by the public accommodations.²³

B. New York State Laws

All persons within the State of New York are entitled to the full and equal accommodations, advantages, facilities and privileges of any places of public accommodations.²⁴ Under the New York Civil Rights laws, no person, being the owner, lessee, manager, agent or employee of any such place shall directly or indirectly refuse, withhold from or deny to any person any of the accommodations, advantage, facilities, or privileges thereof, to any person on account of race, creed, color or national origin.²⁵ Specifically, the law states that no person shall be denied admittance to and/or the equal use of and enjoyment of any public facility solely on the basis of a disability.²⁶

New York Executive Law also provides that it is an unlawful discriminatory practice for any person of any place of public accommodation, because of the disability of any person, directly or indirectly, to refuse, withhold from or deny such person any of the accommodations, advantages, facilities or privileges thereof.²⁷ Discriminatory practice includes a refusal to make reasonable modifications in policies, practices, or procedures, a refusal to take such steps as may be necessary to ensure that no individual with a disability is excluded or denied services because of the absence of auxiliary aids and services, or a refusal to remove communication barriers, unless such person can demonstrate that making such modifications would fundamentally alter

²³ 28 C.F.R. § 36.303(g).

²⁴ N.Y. CIV. RIGHTS LAW § 40 (McKinney 1992).

²⁵ *Id.*

²⁶ *Id.* at § 47.

²⁷ N.Y. EXEC. LAW § 296.2(a) (McKinney 1992).

the nature of such facilities or such removal is not readily achievable.²⁸ This language comports with the ADA.

One of the prevailing issues with the New York state law is the lack of recognition of the term “places of public accommodations.” As it is under the ADA, commercial spaces are included in the definition of public accommodations under the New York Executive Law.²⁹ However, the definition of the term “commercial space” given neither provides details, nor examples as in the ADA. It is only defined as “any space which is used or occupied, or is intended, arranged or designed to be used or occupied as a separate business or professional unit or office in any building, structure or portion thereof.”³⁰ This may raise some confusion to privately practicing lawyers whether the legal offices falls within places of public accommodation under the New York State law. However, this does not excuse lawyers from providing reasonable accommodation since the ADA is a federal law and it supersedes the state law.³¹

1. New York State Rules of Professional Conduct

In addition to New York State Executive Law prohibiting discriminatory practice of any place of public accommodation, New York State Rules of Professional Conduct sets out its own rules regarding a client-lawyer relationship communication. It states that a lawyer shall promptly inform the client of any information or material developments in the matter, reasonably consult

²⁸ *Id.* at §§ 262.2(c)(i)-(iv).

²⁹ 42 U.S.C. § 12181(2); EXEC. § 292.13.

³⁰ 42 U.S.C. § 12181(7)(F) (“office of a lawyer” is a private entity considered as a public accommodation); N.Y. EXEC. LAW § 292.13.

³¹ U.S. CONST. art. VI, cl.2.

and inform the client, and promptly comply with a client's reasonable requests for information.³² It is quiet interesting that the Rules of Professional Conduct does not specify how a lawyer should or must ensure effective communication with the client. Rules regarding communication mean very little to nothing if no narrow or detailed regulation is in place to provide guidance and enforce legal professionals how to achieve what it means to provide effective communication.

III. STATEMENT OF THE PROBLEM

A. *Deaf and Hard of Hearing Community Population in New York*

While deaf and hard of hearing persons compose a substantial portion of the New York population, the need of a communication access fund is only voiced within the deaf and hard of hearing community, not the rest of the society. This is partly because the society expects a deaf or hard of hearing person to surmount any and all communication difficulties by "lip-reading" or other methods, such as passing notes.³³ Contrary to the widespread perception about lip-reading for the deaf, it does not provide an effective means of communication except for a few rare individuals.³⁴ Individuals with the ability to rely exclusively upon lip-reading are common and for the majority of persons who are deaf and hard of hearing, lip-reading is never enough as they routinely experience miscommunication.³⁵

³² N.Y. RULES OF PROF. CON. § 1.4 (2009) (Amended 2012).

³³ Jamie McAllister, *Deaf and Hard-of-Hearing Criminal Defendants: How You Gonna Get Justice If You Can't Talk to the Judge?* 26 ARIZ. ST. L.J. 163, 172 (1994).

³⁴ Michele LaVigne & McCay Vernon, *The Deaf Client: It Takes More Than a Sign – Part 1*, CHAMPION 26, 27 (June 2005) [hereinafter *The Deaf Client*].

³⁵ McAllister, *supra* note 33; *See also The Deaf Client, supra* note 34 (stating no more than 20 to 30 percent of spoken English is visible on the lips).

The Bureau of the Census adjusted its sensory disability question for the American Community Survey American (“ACS”) in 2008 “by separating a generalized sensory disability question into separate vision and hearing questions.”³⁶ It has classified individuals who responded affirmatively to the question, “‘Is this person deaf or does he/she have serious difficulty hearing?’ as persons who are deaf or hard of hearing.”³⁷ Although the data collected does not provide a detailed audiological classification since the determination of the definition of “deaf” or “serious difficulty hearing” is left to the opinion of the respondent, the results do provide data about the population of individuals who perceive themselves as having serious difficulty hearing or perceived as having serious hearing problem.³⁸ According to figures of model-based estimates on American Community Survey 1-Year Estimate data for 2011, estimated 506,025 people, approximately 14.3 percent of New York population had indicated to have a hearing difficulty.³⁹ While the majority with a hearing difficulty is population of the age range between 18 and 64, population below the majority and the elders are all prospective clients with unforeseeable legal matters, as well as those foreseeable, just like the rest of the population.⁴⁰

³⁶ Gerard Walter & Richard Dirmyer, *Number of Persons who are Deaf or Hard of Hearing: Rochester, NY*, NATIONAL TECHNICAL INSTITUTE FOR THE DEAF, ROCHESTER INSTITUTE OF TECHNOLOGY, http://www.ntid.rit.edu/sites/default/files/number_of_persons_who_are_deaf_or_hard_of_hearing.pdf, (last visited Feb. 28, 2013) [hereinafter *Number of Persons who are Deaf or Hard of Hearing*].

³⁷ *Id.*

³⁸ *Number of Persons who are Deaf or Hard of Hearing*, *supra* note 36 (in the case for children, perceived by their guardians as having serious hearing problem).

³⁹ *Disability Characteristics*, U.S. DEP’T OF CENSUS BUREAU http://factfinder2.census.gov/bkmk/table/1.0/en/ACS/11_1YR/S1810/0400000US36 (estimates for: population under 5 years 5,490, population 5 to 17 years 18,328, population 18 to 64 years 179,027, population 65 years and over, 303,180. Percent with a disability estimate: population under 5 years 0.5%, population 5 to 17 years 0.6%, population 18 to 64 years 1.4%, population 65 years and over 11.8%).(last visited March 1, 2013).

⁴⁰ *Id.*

A deaf or hard of hearing prospective client may need a qualified interpreter, notetaker, or other accommodation in order to “fully enjoy the benefit from a lawyer’s service” regarding legal issues.⁴¹ But these auxiliary aids and services can be expensive, “which makes lawyers reluctant to provide them at their own cost.”⁴² Additionally, lawyers have no incentive to comply with requirements of Title III because they are unlikely to suffer any consequences from not complying with the law.⁴³ This problem is exacerbated by lack of enforcement and limited remedies available to deaf and hard of hearing clients who were denied equal legal access. Title III only allows for injunctive relief in private action and deaf and hard of hearing individuals must sue their attorney in order to force the attorney to comply with Title III.⁴⁴ Lastly, when a new attorney is secured, deaf and hard of hearing client no longer have standing to sue the non-compliant attorney.⁴⁵

IV. COMMUNICATION BARRIERS TO LEGAL ACCESSIBILITY

A. *Whether to Represent a Deaf or Hard of Hearing Client in New York*

“When deciding whether to represent a deaf or hard of hearing prospective client, attorneys may consider a number of factors.”⁴⁶ First, legal and ethical requirements should be

⁴¹ 28 C.F.R. § 36.303(a)(1); Elana Nightingale Dawson, *Lawyers’ Responsibilities Under Title III of the ADA: Ensuring Communication Access for the Deaf and Hard of Hearing*, 45 VAL. U. L. REV. 1143, 1144 (2011).

⁴² Dawson, *supra* note 41.

⁴³ Diehl, *supra* note 1; Dawson, *supra* note 41.

⁴⁴ 42 U.S.C. §§ 12188(a)(1)-(2); Dawson, *supra* note 41.

⁴⁵ Elizabeth Keadle Markey, *The ADA’s Last Stand?: Standing and The Americans With Disabilities Act*, 71 FORDHAM L. REV. 185, 186 (2002); Dawson, *supra* note 41, at 1144.

⁴⁶ Matthew S. Compton, *Fulfilling Your Professional Responsibilities: Representing a Deaf Client in Texas*, 39 ST. MARY’S L.J. 819, 851 (2008).

obeying the law and fulfilling their professional responsibilities.⁴⁷ Attorneys may believe that representing a deaf client will be too difficult because they have never represented a deaf client before and believe that some other attorney would be better suited to represent a deaf client.⁴⁸ However, there are few lawyers who know American Sign Language (“ASL”) and a few deaf lawyers. It has been estimated that there are approximately 200 persons who self-identify as “deaf” and who have obtained the American Bar Association membership.⁴⁹ Deaf lawyers make up a very small percentage of the American Bar Association, which had over 380,000 members in 2010.⁵⁰ Deciding to decline to represent prospective clients because they are deaf violates the ADA, the New York State Human Rights Law and the spirit of the New York State Rule of Professional Conduct. It is discrimination if the attorney accepts the case because the prospective client was hearing, or because the client agreed to provide an interpreter at no expense to the lawyer.

B. Traditional Auxiliary Aids and Services

Pursuant to the ADA, some situations require auxiliary aids and services to ensure effective communication provided under Title III. The use of on-site interpreters has been the traditional and major communicative aids. However, the use of interpreters accompanies numerous ethical rules that the majority of the attorneys are not aware of. “A public accommodation shall not require an individual with a disability to bring another individual to

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ John F. Stanton, *Breaking the Sound Barriers: How the Americans with Disabilities Act and Technology Have Enabled Deaf Lawyers to Succeed*, 45 VAL. U. L. REV. 1185, 1186 (2011).

⁵⁰ *Id.* at 1185; *ABA Comm’n on Mental and Physical Disability Law Goal III Report*, AMERICAN BAR ASSOCIATION (2010), <http://scholar.valpo.edu/cgi/viewcontent.cgi?article=1839&context=vulr>.

interpret for him or her.”⁵¹ Many ethical problems arise when an attorney requests the client or the prospective client to bring another individual to interpret. Notwithstanding that the family member or friend is able to interpret or is a qualified interpreter, they may not be qualified to render the necessary interpretation because of factors such as “emotional or personal involvement or considerations of confidentiality” that may adversely affect the ability to interpret “effectively, accurately, and impartially.”⁵² A public accommodation cannot require an individual with a disability to bring another individual or rely on a minor child to interpret or facilitate communication unless in an emergency involving an imminent threat to the safety or welfare of an individual or the public where there is no interpreter available and to stop gap measure until an interpreter arrives.⁵³

1. Traditional Use of Telecommunication Device for the Deaf and Hard of Hearing

When the ADA was passed, it gave the Federal Communications Commission (“FCC”) jurisdiction over both interstate and intrastate telecommunications relay services (“TRS”), mandating it to carry out the purpose of the title: to ensure and make available to all individuals in the United States a rapid, efficient nationwide communication services, and to increase the utility of the telephone system of the nation, to the extent possible and in the most efficient manner, to hearing-impaired and speech-impaired individuals.⁵⁴ Places of public accommodations that offers a customer, client, patient, or participants the opportunity to make outgoing telephone calls on more than an incidental convenience basis must make a

⁵¹ 28 C.F.R. § 36.303(c)(2).

⁵² 28 C.F.R. pt. 36, App. C at 684-685.

⁵³ 28 C.F.R. §§ 36.303(c)(2)-(4).

⁵⁴ 47 U.S.C. § 225(b)(2) (2010); Susan J. Bahr, *Ease of Access to Telecommunications Relay Service*, 44 FED. COMM. L.J. 473, 476 (1992).

telecommunication device for a deaf (“TDD”) available for the use of an individual who has a hearing impairment or communication disorder.⁵⁵ On the contrary, individual retail stores or law offices do not need to provide TDDs for the deaf or hard of hearing clients if a telephone is not offered to the general public.⁵⁶ Also, partly due to the availability of TRS, it alleviates the need for such business to have TDDs available.

C. Video Relay Services as Accommodation for Deaf and Hard of Hearing

When a public accommodation uses an automated attendant system, including voicemail and messaging, or an interactive voice response system,⁵⁷ for receiving and directing incoming telephone calls, Title III of the ADA requires that system must provide effective real-time communication with individuals using auxiliary aids and services, including text telephones (“TTYs”)⁵⁸ and all forms of Federal Communications Commission (“FCC”) approved telecommunications relay systems (“TRS”), including video relay systems.⁵⁹ While a public accommodation is not required to use a TTY for receiving or making telephone calls incident to its operations, it must respond to telephone calls from a TRS established under the ADA Title VI, in the same manner that it responds to other telephone calls.⁶⁰

⁵⁵ 28 C.F.R. § 36.303(d)(2).

⁵⁶ *Id.*; see also Susan, *supra* note 53.

⁵⁷ *Interactive Voice Response Systems*, HOWTO.GOV, <http://www.howto.gov/contact-centers/technologies/interactive-voice-response-systems> (last visited March 1, 2013) (an Interactive Voice Response (IVR) is a computer-based system allowing callers to use their telephone keypad or voice commands to retrieve and/or provide information without assistance from trained specialist).

⁵⁸ *TTY/TDD Communications*, HOWTO.GOV, <http://www.howto.gov/contact-centers/technologies/tty-tdd-communications> (last visited March 1, 2013) (telecommunications Device for the Deaf (TDD) are also known as Text Telephones (TTY)).

⁵⁹ 28 C.F.R. § 36.303(d)(1).

⁶⁰ See 42 U.S.C. §§ 12201 et seq.; 28 C.F.R. § 36.303(d)(4).

1. What is Video Relay Service

Video Relay Service (“VRS”) is a form of TRS that enables persons with hearing disabilities who use American Sign Language (“ASL”) to communicate with voice telephone users through video equipment.⁶¹ VRS follows a similar process to traditional TTYs. It allows individuals with speech or hearing impairments to send typed messages over phone lines to other TTY users, but allows persons with hearing impairments to use sign language to communicate their messages, without any typing or texting.⁶² Video equipment, such as a television or a computer with a video camera device and a high speed broadband Internet connection, links the VRS user with a TRS operator called a communications assistant (“CA”), allowing both the VRS user and the CA to see and communicate with each other in signed conversation through a video link.⁶³ The VRS CA then places a telephone call to the party the VRS user wishes to call.⁶⁴ The VRS CA relays the conversation back and forth between the parties, in sign language with the VRS user, and by voice with the called party.⁶⁵ A voice telephone user can also initiate a VRS call by calling a VRS center.⁶⁶

2. Benefits of Video Relay Service

Because computers often are more readily available than TTYs and the conversation between the VRS user and the CA flows much more quickly, VRS is being used with greater

⁶¹ *Video Relay Services Guide*, FEDERAL COMMUNICATIONS COMMISSION (2011) <http://www.fcc.gov/guides/video-relay-services> (last visited Feb. 22, 2013) [hereinafter *FCC*].

⁶² *Video Relay Services Proliferate as Accommodation for Hearing Impaired*, 10 No. 6 MULTICHANNEL VIDEO COMPLIANCE GUIDE NEWSL. 4 (August 2002).

⁶³ *FCC*, *supra* note 62.

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ *Id.*

frequency as a form of TRS and as a public accommodation.⁶⁷ Unlike TTYs, VRS allows sign language users to communicate in ASL, instead of having to type their messages.⁶⁸ Because the communication method is not limited to written form, consumers using VRS are able to more fully express themselves through facial expression and body language, which are vital to ASL and also cannot be expressed in text.⁶⁹ One of the greatest benefits of using VRS is that a VRS call flows back and forth just like a telephone conversation between two hearing persons.⁷⁰ The delay that is usually present in traditional relay conversations like a TTY, where the parties have to take turns communicating with the CA, VRS users can interrupt each other, allowing the conversation flow to be more natural and quicker, resulting the delay almost to diminish to almost real time.⁷¹ Quicker conversation also makes the same conversation much shorter through VRS than it would be through other text-based TRS.⁷²

3. Misuse of Video Relay Service and Its Limitations

The easy access to computer allows video relay service to be used with greater frequency as a public accommodation in legal settings.⁷³ Because VRS is free to qualified individuals and those being connected to and is subsidized by the federal government as a way to ensure deaf

⁶⁷ FCC, *supra* note 62; *Video Relay Services Proliferate as Accommodation for Hearing Impaired*, *supra* note 63.

⁶⁸ FCC, *supra* note 62.

⁶⁹ *Id.*

⁷⁰ *Id.*

⁷¹ *Id.*; *Video Relay Services Proliferate as Accommodation for Hearing Impaired*, *supra* note 63.

⁷² FCC, *supra* note 62.

⁷³ *Video Relay Services Proliferate as Accommodation for Hearing Impaired*, *supra* note 63.

access to the hearing phone system, it has been recognized as a good way for lawyers to communicate in ASL with their clients.⁷⁴

However, it should be noted that VRS is not intended as a substitute for live interpreting, and VRS operators and CAs are not allowed to interpret between two people in the same location.⁷⁵ The Federal Communications Commission has found misuse of VRS as substitute for an on-site interpreter. VRS is to be used only when a person with a hearing disability, who absent such disability would make a voice telephone call, desires to make a call through the telephone system.⁷⁶ Attorneys may feel confident in using VRS as a method of communication since VRS CAs must maintain confidentiality of calls⁷⁷ and must not intentionally alter a relayed conversation.⁷⁸ Because using VRS is convenient and easily accessible, attorneys are more attracted to using VRS as a reasonable accommodation than scheduling appointments for on-site interpreters.

VRS providers generally have procedures already in place to terminate calls where VRS is being used as a way to obtain free interpreting services.⁷⁹ However, procedural safeguards in place are not sufficient to effectively screen out persons misusing VRS because they may be

⁷⁴ Diehl, *supra* note 1.

⁷⁵ *Id.*

⁷⁶ *Reminder That Video Relay Service (VRS) Provides Access to the Telephone System Only and Cannot Be Used as a Substitute for "In-Person" Interpreting Services or Video Remote Interpreting (VRI)*, FEDERAL COMMUNICATIONS COMMISSION PUBLIC NOTICE, 20 F.C.C.R. 14528, 20 FCC Rcd. 14528, 2005 WL 2148833, 14528 [hereinafter *FCC Public Notice*].

⁷⁷ 47 U.S.C. § 225(d)(1)(F); 47 C.F.R. § 64.604(a)(2)(i) (2007); Compton, *supra* note 46, at 861.

⁷⁸ 47 U.S.C. § 225(d)(1)(G); 47 C.F.R. § 64.604(a)(2)(ii); Compton, *supra* note 46, at 861.

⁷⁹ *FCC Public Notice*, *supra* note 77, at 14529.

doing so in ways to avoid detection.⁸⁰ There are public consumer bulletin boards and forums that publicize these methods, which results in the large increase in minutes of use of VRS.⁸¹

D. Video Remote Interpreting Services as Accommodation for Deaf and Hard of Hearing

Sign language interpreters facilitate communication between individuals who use sign language to communicate and those who do not.⁸² Video Remote Interpreting (“VRI”) is a service that is used when an interpreter cannot be physically present to interpret for two or more persons who are together at the same location.⁸³ Unlike traditional on-site interpreters, easy access to computers has allowed proliferation of VRI.

1. What is Video Remote Interpreting Service

Under Title III, pursuant to the effective communications provisions, a public accommodation can choose to provide qualified interpreter via a video remote interpreting service.⁸⁴ When using a VRI service, a place of public accommodation must ensure that it provides real-time, full-motion video and audio over a dedicated high-speed, wide-bandwidth video connection or wireless connection that delivers high-quality video images that do not produce lags, choppy, blurry, or grainy images, or irregular pauses in communication.⁸⁵ Image should be large enough to display the interpreter’s face and body parts used in signing, and the participating individual’s face and body parts involved in signing, regardless of his or her body

⁸⁰ *Id.*

⁸¹ *Id.*

⁸² *FCC Public Notice, supra* note 77, at 14582.

⁸³ *Id.*

⁸⁴ 28 C.F.R. § 36.303(f).

⁸⁵ *Id.*; § 4:97 Effective Communication Must be Ensured-Video Remote Interpreting (VRI) Services, 1 AMERICANS WITH DISABILITIES: PRACTICE AND COMPLIANCE MANUAL § 4:97 (2014).

position, with a clear, audible transmission of voices.⁸⁶ The deaf person and interpreter communicate via sign language through the webcam, the lawyer or staff person speaks to the interpreter via the telephone, and the remote interpreter then interprets as a live interpreter would.⁸⁷

2. Benefits of Video Remote Interpreting

When used appropriately, VRI has several benefits. It provides easier and faster access to communication, access to quality services, and effective use of fiscal resources.⁸⁸ VRI is highly effective in urgent situations when no on-site interpreter is available. “It meets interpreting demands when qualified on-site interpreters are unavailable, especially in rural areas, where qualified interpreters are less accessible.”⁸⁹ It provides easier and faster access to communication because VRI can be used in situations for short, one-time meetings, or for an immediate need since VRI may be arranged requested on-demand.⁹⁰ Because there is no need for an interpreter to travel, VRI reduces “interpreting costs through fee structures and elimination of travel and mileage costs.”⁹¹

⁸⁶ AMERICANS WITH DISABILITIES: PRACTICE AND COMPLIANCE MANUAL, *supra* note 86.

⁸⁷ Diehl, *supra* note 1, at 16.

⁸⁸ *Standard Practice Paper: Video Remote Interpreting*, REGISTRY OF INTERPRETERS FOR THE DEAF (2010) http://www.rid.org/UserFiles/File/pdfs/Standard_Practice_Papers/VRI_SPP.pdf [hereinafter *Registry of Interpreters for Deaf*].

⁸⁹ *Id.*

⁹⁰ Compton, *supra* note 46, at 866; *Video Remote Interpreting (VRI)*, THE BETTY AND LEONARD PHILLIPS DEAF ACTION CENTER, http://www.deafactioncenter.org/index.php?option=com_content&view=article&id=64:video-remote-interpreting-vri&catid=41:services&Itemid=98 (last visited Feb. 11, 2013).

⁹¹ *Registry of Interpreters for Deaf*, *supra* note 89.

3. Limitations of Video Remote Interpreting Compared to On-Site Interpreter

While VRI is a readily available valuable tool in providing accommodations, it has its limitations. It is not a comprehensive replacement of on-site interpreter.⁹² Because Internet connection is required to provide VRI, a poor high-speed Internet connection may result in a breakdown of communication.⁹³ Situations where there are multiple participants in a room with less structured turn-taking protocols would be inappropriate to utilize VRI.⁹⁴ VRI may be inappropriate depending on the information exchanged. Such situations include conversation involving highly complex dialogic exchange, such as abstract philosophical interchange or dialogue with veiled intentions or multiple meanings.⁹⁵ Lastly, VRI is highly inappropriate for situations involving individuals with a secondary disability, such as visual impairment, that impedes their ability to utilize the service.⁹⁶ In these and other situations, such as where communication is need for persons who are deaf-blind, it may be necessary to summon an in-person interpreter to assist certain individuals, rather than utilizing VRI.⁹⁷

V. A LAWYER'S OBLIGATION UNDER THE AMERICANS WITH DISABILITIES ACT

There are no ifs, ands, and buts: a lawyer is clearly financially responsible for providing an interpreter in his or her office when the time comes to discuss a legal matter with a deaf or

⁹² *Id.*

⁹³ Diehl, *supra* note 1, at 16.

⁹⁴ § 2:159 *Video Remote Interpreting (VRI) Services*, 1 AMERICANS WITH DISABILITIES: PRACTICE AND COMPLIANCE MANUAL; *Registry of Interpreters for Deaf*, *supra* note 89.

⁹⁵ *Registry of Interpreters for Deaf*, *supra* note 89.

⁹⁶ *Id.*

⁹⁷ *Id.*; 28 C.F.R. Pt. 25, App. A. § 35.104.

hard of hearing client.⁹⁸ As an officer of the court responsible for complying with the laws of the United States and the State, the lawyer has a special responsibility to ensure compliance with the ADA.

A. *Why Legal Professionals Fail to Comply with the Americans with Disabilities Act*

The ADA requires attorneys engaged in private practice to provide equal access to their services by providing auxiliary aids and services necessary to ensure effective communication between individuals who are deaf and their attorneys.⁹⁹ Inclusion of place of public accommodations reaches broader scope than the Civil Rights Act of 1964, which prohibits racial discrimination in public accommodations.¹⁰⁰ Despite professional offices, including a lawyer's office, are such entity that are explicitly named in the ADA but not in the Civil Rights Act, Title III provides inadequate rights of deaf and hard of hearing people who seek to obtain legal representation.¹⁰¹

1. Cost Concerns

Many attorneys have false assumption that it is costly to provide effective communication service to a client who is deaf or hard of hearing is expensive or complicated.¹⁰² Because facilitating effective communication is critical in legal services, the assumption of difficulty in providing reasonable accommodations prevents lawyers from taking on deaf or hard of hearing

⁹⁸ Schwartz, *supra* note 7.

⁹⁹ 42 U.S.C. §§ 12181-89; 28 C.F.R. §§ 36, 36.104; *National Association of the Deaf*, *supra* note 4.

¹⁰⁰ Dawson, *supra* note 41, at 1143.

¹⁰¹ 42 U.S.C. § 12181(7)(F).

¹⁰² Diehl, *supra* note 1.

clients, on both legitimate grounds for denying representation and illegitimate discriminatory grounds.

The ADA allows lawyers to not provide an auxiliary aid or service if it would fundamentally alter the nature of the services or if it would result in an undue burden.¹⁰³ However, this does not allow lawyers to withdraw its obligation to provide reasonable accommodation merely because one method would result in an undue burden.¹⁰⁴ When an alternative accommodation exists, it vitiates the undue burden argument. It is true that if a deaf or hard of hearing client needs an interpreter, note-taker, or other accommodation in order to fully benefit from a lawyer's service, these accommodations could be expensive, which makes lawyers reluctant to provide them at their own cost.¹⁰⁵ However, this argument cannot always stand due to modern technology. Widespread use of computers and high-speed Internet has made making accommodations less costly and provides a wide array of communication options for prospective deaf and hard of hearing clients.¹⁰⁶

a. Tax Credit Eligibility

Unlike big firms, many solo practitioners and small-firm lawyers fear that providing accommodations to ensure effective communication can present financial and logistical hardships.¹⁰⁷ However, it is not necessarily true that complying with the ADA imposes severe difficulties, as lawyers might perceive. As discussed previously, modern technology decreased the cost involved in accommodations significantly, while increasing the effectiveness of

¹⁰³ 42 U.S.C. §§ 12182(b)(2)(A)(ii)-(iii).

¹⁰⁴ Diehl, *supra* note 1, at 16.

¹⁰⁵ Dawson, *supra* note 41, at 1144.

¹⁰⁶ Diehl, *supra* note 1.

¹⁰⁷ Margaret Graham Tebo, *An ADA Lesson*, 92 AUG A.B.A. J. 28. (2006).

accommodations for the hearing impaired.¹⁰⁸ Eligible small business can enjoy tax benefits when comply with the ADA.¹⁰⁹ Amount paid or incurred by an eligible small firm for the purpose of enabling such eligible firms to comply with applicable requirements under the ADA are qualified to apply for tax credit for any taxable year.¹¹⁰ Amount up to 50 percent of the eligible access expenditure for the taxable year as exceed \$250 but not exceeding \$10,250, qualify as tax credit.¹¹¹ Eligible access expenditures include providing qualified interpreters or other effective methods for the purpose of removing communication barriers, making aurally delivered materials available to individuals with hearing impairments.¹¹²

2. Confidentiality

Although not explicitly discussed, confidentiality is implied in the effective communication requirement of the ADA. Sign language interpreters are guided and bound by Code of Professional Conduct of the National Association of the Deaf (“NAD”) and the Registry of Interpreters for the Deaf, Inc (“RID”).¹¹³ The guiding principles of the Code of Professional Conduct represent the concepts of confidentiality, linguistic and professional competence, impartiality, and the rights of participants in interpreted situations to informed choice.¹¹⁴ As interpreters hold a position of trust in their roles as linguistic and cultural facilitators of communication, confidentiality is highly valued by consumers and is essential to protecting all

¹⁰⁸ Diehl, *supra* note 1, at 17.

¹⁰⁹ 26 U.S.C.A. § 44(a).

¹¹⁰ 26 U.S.C.A. § 44(c)(1).

¹¹¹ 26 U.S.C.A. § 44(a).

¹¹² 26 U.S.C.A. §§ 44(c)(2)(A)-(B).

¹¹³ *Code of Professional Conduct*, NATIONAL ASSOCIATION OF THE DEAF (NAD) AND THE REGISTRY OF INTERPRETERS FOR THE DEAF (RID) (2005), http://www.rid.org/UserFiles/File/NAD_RID_ETHICS.pdf.

¹¹⁴ *Id.*

involved.¹¹⁵ Unless federal or state laws require mandatory reporting of certain circumstances, such as abuse, threats of suicide, or responding to subpoenas, under the reasonable interpreter standard, professional interpreters are expected to know the general requirements and applicability of various levels of confidentiality.¹¹⁶

VI. ESTABLISHED COMMUNICATION ACCESS FUNDS IN DIFFERENT STATES

Recognizing that many deaf and hard of hearing people are denied access to legal services, a few bar associations around the country have begun to allocate resources to make accessibility more readily achievable to the community and ensure that no one attorney bears a disproportionate burden in providing communication access services.¹¹⁷ In Colorado and Pennsylvania, local bar associations have made funds available to pay for the auxiliary aids and services needed when an attorney communicates with a individual with a hearing impairment.¹¹⁸ Maine has a legal interpreting fund that any attorney licensed in Main can use to pay for sign language interpreters and real-time captioning.¹¹⁹ Texas has a fund that operates similarly to Maine, except that the Bar's funds are used rather than state funds. The Pennsylvania Bar Association has a fund that reimburses bar members for some interpreter and real-time

¹¹⁵ *Id.*

¹¹⁶ *Id.*

¹¹⁷ *National Association of the Deaf, supra note 4.*

¹¹⁸ *Id.*; see also Eric Maxfield, *Sign Language Interpreters: Who Pays?*, 33 THE COLORADO LAWYER, no. 4, Apr. 2004, available at http://www.cobar.org/tcl/tcl_articles.cfm?articleid=3130; *Sign Language Interpreter/CART Fund Reimbursement Application*, PENNSYLVANIA BAR ASSOCIATION, available at <http://www.pabar.org/public/committees/disabili/Sign%20Lang.pdf>; *Sign Language Interpreter Fund Reimbursement Application*, PHILADELPHIA BAR ASSOCIATION, available at <http://www.philadelphiabar.org/WebObjects/PBAReadOnly.woa/Contents/WebServerResources/CMSResources/SignLanguageInterpreterFundApp1.pdf>.

¹¹⁹ *National Association of the Deaf, supra note 4.*

captioning expenses, based on availability of the funds.¹²⁰ These initiatives and programs are positive steps that increase access to legal services for deaf and hard of hearing people.

A. *Settlement Agreement Between the U.S. and Gregg Tirone, Esq.*

Gregg Tirone is an attorney licensed to practice law in Rochester, New York.¹²¹ Ms. Rozanski filed a complaint to the United States Department of Justice (“the Department”), in February of 2002, against attorney Tirone.¹²² Ms. Rozanski has a hearing disability and uses sign language and lip reading as her principal means of communicating.¹²³ While representing Ms. Rozanski in her divorce, Tirone failed to provide accommodation during several meetings with her. Only when he met with Ms. Rozanski in court, he used the services of the court’s interpreter, which was provided by the Court at the Court’s expense¹²⁴ Outside the Court, Tirone communicated with Ms. Rozanski by pen and paper, fax, lip-reading, a family member as a sign language interpreter, and by use of the National Relay Service when communicating by phone, which Ms. Rozanski alleged resulted in higher costs to her.¹²⁵ She also alleged that due to lack of ineffective communication, she did not understand all that was conveyed.¹²⁶ Although Tirone asserted that he effectively communicated with Ms. Rozanski at all times, the Department’s

¹²⁰ *Id.*; John Sirman, *Sign Up Fund has an Extra \$6K for Sign-Language Costs*, TEXASBARBLOG (Oct. 9, 2009), <http://blog.texasbar.com/2009/10/articles/access-to-justice/sign-up-fund-has-an-extra-6k-for-signlanguage-costs/>.

¹²¹ Settlement Agreement Between the United States of America and Gregg Tirone, Esq., Dep’t of Just. No. 202-53-20 (2004), <http://www.ada.gov/tirone.htm> [hereinafter Tirone Settlement Agreement].

¹²² *Id.*

¹²³ *Id.*

¹²⁴ *Id.*

¹²⁵ *Id.*

¹²⁶ Tirone Settlement Agreement, *supra* note 122.

investigation found that he failed to provide Ms. Rozanski with effective communication.¹²⁷ The settlement agreement resulted in Tirone refunding fees and forgoing further payment from Ms. Rozanski.¹²⁸

The Department cited the ADA requirement of reasonable accommodation to ensure effective communication, and Tirone agreed that it is his obligation to ensure effective communication with his clients who have hearing disabilities, and that he cannot charge them for the cost of the interpreter services or charge any other surcharge to recover this cost.¹²⁹ The settlement agreement appears to indicate that the Department believed the cost of the interpreter was not an undue burden, and Tirone should not have charged for the extra time it took to communicate with Ms. Rozanski.¹³⁰ It is highly likely that the interpreter costs for representing one deaf or hard of hearing client is probably not an undue burden for most firms.¹³¹ Individualized case-by-case determination is required to determine whether a particular modification or accommodation would result in an undue burden.¹³²

¹²⁷ *Id.*; see also Settlement Agreement Between the United States of America and Joseph David Camacho, Esq., Albuquerque, New Mexico Under the Americans with Disabilities Act, Dep't of Just. No. 202-49-37 (2007), <http://www.ada.gov/albuquerque.htm>; Settlement Agreement Between the United States of America and the Law Office of Cohen and Jaffe, LLC, Dep't of Just. No. 202-52-111 (2006), www.ada.gov/cohenjaffe.htm; Settlement Agreement Between the United States of America and Clifford B. Hearn, Dep't of Just. No. 202-15-37 (2008) www.ada.gov/hearn.htm.

¹²⁸ *Id.*

¹²⁹ 28 C.F.R. § 36.301(c) (public accommodations may not impose a surcharge on a person with a disability to cover the costs of measures that are required to ensure that an individual with a disability is treated in a nondiscriminatory manner as required by the ADA); Tirone Settlement Agreement, *supra* note 122.

¹³⁰ Tebo, *supra* note 108.

¹³¹ Tirone Settlement Agreement, *supra* note 122; Compton, *supra* note 46.

¹³² Johnson v. Gambrinus Company/Spoetzl Brewery, 116 F.3d. 1052, 1060 (5th Cir. 1997).

1. Monroe County Bar Association “DEAFund” in Response to *Tirone*

In the State of New York, only the Monroe County Bar Association (“MCBA”) has established communication access fund for its members, called “DEAFund.”¹³³ Rochester of Monroe County has a relatively larger concentration and higher proportion of individuals who are deaf and hard of hearing people when compared to other metropolitan areas in the nation.¹³⁴ It has been suggested that Monroe County has a high proportion of persons who are deaf and hard of hearing stems from the establishment of National Technical Institute for the Deaf and Rochester Institute of Technology in 1968 and its influence on the demographics of the deaf population in the Monroe County area.¹³⁵

The MCBA may have established the DEAFund in response to the lawsuit brought by the Department of Justice against a private attorney Gregg Tirone.¹³⁶ However, it is the position of the MCBA, that because Rochester has a large population of deaf and hard of hearing community, and the Bar Association is required to what they have to do for the members of the community under the ADA, the Bar was not opposed to establishing the fund.¹³⁷ Regardless of the motivation behind the establishment of the DEAFund, the MCBA fully reimburses bar

¹³³ *DEAFund*, MONROE COUNTY BAR ASSOCIATION, <http://www.mcba.org/Members/Memberservices/DEAFund/> (last visited Feb. 9, 2013); Clara Schwabe, *Americans with Disabilities Act Requirement for LRIS Programs and Panel Attorneys: An Update on Serving Deaf and Hard of Hearing Clients*, 14 DIALOGUE No. 1 (2010) http://www.americanbar.org/newsletter/publications/dialogue_home/dialogue_archive/wi10_Iris1.html (last visited Feb. 9, 2014) (in New York City, the New York City Bar Association and the New York County Lawyers Association started to provide a sign language interpreter for the initial consultation starting in 2010).

¹³⁴ Walter, *supra* note 36, at 6.

¹³⁵ Walter, *supra* note 36, at 6.

¹³⁶ Greg Livadas, *Funds to Help Pay Interpreters*, DEAF TODAY (Mar. 24, 2005), http://www.deaftoday.com/v3/archives/2005/03/fund_to_help_pa.html (last visited Apr. 8, 2014) (Michael Wolford, president of the MCBA in 2005 stated, “When we became aware of that situation, we at the bar association decided we didn’t want to see that happen again”).

¹³⁷ Despite the statement of the previous president of the MCBA at the time of the DEAFund was first created, Kathy Fico, stated that the DEAFund did not arise from the *Tirone* case. Telephone conference with Kathy Fico, 2012-2013 MCBA President, Monroe County Bar Association, Oct. 29, 2012.

members for interpreter expenses incurred during the first meeting with the client, not to exceed two hours.¹³⁸ Thereafter, the bar association reimburses member for 50 percent of expenses, with a reimbursement cap of \$150 per client.¹³⁹ Special requests for additional funds are considered on a case-by-case basis and bar members must hire interpreters from an interpreter agency that contracted with the bar association for an hourly interpreter rate of \$45 per hour.¹⁴⁰ Bar member also must submit the actual receipt from the interpreting agency to receive reimbursement.¹⁴¹ The funds are drawn from general funds and grant money.¹⁴²

VII. THE NEED TO ESTABLISH STATEWIDE COMMUNICATION ACCESS FUND IN NEW YORK

A. *Removing Economic Disincentives for Providing Reasonable Accommodation*

The proposed communication access fund would cover the expenses for communication access services between private attorneys and deaf and hard of hearing individuals. It is critical to lower the cost of compliance for attorneys in order to solve noncompliance problems of Title III of the ADA. Creating a communication access fund would “ease the financial responsibility attorneys and law firms bear in order to meet their obligations under the ADA to ensure effective communication” with deaf and hard of hearing persons.¹⁴³ Expenses eligible for coverage would include qualified sign language interpreters, VRI, real-time captioning, or any other auxiliary aid

¹³⁸ *DEAFund Information Sheet: Deaf Equal Access Funds of the Monroe County Bar Association*, MONROE COUNTY BAR ASSOCIATION, <http://www.mcba.org/Data/Documents/DEAFund%20Guidelines%20Rev%20012511.pdf> [hereinafter *DEAFund Information*].

¹³⁹ *Id.*

¹⁴⁰ *Id.*

¹⁴¹ *Id.*

¹⁴² *Id.*

¹⁴³ *National Association of the Deaf*, *supra* note 4.

or services used to ensure effective communication between the attorney and a deaf individual, who is most often a prospective or actual client.¹⁴⁴

B. Revenue for Communication Access Fund

The establishment of a statewide communication access fund in New York to facilitate and ensure the provision of communication access services is desperately needed. Other states have statutorily established a fund to reimburse attorneys for expenses incurred in providing interpreters and other accommodations.¹⁴⁵ By generating a small annual fee to be paid, the revenue created by each practicing attorney licensed in New York would finance the necessary services.¹⁴⁶ It also spreads the cost of providing reasonable accommodation among all attorneys in New York, comporting with the spirit and purpose of the ADA, ensuring effective communication and equal access to all.¹⁴⁷

Such an approach to impose responsibility to all lawyers to financially contribute for anticipated accommodations in a year of providing legal services will meet the needs of the deaf and hard of hearing population in New York. The fund will avoid imposing the cost of accommodation to the few lawyers willing to represent individuals with hearing impairments. It will also allow individuals to pick and choose a lawyer, rather than being limited only to those willing to bear the cost of reasonable accommodation.¹⁴⁸

¹⁴⁴ *Id.*

¹⁴⁵ ME. REV. STAT. tit. 5, ch. 3, § 48-A(4).

¹⁴⁶ *National Association of the Deaf, supra* note 4.

¹⁴⁷ 42 U.S.C. § 12101 et seq.; *National Association of the Deaf, supra* note 4.

¹⁴⁸ Howard A. Rosenblum, *Communication Access Funds: Achieving the Unrealized Aims of the Americans with Disabilities Act*, 45 VAL. U. L. REV. 3, 1061, 1074 (2011).

C. *Creating a Central Administrative Agency*

The state bar association, collaborating with interpreter referral agencies in the state that provide VRI services, should adopt the communication access fund concept and create an administrative agency to maintain a list of qualified interpreters, with the ability and knowledge to match the right interpreter for the deaf or hard of hearing person and the lawyer.¹⁴⁹ The need to set up this network is imperative because there has been a high demand for sign language interpreters and studies show that over period of time that demand will increase by a significant percentage.¹⁵⁰ By connecting VRI services throughout the state into one administrative agency of the state bar association, or allocating referrals to the local bar association, it will allow attorneys in different parts of New York to be able to locate and make appointment of VRI service for their consultation with deaf and hard of hearing clients, since interpreters are a rare commodity and arrangements for the services must be made in advance.¹⁵¹ It would also allow attorneys to represent or choose to represent clients from rural areas, where it may be difficult to locate an interpreter.

This administrative agency will function as a “one-stop shop,” where attorneys place requests for accommodations directly with the agency to provide for the services.¹⁵² It will remove the tension that often accompanies any request for accommodation when the request is no longer made of the lawyer prior to any specific appointment.¹⁵³ Rather, the administrative agency supported by the fund can arrange accommodations for all appointments with lawyers.

¹⁴⁹ Schwartz, *supra* note 7; *National Association of the Deaf*, *supra* note 5.

¹⁵⁰ Stephanie Zito, *American Sign Language Interpreting*, LIFE PRINT, (Apr. 6, 2009), <http://www.lifeprint.com/asl101/topics/interpreting02.htm> (last visited Feb. 15, 2013).

¹⁵¹ David Michael Stokes & Daniel P. McGlinn, *The Accessible Law Office*, 75 MICH. B.J. 390 (1996).

¹⁵² *National Association of the Deaf*, *supra* note 4.

¹⁵³ Rosenblum, *supra* note 149.

Utilizing video remote interpreting service to the maximum extent would decrease the costs incurred from hiring an on-site interpreter. There is no additional charge with the interpreting service for the travel time.¹⁵⁴ Most lawyers, both solo practitioners and firms, if not all, have computers readily accessible. Because there is no need for lawyers to acquire specific equipment to use VRI services, there is no upfront cost disincentive to use VRI services.

VIII. CONCLUSION

Ensuring that deaf or hard of hearing persons have equal opportunity to receive legal services is not only desirable but also the law.¹⁵⁵ It is also reasonably easy for lawyers to comply with their responsibilities.¹⁵⁶ With the available resources and modern technology, the state bar association can establish a communication access fund that would remove a significant barrier for deaf and hard of hearing persons seeking assistance from the legal profession. It would also help to alleviate the financial responsibility attorneys and small firms bear in order to meet their obligations under the ADA to ensure effective communication. Although telecommunication services such as video relay services can decrease the costs of providing interpretation substantially, it is not to be used as a substitute for providing auxiliary aids or services provided under the ADA.

While mere establishment of communication access fund cannot resolve the challenges of the ADA violations, it should mark the beginning of the effort to make Title III goals to be enforced and regulated. Changing the landscape of legal accessibility by requiring systematic

¹⁵⁴ *Registry of Interpreters for Deaf*, *supra* note 89.

¹⁵⁵ Diehl, *supra* note 1.

¹⁵⁶ *Id.*

and deliberate step to ensure that no individual is discriminated on the basis of disability would bring legal profession to meet its obligations and responsibilities under Title III of the ADA.

**Can You Hear Me Now: Spectrum is Shaping the Telecommunication
Industry in an Increasingly Connected America**

James E. Zino¹

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I. An Introduction to 4G and Telecommunication in America

The way in which Americans communicate has changed rapidly over the past decade, and the cellular phone has been at the forefront of this revolution, reaching levels of market maturation faster than any mainstream technology since the television.² What started as a tool to place calls while on the go has evolved into a device with the processing power of a small computer, where millions of people call, text, tweet, video chat, and stream hours of content every day right from the palm of their hands. While there is no doubt that consumer technology has made incredible strides since the first iPhone ushered in a new product market in 2007 with estimated opening day sales of up to 1 million units, what has changed even more is the invisible infrastructure that allows consumers to be wirelessly connected from even the most remote parts of the country.³

Although most Americans are familiar with the country's "Big Four" national cellular providers, (Verizon Wireless, AT&T, Sprint, and T-Mobile), what actually enables these companies to provide wireless internet and cellular service is less well-known. This capability comes from certain bands of the electromagnetic spectrum, which have become an increasingly indispensable commodity for network providers as demand for cellular service surges. Control and licensing of radio spectrum is controlled by the Federal Communications Commission (FCC) and the National Telecommunications and Information Administration (NTIA).⁴ While the NTIA handles the use of spectrum for federal government purposes, the FCC administers

² Michael DeGusta, *Are Smartphones Spreading Faster than any Technology in Human History*, MIT TECHNOLOGY REVIEW, (May 9, 2012), <http://www.technologyreview.com/news/427787/are-smart-phones-spreading-faster-than-any-technology-in-human-history>.

³ *Marketing the iPhone: Where would Jesus queue?* ECONOMIST (July 5, 2007), <http://www.economist.com/node/9443542>.

⁴ *Radio Spectrum Allocation*, FEDERAL COMMUNICATIONS COMMISSION, <http://www.fcc.gov/encyclopedia/radio-spectrum-allocation> (last visited Jan. 3, 2013).

spectrum regulation and licensing for all other uses, including state, local, and commercial functions.⁵

There are two primary methods by which a company may acquire spectrum: They may participate in FCC spectrum auctions (held since 1994 to grant exclusive licenses to qualified companies) or they may purchase attained spectrum from other companies.⁶

The Big Four networks in America already have expansive coast-to-coast networks, a geographical hurdle that most other countries can ignore due to their comparatively small size. So, why is there a mad dash to obtain even more spectrum? For cellular carriers, the concern isn't so much about distance, but about performance and efficiency. Each band of spectrum used by a carrier allows for more bandwidth per user, which affects connection speed and reliability, similar to the way a dual-band wireless router in a home allows for faster and more reliable home internet connections.⁷ The first major hint of cellular network performance concerns stemming from smartphones came from AT&T after the launch of the iPhone, when consumers reported slow data rates, dropped calls, and delayed text messages in major metropolitan areas like New York City.⁸ The FCC found that the iPhone used 24 times as much data as a traditional cell phone, and AT&T noted that from the time of the release of the first iPhone through 2012, data consumption by consumers increased 20,000%.⁹ That growth shows no sign of slowing down,

⁵ *Id.*

⁶ *About Auctions: Introduction*, FEDERAL COMMUNICATIONS COMMISSION, http://wireless.fcc.gov/auctions/default.htm?job=about_auctions (last updated Aug. 9, 2006).

⁷ Bradley Mitchell, *What is Dual Band Wireless Networking?* ABOUT.COM, <http://compnetworking.about.com/od/wireless80211/f/dual-band-wireless.htm> (last visited Nov. 3, 2012).

⁸ Jenna Wortham, *Customers Angered as iPhones Overload AT&T*, NEW YORK TIMES (Sept. 2 2009), <http://www.nytimes.com/2009/09/03/technology/companies/03att.html>.

⁹ Eric Savitz, *The Future of Wireless: The Case for Spectrum Sharing*, FORBES (Jan. 21, 2013) <http://www.forbes.com/sites/ciocentral/2013/01/21/the-future-of-wireless-the-case-for-spectrum-sharing>; John Donovan, *Wireless Data Volume on Our Network Continues to Double Annually*, AT&T INNOVATION SPACE, <http://www.attinnovationspace.com/innovation/story/a7781181> (last visited Nov. 3, 2012).

and as more Americans acquire even more powerful smartphones and tablets, carriers need to find a way to service hundreds upon thousands of devices while still providing competitive performance and innovation.

Fortunately, explosive advances in technology have not been restricted to devices that use bandwidth. New and more efficient methods of handling cellular networks allow carriers to do more with the spectrum they have. Three organizations playing key roles in the research and standardization of new mobile standards are the 3rd Generation Partnership Project (3GPP), the Global System for Mobile Communication (GSMA), and the International Telecommunication Union (ITU). The ITU is a specialized agency of the United Nations that “allocates global radio spectrum, satellite orbits, and develops technical standards” for a variety of technologies, including cellular networks.¹⁰ 3GPP primarily handles the research and development of new mobile network infrastructure systems while the GSMA works to deploy, standardize and promote the GSM family of wireless infrastructures.¹¹ The GSM family is made up of a network standard that is utilized by AT&T, T-Mobile, as well as the majority of the European Union and the rest of the world. In 2008, 3GPP finalized the newest infrastructure standard of the GSM Family, called Long-term Evolution (LTE) which would serve as a foundation for a future 4G cellular standard.

The term “4G” has created some confusion for consumers due to the broad definition that has been applied to it. LTE is not, in fact, true 4G, because it does not meet the technical

¹⁰ *Overview*, INTERNATIONAL TELECOMMUNICATION UNION, <http://www.itu.int/en/about/Pages/default.aspx> (last visited Nov. 1, 2012).

¹¹ *About 3GPP*, THE 3RD GENERATION PARTNERSHIP PROJECT, <http://www.3gpp.org/About-3GPP> (last visited April 14, 2014); *GSMA*, CAMBRIDGE WIRELESS, <http://www.cambridgewireless.co.uk/directory/orgprofile/default.aspx?objid=35428> (last visited April 14, 2014).

requirements outlined by the International Telecommunication Union (ITU).¹² Nevertheless, the ITU has permitted LTE to be called 4G due to a substantial improvement from previous standards.¹³ However, T-Mobile and AT&T both refer to their HSPA+ network as 4G, with AT&T now differentiating between HSPA+ and LTE by referring to the former as 4G and the latter as 4G LTE. This led to consumer confusion which prompted Congresswoman Anna Eshoo to submit the Next Generation Wireless Disclosure Act which would require cellular advertisers to disclose network speed statistics so consumers could better differentiate among 4G networks.¹⁴

Consumer confusion aside, the finalization of the LTE standard proved to be a monumental development. Not only did it allow for maximum theoretical download speeds of 300 Mbps and upload speeds of 170 Mbps, which were almost twice and eight times faster than the previous standard, respectively, but it prompted the major non-GSM carriers, such as Verizon and Sprint, to adopt the LTE standard as well.¹⁵ In fact, despite the shift away from the CDMA family of network infrastructures for their next network, Verizon Wireless was the first of the Big Four wireless carriers to begin its LTE rollout which began in December 2010 and has covered 273 million customers in 476 markets as of December 2012.¹⁶ Shortly after, AT&T and

¹² *ITU World Radiocommunication Seminar Highlights Future Communication Technologies*, INTERNATIONAL TELECOMMUNICATION UNION (Dec. 6, 2010), http://www.itu.int/net/pressoffice/press_releases/2010/48.aspx.

¹³ *Id.*

¹⁴ *Rep. Eshoo Introduces Legislation to Improve Consumer Information on 4G*, PROJECT VOTE SMART, (citing a June 22, 2011 press release from Rep. Anna Eshoo D-Palo Alto, http://eshoo.house.gov/index.php?option=com_content&view=article&id=1009), available at <http://votesmart.org/public-statement/621323/rep-eshoo-introduces-legislation-to-improve-consumer-information-on-4g#.UwfG4XljZG4>.

¹⁵ Wayne Rash, *Verizon Wireless to Launch 4G LTE Service in 30 U.S. Cities*, EWEEK (Sept. 15, 2009), <http://www.eweek.com/c/a/Mobile-and-Wireless/Verizon-Wireless-to-Launch-4G-LTE-Service-in-30-US-Cities-417341/>.

¹⁶ Press Release, Verizon Wireless, Verizon Reports Strong Revenue And Customer Growth For Verizon Wireless And FiOS Services In 4Q 2012 (Jan. 22, 2013), (<http://news.verizonwireless.com/news/2013/01/fourth-quarter-2012-earnings.html>.)

Sprint also began to deploy their own LTE networks, with T-Mobile being the last of the national carriers to begin its LTE network rollout in 2013.¹⁷

II. Setting the Groundwork for a 4G America: Auction 73

The catalyst for the foundation of modern-day spectrum circumstances was the FCC's 2008 wireless spectrum auction, called Auction 73.¹⁸ This auction focused on spectrum between the 698 through 806 MHz range, referred to as the 700 MHz band of spectrum.¹⁹ This particular range of spectrum had been used by analog television stations between channels 52 and 69, but it was rendered effectively unutilized when all analog television converted to digital transmission in early 2009.²⁰ This specific range of spectrum was desirable for large telecommunication providers because it was particularly effective at penetrating walls and travelling long distances without losing quality, which meant that network providers could use fewer towers while maintaining quality connectivity.²¹ The FCC divided the 700 MHz band three ways. First, it was split into two halves: 698 MHz – 746 MHz was called the lower band and 746 MHz – 809 MHz was called the upper band.²² Second, each half was further sub-divided into smaller blocks

¹⁷ Press Release, T-Mobile USA, T-Mobile USA Selects Infrastructure Vendors to Support \$4 Billion 4G Network Evolution Plan (May 7, 2012) (<http://newsroom.t-mobile.com/phoenix.zhtml?c=251624&p=irol-newsarticle&ID=1805729>).

¹⁸ *Auction 73: 700 MHz Band*, FED. COMMUNICATIONS COMMISSION (June 19, 2012), http://wireless.fcc.gov/auctions/default.htm?job=auction_summary&id=73.

¹⁹ Federal Communications Commission, *Auction of 700 MHz Band Licenses Scheduled for January 16, 2008: Comment Sought on Competitive Bidding Procedures for Auction 73* (Aug. 17, 2007), available at http://fjallfoss.fcc.gov/edocs_public/attachmatch/DA-07-3415A1.pdf.

²⁰ Adam LaMore, *The 700 MHz Band: Recent Developments and Future Plans* (Apr. 21, 2008), <http://www.cse.wustl.edu/~jain/cse574-08/ftp/700mhz/index.html>.

²¹ *Id.*

²² *Revised 700 MHz Band Plan for Commercial Services*, FEDERAL COMMUNICATIONS COMMISSION (2007), <http://wireless.fcc.gov/auctions/data/bandplans/700MHzBandPlan.pdf>.

and assigned a letter from A to E.²³ Each block was categorized as a certain kind of market area and subdivided by geographic region or by smaller, more specific regional types, except for Upper Block D, which consisted of a single license that encompassed the entire continental United States.²⁴ Verizon purchased licenses in Lower Block A and the majority of the licenses for Upper Block C that encompassed the continental United States and Hawaii, while AT&T's purchases consisted primarily of Lower Block B spectrum.²⁵ This spectrum would be critical to the future development of LTE networks for both carriers.²⁶

With the auction complete, the FCC announced it had earned almost \$19 million. The only block of spectrum that did not sell was the Upper Block D license, which did not meet its reserve price and only reached one-third of its estimated value during the bidding, despite being a single nationwide license.²⁷ The failure of this spectrum to sell has been attributed to the fact that potential buyers were not bidding on a completely exclusive license for its usage. While the winner of Upper Block D would get the exclusive commercial license, usage would have to conform to certain regulatory rules, because the spectrum would also be used as a Public Safety Broadband network.²⁸ While restrictions on spectrum use, such as the openness requirement of Verizon's Upper C Block usually lower the perceived value of the spectrum by potential bidders,

²³ *Id.*

²⁴ *Id.*

²⁵ *UHF Spectrum*, SHURE INC. (2009), <http://shure.custhelp.com/ci/fattach/get/12094/0/session/L2F2LzEvdGltZS8xMzkyNzc2MDU3L3NpZC9XUmt2a2hObA==/filename/Spectrum+Map+w-Auction+Breakout.pdf>.

²⁶ Kevin Fitchard, *Auction winter lay bare 700 MHz plans*, CONNECTED PLANET, (Apr. 4, 2008, 4:55 PM), <http://connectedplanetonline.com/wireless/news/winners-700-mhz-plans-0404>.

²⁷ Carol Pinchefsky, *Ethical Concerns Swirl Around D Block Spectrum Auction*, EWEEK (Mar. 19, 2008), <http://www.eweek.com/c/a/Mobile-and-Wireless/Ethical-Concerns-Swirl-Around-D-Block-Spectrum-Auction>.

²⁸ 47 CFR § 27.14 (2012).

the public and private partnership aspect of the Upper Block D spectrum and its inability to sell signaled a dramatic divergence in policy positions by commercial entities and the FCC.²⁹

III. And Still There Are Four: Policy Concerns and the Failed Merger of AT&T and T-Mobile

Although Auction 73 produced a substantial number of exclusive licenses for carriers, it quickly became clear that the growing number of smartphone users would require carriers to purchase even more spectrum. One of the harsher critics of the government's spectrum agenda has been AT&T, which claims that exclusive commercial licenses, rather than shared public and private use or even joint private use, is the best way to optimize the use of spectrum.³⁰ Verizon, while one of the companies with the most substantial gain from Auction 73, also continued to press for spectrum reform as well, claiming that new technologies would be an insufficient answer to its growing bandwidth demands and that more spectrum was the only solution.³¹ In the years following Auction 73, both AT&T and Verizon would attempt to obtain more spectrum, albeit with very different results.

When AT&T announced that it had reached a definitive agreement with T-Mobile in March of 2011 for \$39 billion, it focused heavily on the public policy benefits that a merger would bring, most likely in an attempt to minimize fears of turning America's nationwide

²⁹ Sandro Brusco et al, *The 'Google effect' in the FCC's 700 MHz auction*, INFORMATION ECONOMICS AND POLICY (2009), <https://faculty.fuqua.duke.edu/~marx/bio/papers/googleeffect.pdf>.

³⁰ Joan Marsh, *The Power of Licensed Spectrum*, AT&T PUBLIC POLICY BLOG (Aug 2, 2012), <http://attpublicpolicy.com/government-policy/the-power-of-licensed-spectrum>.

³¹ In re Applications of Cellco P'ship d/b/a Verizon Wireless & Spectrumco LLC & Cox Tmi, LLC for Consent to Assign Aws-1 Licenses, 29, available at <http://apps.fcc.gov/ecfs/document/view?id=7021897886>

wireless market into a three company race.³² AT&T noted that the merger was essential if it was going to expand 4G LTE coverage from 80% to 95% of Americans in an effort to help achieve President Obama's call for 98% wireless coverage, and it claimed that the merger would stimulate job growth and lower customer fees despite creating a less competitive market.³³ For AT&T, the Advanced Wireless Services (AWS) spectrum held by T-Mobile would be critical for expanding its LTE footprint in rural areas and improving service in major metropolitan locations.³⁴ In order to get approval, AT&T and T-Mobile would need both the FCC and the Department of Justice (DOJ) to sign off on the merger.

The first indication of trouble with the merger came on August 11, 2011, when a document with un-redacted confidential information was briefly posted by one of the AT&T attorneys on an FCC website.³⁵ The document disclosed that AT&T's estimated cost to expand 4G LTE coverage from 80% to 97% would be \$3.9 billion if undertaken alone, in dramatic contrast to the \$39 billion proposed merger with T-Mobile.³⁶

On August 31, 2011, the DOJ filed an antitrust suit to block the merger.³⁷ In its complaint, the DOJ addressed T-Mobile's unique role as the fourth-largest telecommunication carrier in the country. Using T-Mobile's self-description as a challenger brand using disruptive and highly competitive pricing plans to put pressure on larger rivals and to compensate for

³² Daniel P, *AT&T buys T-Mobile for \$39 billion, to form America's largest carrier if the deal gets approved*, PHONEARENA (Mar. 20, 2011), http://www.phonearena.com/news/AT-T-buys-T-Mobile-for-39-billion-to-form-Americas-largest-carrier-if-the-deal-gets-approved_id17556.

³³ *Id.*

³⁴ *Id.*

³⁵ Karl Bode, *Leaked AT&T Letter Demolishes Case For T-Mobile Merger*, BROADBANDREPORTS (Aug. 12, 2011), <http://www.broadbandreports.com/shownews/Leaked-ATT-Letter-Demolishes-Case-For-T-Mobile-Merger-115652>.

³⁶ Richard L. Rosen, *Notice of Ex Parte Presentation*, 2 (2011) <http://www.dslreports.com/r0/download/1678331~018ee90413e657e412818181a5d840ff/DOC.pdf>.

³⁷ Press Release, Department of Justice, Justice Department Files Antitrust Lawsuit to Block AT&T's Acquisition of T-Mobile (Aug. 31, 2011), <http://www.justice.gov/opa/pr/2011/August/11-at-1118.html>.

weaker national coverage, the DOJ asserted that a “merger would substantially lessen competition in violation of Section 7 of the Clayton Act.”³⁸ The complaint noted that in Cellular Market Areas (CMAs) used by the FCC to license spectrum, AT&T and T-Mobile compete directly in at least 97 of the country’s top 100 CMAs as well as other areas that encompass over 50% of the country’s population.³⁹

While the DOJ did recognize the importance of smaller region-based carriers in a large competitive market, it chose to review the merger from a national perspective, noting that these smaller carriers are often not attractive or available options for consumers due to limited network size and availability.⁴⁰ Moreover, it justified using a broad national lens for competitive analysis by citing remarks made by AT&T that the main “forces driving competition among wireless carriers operate at the national level.”⁴¹ The DOJ cited concerns about the result of the merger on market concentration, stating that in 96 of the top 100 CMAs, the post-merger Herfindahl–Hirschman Index (HHI) would exceed 2,500 and a national HHI increase of 700 to 3,100, which are both considered to be indicators of high concentration.⁴² In addition, more than half of the top 100 CMAs would see AT&T and T-Mobile capture between 40% and 50% of the market share.⁴³ The DOJ also noted that T-Mobile drove innovation despite its smaller consumer base and profits by being the first network to deploy a nationwide HSPA+ network, sell an Android

³⁸ USA v. AT&T, Complaint 1:11-cv-01560, pg 3.

³⁹ *Id.* at 9.

⁴⁰ *Id.* at 8.

⁴¹ *Supra* note 38, at 10.

⁴² *Id.* at 11-12.

⁴³ *Id.* at 12.

OS powered handset, provide national Wi-Fi hotspot access, and offer unlimited monthly service plans to consumers.⁴⁴

As the third-largest carrier in the United States, the threat of a merger between T-Mobile and AT&T was also deeply concerning to Sprint. In early September, Sprint and Cellular South filed suit to stop the merger on antitrust grounds.⁴⁵ The District Court for the District of Columbia ruled on AT&T's motion to dismiss by addressing a variety of claims brought by the plaintiffs in order to establish antitrust standing on November 2, 2011. To have standing, Sprint and Cellular South had to show a threat of antitrust injury-in-fact, a kind of injury that "antitrust laws were designed to prevent and that flows from that which makes the defendants' acts unlawful."⁴⁶ Moreover, plaintiffs had to show that the threatened injury reflected the "anticompetitive effect either of the antitrust violation or of anticompetitive acts made possible by the violation."⁴⁷

While Sprint and Cellular South brought a variety of claims covering topics such as injury to the market of wireless services, spectrum and network development, and network backhaul, the court found that the only claims meeting antitrust standing scrutiny were related to injury to the markets for mobile phones and for regional GSM roaming (of which the former is addressed below).

Sprint argued that the portfolio of smartphones provided by a wireless carrier served as the primary factor in a consumer's selection of a wireless service, which leads carriers to "compete with each other to secure the most desirable devices for their networks, sometimes

⁴⁴ *Id.* at 14.

⁴⁵ Cellular South now operates under the name C Spire Wireless and is the 8th largest wireless carrier in the country.

⁴⁶ Sprint Nextel Corp. v. AT&T Inc., 821 F.Supp.2d 308, 313 (D.D.C. 2011).

⁴⁷ *Id.*

leveraging exclusivity deals with device manufacturers to aid their efforts.”⁴⁸ Sprint’s claim was distinct from the regulatory concerns brought by the DOJ and the FCC. It alleged monopsony concerns as a buyer competing with a merged AT&T/T-Mobile for devices from OEMs, whereas the DOJ and FCC focused more directly on the consumer impact of the merger and its impact on the carriers as sellers.⁴⁹ The court applied a rule that when “a defendant, by means of anticompetitive conduct, restricts or forecloses competitor plaintiff’s access to necessary input, resulting loss is injury of type that antitrust laws were designed to prevent” and found that the kind of injury alleged by Sprint would qualify as long as it proved to be plausible enough to survive a motion to dismiss.⁵⁰

When addressing whether a plausible injury-in-fact existed, the court stated that when monopsony power is at issue, the controlling factor “is market concentration on the buying side” rather than the selling side.⁵¹ However, since the methods for calculating market concentration are identical to what makes market power in a seller, a larger number of potential buyers is reflective of a smaller control of the market.⁵² The court cited two main factors as plausible evidence of monopsony injury from the estimation that a completed merger would give AT&T over 40% of the national market.⁵³ First, smartphone OEMs are interested in large volume commitments to make up for high research and development costs, and AT&T would have extraordinary capacity to fulfill these needs when competing for new devices with smaller

⁴⁸ *Id.* at 320.

⁴⁹ A monopsony describes a situation where a single buyer controls a market as the major purchaser of goods and can dictate the purchase terms to its suppliers.

⁵⁰ *Sprint Nextel*, 821 F.Supp.2d at 320.

⁵¹ *Id.* at 324.

⁵² *Id.*

⁵³ *Id.*

providers.⁵⁴ Second, the ability of AT&T to obtain exclusivity of top-tier devices has had a historically damaging impact on smaller carriers.⁵⁵ Here, as evidence of severe disadvantage, Sprint highlighted AT&T's iPhone exclusivity from 2007 to early 2011 and the eventual addition of the phone on Verizon as it gained a larger proportion of the wireless phone market.⁵⁶

This evidence of AT&T and Verizon using their purchasing power in the past was found by the court as sufficient evidence to substantiate Sprint's claim of injury-in-fact, and Sprint's claim was allowed to go forward.

With a suit from the DOJ and Sprint threatening the chance of a successful merger, AT&T and T-Mobile waited for the FCC to deliver its approval or denial of the merger. However, less than a month after Sprint succeeded in moving forward with its suit, the FCC issued a ruling echoing the concerns of the DOJ that was publically circulated on November 22, 2011.

In its ruling, the FCC reached similar conclusions as the DOJ, taking note of the incredible increase in market concentration in top geographic areas and the negative impact of the merger on innovation and competition.⁵⁷ The opinion also addressed the substantial and material questions raised by certain confidential and internal AT&T documents regarding the public interest effect of the merger, the assertion that the merger would create jobs, and that the merger would be essential to AT&T's ability to expand its LTE footprint to a prospective 97% of the country.⁵⁸ The FCC also addressed the concern that a merger would eliminate the option of

⁵⁴ *Id.* at 324-25.

⁵⁵ Sprint Nextel, 821 F.Supp.2d at 325.

⁵⁶ *Id.*

⁵⁷ In the Matter of Applications of AT&T Inc. & Deutsche Telekom Ag, 26 F.C.C. Red. 16184 (2011).

⁵⁸ *Id.* at 16185.

T-Mobile and AT&T consumers to switch between the carriers, something they were prone to do in part because both networks operated on GSM/HSPA networks and used compatible phones.⁵⁹

While the opinion calling for a hearing regarding the merger was not officially issued until November 29, AT&T withdrew its application on November 23 and issued a public statement regarding the withdrawal the next day.⁶⁰ The companies permanently ended their merger talks on December 19, citing a full review of their options in light of the opposition from the FCC and the DOJ.⁶¹ As part of the provisions for the failed merger, AT&T agreed to give T-Mobile a total of \$3 billion in cash and \$1 billion in spectrum.⁶² This spectrum transfer was approved by the FCC on April 25, 2012 and included AWS spectrum in 128 CMAs, of which 12 were in the top 20.⁶³ T-Mobile claimed that this spectrum would be critical to the rollout of its own LTE network in 2013.⁶⁴

IV. Achieving Middle Ground: Verizon, SpectrumCo, and the DOJ Find Compromise through Public Policy

In the aftermath of AT&T's withdrawal of its merger application from the FCC, Verizon took steps to obtain spectrum as well. Rather than focusing on spectrum from a direct wireless competitor, Verizon sought to obtain it from a variety of cable companies operating under a joint

⁵⁹ *Id.* at 16212.

⁶⁰ Press Release, AT&T, AT&T and Deutsche Telekom Continue to Pursue Sale of DT's U.S. Wireless Assets (Nov. 24, 2011) (<http://www.att.com/gen/press-room?pid=22077&cdvn=news&newsarticleid=33396>).

⁶¹ Press Release, AT&T, AT&T Ends Bid To Add Network Capacity Through T-Mobile USA Purchase (Dec. 19, 2011) (<http://www.att.com/gen/press-room?pid=22146&cdvn=news&newsarticleid=33560>).

⁶² *Id.*

⁶³ Press Release, T-Mobile USA, *Transfer of Spectrum from AT&T to T-Mobile Approved by FCC* (Apr. 25, 2012) (<http://newsroom.t-mobile.com/articles/FCCApprovesBreakupSpectrumTransfer>).

⁶⁴ *Id.*

venture called SpectrumCo (consisting of Comcast, Time Warner Cable, and Bright House Communications) as well as Cox Communications for \$3.6 billion.⁶⁵

Although the proposal focused on the purchase of unutilized spectrum and did not eliminate any competitors from the market, the agreement raised concerns over a variety of cross-selling agreements between the companies. The deal also included the formation of a joint operating entity (JOE) with all involved parties, and a restriction on Verizon's ability to market and expand its fiber-optic network (FiOS) in places where cable companies would be selling Verizon Wireless service as a part of a "quadruple play" deal consisting of the traditional cable services like TV, landline phone, and internet.⁶⁶

With concerns mounting regarding Verizon's substantial spectrum grab, plans quickly arose to divest certain spectrum to competitors in order to win approval from regulatory bodies. Verizon agreed to sell AWS spectrum to T-Mobile that covered 60 million people in 218 CMAs, including 15 of the top 25.⁶⁷ In exchange, Verizon obtained spectrum covering a smaller 22 million consumers, as well as an undisclosed amount of cash.⁶⁸ This plan served both companies by creating larger uninterrupted stacks of continuous spectrum for their respective networks.⁶⁹

⁶⁵ Phil Goldstein, *Verizon to buy SpectrumCo's AWS spectrum for \$3.6B*, FIERCEWIRELESS (Dec. 2, 2011), <http://www.fiercewireless.com/story/verizon-buy-spectrumcos-aws-spectrum-36b/2011-12-02>.

⁶⁶ Marguerite Reardon, *Verizon's \$3.6 billion spectrum deal: Who wins and who loses?* CNET (Dec. 2, 2011), [http://news.cnet.com/8301-30686_3-57335808-266/verizons-\\$3.6-billion-spectrum-deal-who-wins-and-who-loses](http://news.cnet.com/8301-30686_3-57335808-266/verizons-$3.6-billion-spectrum-deal-who-wins-and-who-loses).

⁶⁷ Jessica Dolcourt, *Verizon, T-Mobile swap spectrum for mutual LTE growth*, CNET (June 25, 2012), http://news.cnet.com/8301-1035_3-57459728-94/verizon-t-mobile-swap-spectrum-for-mutual-lte-growth.

⁶⁸ *Id.*

⁶⁹ *Id.*

Verizon also planned to sell its 700 MHz Block A and B spectrum in order to push the deal through and rationalize its spectrum holdings.⁷⁰

The DOJ eventually approved the deal, but only after adding a variety of pro-competition mandates, such as forbidding Verizon from selling cable services in areas where FiOS is present and removing restrictions on Verizon's ability to sell FiOS, thus keeping it in competition with cable providers.⁷¹ It also held that Verizon would not be allowed to advertise for cable companies within its FiOS footprint, which included pre-existing and legally mandated future build locations.⁷² The DOJ did allow for the JOE to survive, but it placed a 2016 termination date on the entity in order to compel the companies to remain mutually competitive. It also restricted the JOE members from entering into any joint venture or partnership without approval by the DOJ, and created non-exclusive licenses to all joint venture technologies at the dissolution of the entity that can be sublicensed to other competitors.⁷³ Finally, the order required regular reports on the effect of the collaboration on competition.⁷⁴

That same day, the FCC released a statement echoing the sentiment of the DOJ, taking time to characterize Verizon's offering of spectrum to T-Mobile as an "unprecedented" course of action.⁷⁵ Less than a week later, the FCC officially approved the transfer as well, but it also

⁷⁰ Press Release, Verizon Wireless, *Verizon Wireless To Conduct Spectrum License Sale* (Apr. 18, 2012) (<http://news.verizonwireless.com/news/2012/04/pr2012-04-18f.html>).

⁷¹ Press Release, Department of Justice, *Justice Department Requires Changes to Verizon-Cable Company Transactions to Protect Consumers, Allows Procompetitive Spectrum Acquisitions to Go Forward* (Aug. 16, 2012) (<http://www.justice.gov/opa/pr/2012/August/12-at-1014.html>).

⁷² Department of Justice, *supra* note 70.

⁷³ *Id.*

⁷⁴ *Id.*

⁷⁵ Press Release, Federal Communications Commission, *Statement Of FCC Chairman Julius Genachowski On Verizon Wireless-Spectrumco And Related Transactions* (Aug. 16, 2012) (http://transition.fcc.gov/Daily_Releases/Daily_Business/2012/db0816/DOC-315812A1.pdf).

included a variety of stipulations on the transfers. Verizon would be required to offer service to 30% of the customers covered by the new licenses within three years and 70% of customers within seven years.⁷⁶ Verizon was also required to continue offering roaming agreements on commercially reasonable terms to commercial mobile data users on any spectrum acquired through the deal for a total of five years. Spectrum would have to be transferred to T-Mobile within forty-five days of receiving the SpectrumCo spectrum, and Verizon would provide reports with “substantial information to the Commission regarding the effect of the agreements on DSL/cable broadband competition.”⁷⁷

In comparing the two scenarios, what emerges is a picture of what federal agencies deem the most important public policies. In recent years, Verizon had obtained large amounts of spectrum. However, the DOJ and the FCC were not opposed to allowing Verizon obtain more, in part because it was unused and likely would remain unused by commercial entities, so the buyout would bolster one company without directly damaging or disadvantaging another, as opposed to the AT&T and T-Mobile merger. Moreover, Verizon’s offer to sell spectrum to T-Mobile proved a critical move that both agencies applauded. While T-Mobile and Verizon are direct competitors, both networks operate on different systems (GSM/HSPA/LTE and CDMA/LTE, respectively) and engage in different business models, thus limiting the potential competitive harm to Verizon caused by T-Mobile’s spectrum acquisition. Finally, the greatest distinguisher, and perhaps the reason that the DOJ and FCC were willing to compromise with Verizon but not with AT&T, was market share. Both agency rulings focused heavily on AT&T’s potential gain in the market, the HHI for the industry, and the public policy benefit of a competitively priced

⁷⁶ *In re Cellco P’ship*, 27 F.C.C. Red. 10698, 10743 (FCC 2012).

⁷⁷ *Id.* at 10743-44.

national carrier. Moreover, with T-Mobile in the final stages of a merger with MetroPCS following the failure of the AT&T deal, the chance to bolster T-Mobile and keep a four-carrier nationwide competitive ecosystem served the public policy position of both the FCC and the DOJ.⁷⁸

V. The Impact of Regional Carriers on National Competition: T-Mobile and MetroPCS Get Approval to Join Forces (and Spectrum)

Just short of a year after the FCC's rejection of the proposed merger with AT&T, T-Mobile announced that it had finalized a merger deal with America's fifth-largest carrier, MetroPCS. Unlike the Big Four, MetroPCS is a regional carrier that focuses service in major metropolitan areas and uses roaming agreements with other carriers to provide service elsewhere. MetroPCS's primary service area is 118 thousand square miles and covers roughly 107 million individuals, whereas T-Mobile's nationwide network is 1.2 million square miles and reaches 283 million people.⁷⁹ This merger posed different issues for the FCC and illustrated the requirement for a different analytical approach when contemplating potential mergers between regional and national carriers.

When considering competitive ramifications under the Communications Act, the FCC has to make a determination of the definition of the product market being affected by the merger.⁸⁰ The Greenline Institute argued that there was a material difference between

⁷⁸ Joseph de Weck, *Deutsche Telekom CEO Says T-Mobile USA Merger Is Option*, BLOOMBERG (May 24, 2012 10:25 AM), <http://www.bloomberg.com/news/2012-05-24/deutsche-telekom-says-complete-sale-of-t-mobile-usa-unlikely-1-.html>.

⁷⁹ In the Matter of Deutsche Telekom AG, FEDERAL COMMUNICATIONS COMMISSION, 3-4 (Mar. 12, 2013), available at http://transition.fcc.gov/Daily_Releases/Daily_Business/2013/db0312/DA-13-384A1.pdf.

⁸⁰ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79 at 10.

“premium” wireless services (such as Verizon Wireless and AT&T) and “value” wireless services (such as T-Mobile and MetroPCS), and that the FCC should distinguish the two markets for the purpose of its competitive analysis because consumers view the two services as different products.⁸¹ However, the FCC found insufficient evidence for such a distinction and used the same product market it had used in recent transactions: “mobile telephony/broadband services.”⁸²

Moreover, the FCC distinguished its competitive analysis by changing the lens it would use to analyze the merger’s impact on competition. While the AT&T/T-Mobile merger was approached from a national perspective, the FCC saw fit to use a local outlook based on the 248 overlapping CMAs of the two carriers.⁸³ While the FCC justified this local analysis based on the belief that consumers choosing locally marketed services use these services primarily within that region, it did not explicitly make the connection that regional carrier mergers should be approached differently from national ones.⁸⁴ Nonetheless, with MetroPCS being the largest regional carrier, a smaller regional carrier facing a similar merger with a national service provider should anticipate a similar analysis.

For its analysis of competitive impact investigation, the FCC identified nineteen CMAs, of which thirteen were Top 100 markets that covered approximately 12% of the population. Of those nineteen markets, only two raised any concern of potential competitive harm.⁸⁵ While the post-merger HHI for these two CMAs and for the country as a whole were redacted in the FCC’s

⁸¹ Greenlining Inst., Opening Comments Of The Greenlining Institute In The Matter Of Deutsche Telekom AG, 4-5 (2012) available at <http://apps.fcc.gov/ecfs/document/view?id=7022109936>.

⁸² FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79, at 11.

⁸³ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79, at 13.

⁸⁴ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79, at 12.

⁸⁵ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79, at 17.

ruling, the agency found that the number of competitors was reduced from five to four, and that the average amount of spectrum each competitor held in those markets was still greater than what a post-merger T-Mobile company would have.⁸⁶ Moreover, the FCC again cited T-Mobile's role as a "maverick" service provider and characterized MetroPCS similarly, stating that their highly competitive pricing structures were critical to their commercial success and that there would be an economic incentive to continue playing this role even after the merger was completed.⁸⁷ Also, just as the DOJ chose to omit the impact of regional carriers from its national competitive analysis of the AT&T/T-Mobile merger, the FCC chose to exclude mobile virtual network operators (MVNOs) and resellers from its local competitive analysis. However, the FCC did acknowledge the even cheaper pricing structure often used in comparison to regional carriers like MetroPCS.⁸⁸

When considering the benefits of the merger, the FCC focused more heavily on the benefit it would have on MetroPCS and its customers. At the forefront of the consideration was MetroPCS's limited geographic footprint, which required its engagement in expensive roaming agreements which often limited the services that could be provided to customers outside its primary service area.⁸⁹ The FCC reasoned that post-merger MetroPCS customers would benefit from expanded service and features and reduced costs because they would no longer have to finance roaming agreements with other carriers.⁹⁰ Moreover, the FCC referenced the fact that its limited amount of spectrum and existence in high-density areas caused MetroPCS problems in

⁸⁶ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79, at 18 (finding that in CMAs 12 and 370, that T-Mobile's 90 Mhz of spectrum would still be below the average amount owned by competitors in each market of 101.5 Mhz and 95 Mhz, respectively.)

⁸⁷ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79, at 19.

⁸⁸ A MVNO is a company that offers mobile phone service but does not have any spectrum licenses.

⁸⁹ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79 at 22.

⁹⁰ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79 at 22.

keeping up with consumer demand for bandwidth, requiring the company to reassign LTE spectrum back to CDMA/EV-DO.⁹¹ Finally, the FCC agreed with the claim that its relatively small market share and less common CDMA network infrastructure limited MetroPCS consumers in the number of handsets that were compatible on the network, and that a post-merger T-Mobile would have more bargaining power when competing with other carriers for new handsets from OEMs.⁹²

For T-Mobile, the FCC cited the benefit of merging with a network that already had an LTE footprint, and that MetroPCS's spectrum in major metropolitan areas would be contiguous with T-Mobile's, thereby allowing for better service, efficiency, and coverage.⁹³ The FCC remarked that one of the deeply rooted preferences of the Communications Act is the acceleration of private sector deployment of advanced services like LTE.⁹⁴ While the AT&T/T-Mobile merger promised enhanced rollout of LTE as well, the two mergers were distinguished by the fact that AT&T already had plans for a substantial LTE footprint expansion to compliment what it had already released, whereas T-Mobile had plans of a rollout but had been unable to start its LTE network due to a lack of spectrum. This also helps illustrate the factors weighed by the FCC as it investigates the magnitude of public benefit.

Furthermore, whereas T-Mobile and AT&T would have merged into a single company, T-Mobile and MetroPCS would remain separate brands with their own lines of business, such as retail stores and dealer franchises.⁹⁵ While the merger still would mean that T-Mobile and MetroPCS would no longer be competitors, existing and new customers would still have the

⁹¹ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79 at 23.

⁹² FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79 at 23.

⁹³ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79 at 25.

⁹⁴ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79 at 6-7.

⁹⁵ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79 at 30.

option to retain a MetroPCS service plan, and brick and mortar stores would not close due to redundancy brought about by merging the brands.⁹⁶ Furthermore, the FCC pointed out that T-Mobile hired more than 3,600 employees since September 2012 and planned to continue hiring throughout 2013, leading to an increase in American jobs, rather than a loss due to the merger.⁹⁷

Ultimately, the FCC agreed that there were strong public interest benefits in allowing a merger to go through. While the agency did cite a select number of markets where competition could be negatively affected, the sliding-scale test employed by the FCC indicated that the nationwide benefits far outweighed the select potentially negative ones. The FCC stated its belief that after the merger, the two companies would be positioned to provide a faster and stronger LTE deployment than either entity could do independently. This harkened back to the AT&T merger, which indicated that AT&T was likely entirely capable of expanding its LTE footprint without purchasing T-Mobile.⁹⁸ With a planned LTE rollout for 2013, T-Mobile, while still the fourth-largest national carrier, would now have new resources to make it more competitive than ever.

VI. Making Due Without: Alternatives When Spectrum is Scarce

Naturally, all wireless networks require spectrum in order to provide service, but when certain networks don't have enough spectrum or resources to provide the kind of competitive service or coverage as the biggest carriers, innovation becomes a vital part of drawing in consumers and remaining competitive despite certain disadvantages. Some carriers have begun to tap into the vast public and private Wi-Fi infrastructure to supplement coverage needs,

⁹⁶ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79 at 30.

⁹⁷ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79 at 30.

⁹⁸ FEDERAL COMMUNICATIONS COMMISSION, *supra* note 79 at 27.

allowing for a competitive advantage, low maintenance costs, and inexpensive plans for consumers.

T-Mobile utilizes Wi-Fi in two different ways. First, the company maintains several thousand wireless hotspots in popular businesses such as Barnes and Noble and Starbucks, as well as in airports and hotels.⁹⁹ The company also packages VoIP (Voice over Internet Protocol) capabilities into its most popular phones like the Samsung Galaxy S III, allowing consumers to place calls and send text messages over wireless networks even if they do not have a cellular signal. As of early 2012, over 60% of American homes had wireless internet, and with the majority of consumers spending their time at home and work where wireless internet is often available, an average consumer could operate primarily off of wireless internet. This reduces the load on T-Mobile's network, provides supplemental service in areas where coverage is weak or not available, and costs very little to maintain.¹⁰⁰

This seems like a natural and relatively inexpensive method to improve service quality without a major infrastructure investment, yet T-Mobile is the only Big Four carrier to preinstall the capability on its phones, despite the general consensus that more spectrum is needed to provide the coverage and quality that consumers demand.¹⁰¹ For larger networks with more robust coverage, not actively promoting VoIP allows carriers to more effectively profit from contracts with expensive minute plans. Nielsen has found that consumers use fewer and fewer

⁹⁹ Mobile Internet Hotspots & Smartphone Wifi Internet Access, T-MOBILE, http://www.tmobile.com/shop/addons/Services/information.aspx?PAsset=InternetEmail&tp=Svc_Tab_HotSpot&tsp=Svc_Sub_LaptopHotspot&osid=4745E503-3612-4E0F-9044-DE881A7F91CC (last visited Feb. 5, 2013).

¹⁰⁰ *Wi-Fi Calling*, T-MOBILE, <http://t-mobile-coverage.t-mobile.com/4g-wireless-broadband-service> (last visited Feb 3, 2013).

¹⁰¹ Third party VoIP applications that support calling over WiFi or through mobile data are readily available on the Google Play store and Apple App Store and can be installed on most phones regardless of carrier, make, or model. However, most require a Google Voice account or other VoIP service account.

minutes every month, with the average male consumer using as few as 605 minutes a month in 2011.¹⁰² However, individual plans often gouge the price of minutes and force individuals to buy more than is needed, or force a consumer to sacrifice other features such as mobile data.¹⁰³

Another unique innovation in telecommunication comes from Republic Wireless, a wholly owned subsidiary of Bandwidth.com.¹⁰⁴ The network leased network access from Sprint and purchases wholesale minutes from Sprint while charging its own subscribers a low monthly fee with no limits on voice, text, or data usage.¹⁰⁵ What makes this network unique is that Wi-Fi serves as the primary source of connectivity. Each phone is equipped with an application that searches for Wi-Fi that allows all voice and messaging to be routed through it.¹⁰⁶ Only when Wi-Fi is not available does it rely on Sprint's network, thus limiting extra network strain. While the technology is still somewhat limited by slower cellular speeds, a lack of compatible handsets, and a reliance on Sprint for cellular network access, Republic Wireless's endeavor to provide an affordable yet fully featured smartphone experience without owning its own spectrum sets the framework for a new class of telecommunication providers. Moreover, it allows Sprint to more effectively monetize its network by selling access to low-usage consumers who rely primarily on Wi-Fi, thus not creating substantial additional demand on its network.

As network load increases, VoIP calling may become a more mainstream solution for carriers looking to find ways to lessen the burden on network strain rather than buying more spectrum. As the FCC and other regulatory bodies continue to hit back against the exchanging

¹⁰² The Mobile Media Report: State of the Media: Q3 2011, 24-25 (2012) NIELSEN, 24-25 (2012) available at <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2011-Reports/state-of-mobile-Q3-2011.pdf> (last visited Feb. 3, 2013).

¹⁰³ Verizon Wireless offers a minimum of 700 minutes plans for basic phones but requires that customer pay per text and per MB of mobile data. Smartphone plans come with unlimited voice minutes as the only option.

¹⁰⁴ *What is Republic Wireless?* REPUBLIC WIRELESS, <http://republicwireless.com/about> (last visited Feb. 3, 2013).

¹⁰⁵ *Republic Wireless Plans*, REPUBLIC WIRELESS, <https://republicwireless.com/plans> (last visited May 16, 2013).

¹⁰⁶ *Our Story*, REPUBLIC WIRELESS, <http://republicwireless.com/how-republic-works> (last visited Feb. 3, 2013).

of spectrum between various companies, the option to utilize Wi-Fi for more than just basic internet access may prove to win the cost/benefit analysis for carriers concerned with losing large amounts of money and time on failed business deals. With a rapidly growing Wi-Fi infrastructure available with limited regulatory red tape, hybrid networks like the one supplied by Republic Wireless may become a carrier standard in the future. In the meantime, carriers will continue to push customers onto Wi-Fi however best they can, including utilizing persistent Wi-Fi reminders on devices connected to a mobile network.¹⁰⁷

The solutions to solving network strain aren't just of the technological variety. When faced with high demand for data from an increasingly growing consumer base, major networks are betting that consumers will either be willing to pay higher monthly fees for larger data allotments or stop using as much data as they would normally use. Verizon accomplished this by ending unlimited data plans for new customers in mid-2011 and forcing them onto multi-tiered monthly data plans instead.¹⁰⁸ This created an immediate impact on consumers, who could once use unlimited data for \$30 a month, but were now forced to choose between a plan starting as low as 2GB for \$30 a month, or something as high as 10GB for \$80 a month.¹⁰⁹ While preexisting Verizon customers could continue to remain on their unlimited plans, Verizon would often attempt to coax new and old customers alike onto tiered plans by promoting special offers where customers could receive double the data for the same price as the normal tiered plans.¹¹⁰

¹⁰⁷ Kellen Barranger, *Yo Verizon, What's With This Ongoing Wi-Fi Toggle Notification on the Galaxy S3 and Incredible 4G?* DROID-LIFE, (Jul. 7, 2012), <http://www.droid-life.com/2012/07/06/yo-verizon-whats-with-this-ongoing-wi-fi-toggle-notification>.

¹⁰⁸ Nathan Eddy, *Verizon Ends Unlimited Data Plans, Introduces Tiered Pricing*, eWEEK, (Jul. 6, 2011), <http://www.eweek.com/c/a/Midmarket/Verizon-Ends-Unlimited-Data-Plans-Introduces-Tiered-Pricing-691001>.

¹⁰⁹ *Id.*

¹¹⁰ Roger Cheng, *Verizon's double data promotion to reappear Friday*, CNET, (Feb. 6, 2012), http://news.cnet.com/8301-1035_3-57372261-94/verizons-double-data-promotion-to-reappear-friday.

If not incentivized by a special bargain on data, Verizon and AT&T both chose to throttle the connection speeds of their largest data consumers.¹¹¹

Finally, Verizon introduced a “Share Everything Plan”, which allowed customers to buy into a single pool of data for multiple devices, in the same way that family plans allow customers to share monthly minute and text allotments.¹¹² While this billing structure proves efficient for customers who utilize a large number of calling minutes and texts and who use relatively small amounts of data, the pricing for more traditional minimal talk, high text, and large data consumption users skyrocketed, with the cost of 1 GB of data starting at \$50 a month to share.¹¹³ This plan also substantially increased the monthly access fee for devices from \$10 a month per device to as much as \$40 per device, serving as a deterrent from adding more devices that can consume data.¹¹⁴ However, unlike with the introduction to tiered data plans, customers already on unlimited plans would be forced off of them if they chose to utilize a carrier subsidy on a new phone at the end of a two-year contract.¹¹⁵ In the end, it leads to higher fees, deters the use of data, and restricts the adoption of the technology from lower-income Americans.¹¹⁶

With AT&T following a similar path as Verizon with pooled data plans, smaller networks like Sprint and T-Mobile are using this shift in data plan paradigms to entice customers with

¹¹¹ Press Release, AT&T, *An Update for Our Smartphone Customers With Unlimited Data Plans* (July 29, 2011) (<http://www.att.com/gen/pressroom?pid=20535&cdvn=news&newsarticleid=32318>); Kellen Barranger, *More Verizon Policy Changes, Reducing Data Speeds for “Extraordinary” Customers*, DROID-LIFE, (Feb. 3, 2011), <http://www.droid-life.com/2011/02/03/more-verizon-policy-changes-reducing-data-speeds-for-extraordinary-customers>.

¹¹² Press Release, Verizon Wireless, *Verizon Wireless Unveils New Share Everything Plans For Basic Phones, Smartphones, Tablets And More* (June 12, 2012) (<http://news.verizonwireless.com/news/2012/06/pr2012-06-11e.html>).

¹¹³ *Id.*

¹¹⁴ *Id.*

¹¹⁵ Press Release, Verizon Wireless, *Updated Statement on Data Plans* (May 17, 2012) (<http://news.verizonwireless.com/news/2012/05/data-pricing.html>).

¹¹⁶ See *Mobile Trends in Low Income Communities*, WillowTree Apps, (Nov. 12, 2012) http://www.willowtreeapps.com/wp-content/uploads/2012/10/mobile_lowincome_v2.pdf.

unlimited data and less expensive contract or pre-paid monthly billing options, some even offering hundreds of dollars in credit to make a transition.¹¹⁷ As smartphones become more readily available and more affordable, carriers like T-Mobile are seeking to adopt subsidy-free payment plans, which allow customers to pay full price for a new device or bring an unlocked device from another compatible network in exchange for lower monthly rates that can ultimately lead to long-term savings.¹¹⁸ Ultimately, it will most likely be a balanced combination of bandwidth-saving benefits and financial incentives to customers that will allow major carriers to remain competitive and profitable while still providing consumers with the service they expect.

VII. Spectrum Futures: Is Devaluation Imminent?

While America's wireless carriers continue to seek new ways to obtain needed spectrum in the race for 4G dominance, plans are already taking shape for what lies beyond LTE in the form of Voice over LTE (VoLTE) and LTE-Advanced. VoLTE allows voice calls and messages to be delivered over LTE, instead of falling back to a legacy network.¹¹⁹ Over time, this would allow carriers to slowly stop supporting legacy networks and devices, consolidate spectrum, and repurpose it for current-generation infrastructures. In May 2014, AT&T announced that it would

¹¹⁷ Press Release, AT&T, AT&T Gives Customers More Choice with New Shared Wireless Data Plans (July 18, 2012) (<http://www.att.com/gen/press-room?pid=23084&cdvn=news&newsarticleid=34855>); Chris Burns, *AT&T Shared Data Skewed by T-Mobile Claims*, SLASHGEAR (Jul. 18, 2012), www.slashgear.com/att-shared-data-skewed-by-t-mobile-claims-18239224; Press Release, Sprint, Sprint Challenges Competitors' Shared Data Plans With New Advertising Campaign "Say No To Sharing" and "Say Yes To Sprint" (Aug. 31, 2012) (http://newsroom.sprint.com/article_display.cfm?article_id=2378).

¹¹⁸ Sinead Carew, *T-Mobile USA to Soon Sell iPhones, Cut Subsidies: CEO*, REUTERS (Jan. 9, 2013, 12:41 AM), <http://www.reuters.com/article/2013/01/09/us-ces-tmobileusa-idUSBRE90806420130109>; Thomas Gryta, *Could Verizon, AT&T Follow T-Mobile in Ending Subsidies*, WALL STREET JOURNAL (Jan. 7, 2013, 8:08 PM), <http://blogs.wsj.com/digits/2013/01/07/could-verizon-att-follow-t-mobile-in-ending-subsidies>.

¹¹⁹ *GSMA VoLTE initiative*, GLOBAL SYSTEM FOR MOBILE COMMUNICATION, <http://www.gsma.com/technicalprojects/volte> (last visited Nov. 18, 2012).

be the first nationwide carrier to begin its public launch of VoLTE.¹²⁰ Prior to AT&T's announcement, MetroPCS had been the first and largest regional service provider in the country to offer VoLTE services.¹²¹

Perhaps even more substantial than VoLTE is LTE-Advanced, the next generation of wireless infrastructure. LTE-Advanced meets the ITU standard for 4G, unlike current LTE networks, and adds increased bandwidth, higher efficiency, and faster data transfer rates.¹²² Moreover, LTE-Advanced is backwards compatible with current LTE network towers, and will utilize the spectrum already being used by LTE networks, allowing for a completely new network without the need to purchase new spectrum.¹²³

With almost every carrier currently maintaining simultaneous networks, this would begin to limit the need to obtain more spectrum to build a new network, potentially driving down the price of spectrum, and limiting the policy restrictions that regulatory agencies might place on its use. Verizon Wireless has already announced a soft shutdown date of 2021 for its legacy networks.¹²⁴ However, with just over 23% of its customers on a LTE enabled device, 58%

¹²⁰ Press Release, AT&T, AT&T Introduces High-Definition Voice in Initial Markets (May 15, 2014) (http://about.att.com/story/att_introduces_high_definition_voice_in_initial_markets.html.)

¹²¹ Press Release, MetroPCS, MetroPCS Launches World's First Commercially Available Voice Over LTE Service and VoLTE-Capable 4G LTE Smartphone (Aug. 7, 2012) (<http://www.metropcs.com/assets/presscenter/assets/pdf/MetroPCS%20VoLTE%20Handset%20-%20FINAL.pdf>.)

¹²² *What's new in LTE-Advanced*, 4 (2011), AGILENT TECHNOLOGIES, <http://cp.literature.agilent.com/litweb/pdf/5990-6706EN.pdf> (last updated Oct. 14, 2010).

¹²³ Chintan Patel, *Emerging Aspects of LTE-Advanced towards IMT-Advanced Recognition*, <http://www.chintan-patel.com/articles/long-term-evolution-lte/emerging-aspects-of-lte-advanced-towards-imt-advanced-recognition> (last visited Feb. 3, 2013).

¹²⁴ Mike Dano, *Verizon Wireless to sunset 2G and 3G CDMA networks by 2021*, FIERCEWIRELESS, (Oct. 10, 2012), <http://www.fiercewireless.com/story/verizon-wireless-sunset-2g-and-3g-cdma-networks-2021/2012-10-10>.

customers using a smartphone, and most customers on a 2-year contract cycle, Verizon may be able to shutter the network sooner than predicted by incentivizing customers to upgrade.¹²⁵

Will spectrum lose its allure or value overnight? No, but as the modern telecom industry reaches the end of its growing pains, companies and engineers alike will continue to seek more efficient ways to maximize the spectrum they already have. Therefore, this period of time is critical as it will set the competitive landscape for the next generation of cellular technology. As technology allows service providers to make do with what they have, administrative agencies like the FCC may no longer dramatically and directly shape the competitive landscape, nor, in the process, advocate for consumer federal interests. Nevertheless, as cellular technology continues to advance and as consumer adoption grows, it appears that spectrum will continue to be at the forefront of the fight for commercial supremacy.

¹²⁵ Aaron Souppouris, *Verizon posts \$4.23 billion Q4 loss despite record subscriber growth and smartphone penetration*, THE VERGE, (Jan. 22, 2013), <http://www.theverge.com/2013/1/22/3902712/verizon-q4-2012-earnings-iphone-sales>.

I Know What You're Thinking: Brain Imaging and Mental Privacy

Edited by: Sarah Richmond, Geraint Rees, and Sarah J.L. Edwards

Reviewed By: Jenna Furman

Since the 1980s, MRI scanners have been used in medicine to help diagnose various conditions, many of which are found in the brain.¹ The use of such scanners has led to advances in understanding the human mind, both its structure and functions. Such advances have led to greater knowledge of neurological diseases and conditions.² This subset of the MRI's imaging technology is typically referred to as "neuroimaging."³ However, recently many academics and doctors have questioned whether MRI technology could be used to one day "read the minds" of those studied.⁴ The use of MRI technology in this way raises not only legal issues regarding the right to privacy of the participant but also ethical issues, such as whether it would be appropriate to use this advanced technology to detect cognitive awareness of a person in a vegetative state. This book compiles essays from psychiatrists, neuroscientists, ethicists, anthropologists, philosophers, and lawyers which address the legal and ethical issues, along with the scientific benefits and social concerns, raised by the possible future use of MRI-imaging technology to "read minds" of patients. This book review will outline certain arguments addressed in these various essays which provide insight into these legal and ethical issues regarding the use of neuroimaging to "read minds."

¹ I KNOW WHAT YOU'RE THINKING: BRAIN IMAGING AND MENTAL PRIVACY 1 (Sarah Richmond, Geraint Rees, and Sarah J.L. Edwards ed., Oxford University Press, 2012).

² I KNOW WHAT YOU'RE THINKING, *supra* note 1, at 1.

³ *Id.*

⁴ *Id.*

By way of introduction, the first essay in the book is Susanne Shultz and R.I.M. Dunbar's *The Social Brain Hypothesis: An Evolutionary Perspective on the Neurobiology of Social Behavior*.⁵ The focus of this essay is the evolutionary developments in the brain and cognition in similar mammals, such as primates, as the closest relative to humans.⁶ Shultz and Dunbar examine the evolution of "social cognition" or the cognitive processes which control our social behavior and relationships.⁷ The authors contribute the larger size of primate and human brains to their increased capacity for social understanding, thus, a more complex brain structure is necessary.⁸ This is called the Social Brain Hypothesis.⁹ This hypothesis was developed in the 1980s and undermines the Machiavellian Intelligence Hypothesis which posits that an individual is in constant competition with members of the same species operating within the same social groups.¹⁰ This hypothesis states that as a result of this inherent competition among social groups, the members of the social groups had to develop the capacity for deceit in the form of cheating or lying.¹¹ However, Shultz and Dunbar argue, and the Social Brain Hypothesis criticizes, that while the Machiavellian Intelligence Hypothesis may explain why primates and humans developed larger brains, it does not account for the distinction between the size of a primate and a human brain.¹² The authors also state that while the expansion of non-social executive regions of the human brain has slowed over time, the expansion of social executive regions of the brain

⁵ I KNOW WHAT YOU'RE THINKING, *supra* note 1, at 13.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ I KNOW WHAT YOU'RE THINKING, *supra* note 1, at 14.

¹¹ *Id.*

¹² *Id.*

has increased, more so than other mammals, including primates.¹³ This suggests that human brain development has evolved toward greater intentionality in actions with fewer emotional or instinctive components.¹⁴ Thus, Shultz and Dunbar state that the evolution of the social aspects of the brain demonstrates the importance of the brain's cognitive capacities for human interaction and social cognition.¹⁵

In John-Dylan Hayne's essay, *Brain Reading*, he offers skepticism toward the concept of "brain reading" and explains that the current available technology, including MRI and fMRI technology, would be inadequate in, and ill-suited for, reading a person's arbitrary thoughts.¹⁶ Hayne explains that brain activity can be measured in various ways through the use of EEG, MEG, and now MRI and fMRI technology but all of these have their limitations.¹⁷ EEG and MEG technology can be thought of as a low-resolution view of the brain while MRI and fMRI provide high-resolution views.¹⁸ Hayne later explains that pattern recognition software is absolutely vital for understanding these images and would be necessary for this technology to one day lead to "mind reading."¹⁹ Additionally, Hayne argues that current technology, even MRI and fMRI technology, do not possess a high enough resolution to make mind reading yet possible.²⁰ He believes the proper resolution for brain imaging technology would be "at least down to 0.5 mm which is the approximate size of the cortical columns."²¹ Haynes also states that

¹³ *Id.* at 22.

¹⁴ I KNOW WHAT YOU'RE THINKING, *supra* note 1, at 22.

¹⁵ *Id.* at 24.

¹⁶ *Id.* at 28-34.

¹⁷ *Id.* at 28.

¹⁸ *Id.*

¹⁹ I KNOW WHAT YOU'RE THINKING, *supra* note 1, at 30.

²⁰ *Id.* at 32.

²¹ *Id.* A cortical column is the smallest topographic unit in the neocortex.

the heavy noise that comes from the use of fMRI and EEG technology and the breathing of the patient presents a barrier to mind reading because it contaminates the signals received, and thus, limits the accuracy of brain reading.²² Haynes believes that while this technology may be fully developed in the somewhat near future, there are significant methodological limitations currently in place that prevent mind reading from occurring.²³ He also points out that were such technology to exist, it should be commercially distributed and implemented to aid severely impaired patients, such as those suffering from near total paralysis, and that industry standards should be developed, and enforced, regarding the use of this brain reading technology.²⁴

In Tim Bayne's essay, *How to Read Minds*, he suggests that fMRI technology has already developed to the limited extent that it can be used to predict one's thoughts.²⁵ He refers to this process as "brain decoding" rather than brain reading, and states that as a result of interest in this area, this field has grown substantially in recent years.²⁶ He cites three different studies in his essay which support his view that current brain reading technology is very close to being able to decode the human brain, and thus, a person's thoughts.²⁷ In the first study, subjects were asked to "decide either to add or subtract two numbers that had been presented to them" and the researchers were able to predict with 70% accuracy which the subjects decided to do based on the use of fMRI technology.²⁸ In a second study, researchers used fMRI technology to decode the brain of a mentally ill woman who allegedly murdered her child, and based on her fMRI

²² I KNOW WHAT YOU'RE THINKING, *supra* note 1, at 32.

²³ *Id.* at 39.

²⁴ *Id.*

²⁵ *Id.* at 41.

²⁶ *Id.*

²⁷ I KNOW WHAT YOU'RE THINKING, *supra* note 1, at 41.

²⁸ *Id.*

results, the researchers believed that she might in fact be innocent.²⁹ Lastly, when a woman in a vegetative state was studied and asked to imagine either playing tennis or walking through her home, neuroimaging technology showed that brain activity was stimulated in the areas regarding motor imagery and spatial navigation.³⁰ Thus, the researchers believed that she possessed some kind of consciousness despite her physical state.³¹

However, Bayne also raises concerns about the methodology and scope of brain reading technology and its ethical implications.³² He brings to light questions concerning: the possibility of ascribing a mental state to a person on the basis of neuroimaging data; the conditions under which brain reading might be permitted; the kinds of mental states to be read with this technology; and how behavior and introspection may be linked or separated from the mental processes demonstrated by brain reading.³³

In Geraint Rees and Ryota Kanai's essay, *Predicting Human Behavior from the Brain Structure*, the authors contemplate ethical and legal issues surrounding mental privacy in the healthcare sector that may arise from brain reading technology.³⁴ Specially, Rees and Kanai examine whether a relationship exists between brain structure and behavioral traits from brain structure, and if so, its possible implications on a patient's right to privacy.³⁵ The authors are concerned that the "existence of such a relationship might enable prediction of behavioral traits from brain structure," especially through the use of MRI technology.³⁶ While Rees and Kanai

²⁹ *Id.* at 39.

³⁰ I KNOW WHAT YOU'RE THINKING, *supra* note 1, at 41.

³¹ *Id.*

³² *Id.* at 41-55.

³³ *Id.* at 41-42.

³⁴ *Id.* at 59.

³⁵ I KNOW WHAT YOU'RE THINKING, *supra* note 1, at 59.

³⁶ *Id.*

concede that traits usually are not entirely indicative of specific instances of behavior, people do tend to show “consistency in their behavior across a range of situations.”³⁷ Therefore, if traits are related to brain structure, then one may be able to predict how a person will generally behave from measurement of his or her brain structure alone.³⁸ Rees and Kanai state that once an “unambiguous relationship” has been shown between brain structure and behavioral trait this relationship could be used to predict behavioral traits from brain anatomy.³⁹ The authors then state that in a society like ours, where MRIs are used in routine health care procedures or for academic research but are also governed by legal privacy and data protection laws, any new technology should be subject to such laws and should avoid the commercial sector.⁴⁰ For example, if MRI technology is used commercially, employers may use it to screen job applicants for particular behavioral traits.⁴¹ Although job applicants would have to consent to such a mental examination, failure to consent would most likely result in the employer refusing to consider the job applicant for the position.⁴² Additionally, the comprehensive data gained through an MRI examination would effectively allow the employer to find “collateral” information about an applicant and his or her traits that, while not directly related to the application process, could exclude the applicant from obtaining a position.⁴³ Rees and Kanai warn that the legal implications regarding a person’s mental privacy need be considered as brain reading technology further progresses to ensure that individuals are protected from unjust privacy invasions.⁴⁴

³⁷ *Id.*

³⁸ I KNOW WHAT YOU’RE THINKING, *supra* note 1, at 59.

³⁹ *Id.* at 64.

⁴⁰ *Id.* at 65.

⁴¹ *Id.*

⁴² *Id.*

⁴³ I KNOW WHAT YOU’RE THINKING, *supra* note 1, at 66.

⁴⁴ *Id.*

Adrian M. Owen, in his essay, *When Thoughts Become Actions: Neuroimaging in Non-Responsive Patients*, writes about the effect that brain reading technology could have in the medical field, especially on determining the awareness and/or consciousness of individuals in a vegetative state.⁴⁵ Medically, a person in a vegetative state is deemed to possess “wakefulness without awareness.”⁴⁶ However, if brain imaging technology could demonstrate that a person in a vegetative state was conscious or aware, then this would entirely change diagnosis of these patients within the medical field.⁴⁷ While the diagnosis of a vegetative state is not made until repeated examinations have shown no evidence of “sustained, reproducible, purposeful, or voluntary behavioral response to visual, auditory, tactile, or noxious stimuli”, the diagnosis is vulnerable to a false negative result, where the absence of evidence becomes evidence of the vegetative state itself.⁴⁸ Owen also suggests that these diagnoses are very often subject to error because the nature of the injury, as one effecting the brain, effects the entire neurological system.⁴⁹

Owen’s essay focuses on whether, through brain reading, “measurable brain ‘responses’ could be marshaled and used as a proxy for a motor response, then a patient who is entirely unable to move may be able to signal awareness by generating a pattern of brain activity that is indicative of a specific thought or intention.”⁵⁰ Owen cites a study which demonstrates this possibility where 41 participants with disorders of consciousness were examined at an incremental level, according to their brain activation, to increasingly complex language

⁴⁵ I KNOW WHAT YOU’RE THINKING, *supra* note 1, at 73.

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ I KNOW WHAT YOU’RE THINKING, *supra* note 1, at 75.

paradigms.⁵¹ The results of this study showed that 19 of the patients, almost fifty percent, were found to have exhibited “normal” or “near normal” temporal lobe responses to sound and simple speech.⁵² The study also found that four patients were found to have exhibited “normal” fMRI activity even during the most complex speech paradigm in the study.⁵³ Thus, these results demonstrate that there may be evidentiary proof that many of those deemed in a vegetative state may possess some level of consciousness or awareness.⁵⁴ Thus, this type of technology could be used to aid in understanding other consciousness disorders in the medical field and to determine whether such patients may, in fact, be conscious at some level.⁵⁵ Owen offers another example of this technology demonstrating consciousness where if a patient repeats a response to a physical command, which is read by the brain imaging technology, there would be little doubt as to that patient’s awareness.⁵⁶ Additionally, Owen points to another study in which persons in a vegetative state that exhibited atypical cortical activity, or activity in the higher level associative cortices, were more likely to recover from this vegetative state.⁵⁷ Thus, the benefits in understanding a patient’s diagnosis, prognosis, and recovery can be currently seen through the use of brain imaging technology, and any further technology will only aid understanding of disorders of consciousness in the future.

Athena Demertzi and Steven Laureys, in their essay, *Where in the Brain is Pain?:*

Evaluating Painful Experiences in Non-Communicative Patients, examine the effects that brain imaging technology may have on non-communicative patients in aiding in their care, especially

⁵¹ *Id.* at 76.

⁵² I KNOW WHAT YOU’RE THINKING, *supra* note 1, at 76.

⁵³ *Id.*

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ *Id.* at 79.

⁵⁷ I KNOW WHAT YOU’RE THINKING, *supra* note 1, at 82.

treatment for pain.⁵⁸ The authors explain that, in a healthy person, PET and fMRI technology show that there is no “pain centre” of the brain but there is a “distributed neural circuitry.”⁵⁹ This circuitry is then divided into two distinct brain networks: the lateral pain system, which measures physical pain, and the medial pain system, which measures emotional responses to pain.⁶⁰ Demertzi and Laureys raise concerns about whether the feeling of pain suggests a level of consciousness, and whether pain, without a clear “pain centre”, can ever be accurately read by neuroimaging technology.⁶¹ Thus, this technology could be helpful in determining, at the very least, a minimal prerequisite of awareness in persons with consciousness disorders.⁶² Demertzi and Laureys believe that further advancements in brain imaging technology will lead to an effective understanding of a patient’s pain and thus, lead to effective pain management for these patients.⁶³ The authors also emphasize that clear ethical and legal standards need to be articulated in the development of this technology for use on patients with disorders of consciousness.⁶⁴

Emily Borgelt, Daniel Buchman, and Judy Iles’ essay, *Practitioner’s Views on Neuroimaging: Mental Health, Patient Consent, and Choice*, raises ethical concerns about the use of brain imaging technology on persons unwilling or unable to consent to such procedures and those persons’ privacy rights.⁶⁵ Borgelt, Buchman, and Iles worry that the use of such technology could potentially lead to “discrimination based on the apparent cognitive capacity or abnormality” of the individual and they question the appropriateness of the “means of collecting

⁵⁸ *Id.* at 89.

⁵⁹ I KNOW WHAT YOU’RE THINKING, *supra* note 1, at 89.

⁶⁰ *Id.*

⁶¹ *Id.* at 96.

⁶² *Id.*

⁶³ *Id.*

⁶⁴ I KNOW WHAT YOU’RE THINKING, *supra* note 1, at 96.

⁶⁵ *Id.* at 99.

and storing neuroimaging data of already marginalized populations.”⁶⁶ The authors are further concerned with the definition of brain privacy and protection itself.⁶⁷ This essay focuses specifically on the use of such technology in the mental health field and whether the procedures for informed consent to such brain imaging would be valid where the decision making capacity of psychiatric patients may be comprised.⁶⁸ Borgelt, Buchman, and Iles hope to inform the field of neuro-ethics with their perspectives on the use of brain imaging on those deemed mentally ill and the standards that should govern the use of such technology in this area to alleviate concerns that these patients would be exploited by such examinations.⁶⁹

In Brendan D. Kelly’s essay, *Brain Imaging in Clinical Psychiatry: Why?*, he explores the clinical uses of brain imaging technology in treating psychiatric patients.⁷⁰ Kelly states that while brain imaging technology may be helpful in understanding certain psychiatric disorders, so far this technology has not led to any clear results in assessing or understanding any psychiatric disorder.⁷¹ While there may be an inference that blood flow to certain regions of the brain could be dispositive of certain disorders, such as dementia, these studies are inconclusive and often carry abnormal results which do not lead to any consistent finding.⁷² Thus, for brain imaging to become useful for psychiatrists in a clinical setting, a greater link between the biological information provided by brain imaging and its clinical implications would need to be discovered.⁷³

⁶⁶ *Id.*

⁶⁷ I KNOW WHAT YOU’RE THINKING, *supra* note 1, at 99.

⁶⁸ *Id.* at 99-100.

⁶⁹ *Id.* at 102-103.

⁷⁰ *Id.* at 111-12.

⁷¹ *Id.* at 113-14.

⁷² I KNOW WHAT YOU’RE THINKING, *supra* note 1, at 115-117.

⁷³ *Id.* at 117.

Colin Campbell and Nigel Eastman's essay, *The Neurobiology of Violence: Science and Law*, addresses the use of brain imaging to infer a relationship between biology and violence and how this relationship would implicate criminal offenders' rights to privacy and a fair trial.⁷⁴ The authors argue that the admissibility of neuroimaging technology would rest on its relevance to constructs such as the offender's "intent" and "responsibility" if his or her cognitive processes could be linked to antisocial personality disorder.⁷⁵ Additionally, Campbell and Eastman debate whether evidence gained through neuroimaging would be reliable enough to be admitted at trial to explain an offender's behavior when the studies themselves are not yet conclusive.⁷⁶

Similarly, in Stephen J. Morse's essay, *Diminished Capacity, Neuroscience, and Just Punishment*, Morse discusses the legal ramifications of using brain imaging to determine whether an offender possesses a "diminished capacity" to understand his offense, and thus should receive a lesser punishment because the punishment's deterrent or moral effects would be lost on this offender.⁷⁷ Morse also highlights the ethical concerns regarding the use of brain imaging and its implications on the person's right to privacy.⁷⁸ Morse believes that currently brain imaging and neurological examinations of this type have no place in the legal system and they may not have a place in the future if privacy rights are not dealt with prior to their use within the justice system.⁷⁹

Jonathan D. Moreno and Sonya Parashar's essay, *National Security, Brain Imaging, and Privacy*, examines the implications that brain imaging technology may have on national security

⁷⁴ I KNOW WHAT YOU'RE THINKING, *supra* note 1, at 139.

⁷⁵ *Id.* at 144.

⁷⁶ *Id.* at 145.

⁷⁷ *Id.* at 155.

⁷⁸ *Id.*

⁷⁹ I KNOW WHAT YOU'RE THINKING, *supra* note 1, at 170-171.

agencies, specifically whether this technology may be used to aid in interrogation or deception detection.⁸⁰ Since September 11, 2001, the United States government has funded grants to neuroscientists interested in using brain imaging and fMRI experiments to determine whether a person with “guilty knowledge” can be identified.⁸¹ The government conducted a study where participants were directed that they would be able to keep a \$20 bill if they could fool the study administrators in their neuro-scan.⁸² This study resulted in almost 88 percent accuracy in determining truthful statements from lies.⁸³ While this study suggests that brain imaging may be particularly helpful in the national security context, Moreno and Parashar also delve into the privacy implications the use of this technology would have on possible offenders.⁸⁴

Thus, this book compiles essays from psychiatrists, neuroscientists, ethicists, anthropologists, philosophizers, and lawyers which address the legal and ethical issues, along with the scientific benefits and social concerns, raised by the possible future use of MRI-imaging technology to “read minds” of patients. The book includes various essays which provide insight into these legal and ethical issues regarding the use of neuroimaging to “read minds” but provides no conclusive determination as to whether the use of this technology will ultimately benefit society, whether medically or legally, or will harm society by infringing upon the privacy rights of already marginalized groups of people. While the book is very interesting in its discussions of neuroimaging and the possibility of one day predicting thoughts, it also demonstrates that fully developed brain reading technology is a matter of future rather than

⁸⁰ I KNOW WHAT YOU’RE THINKING, *supra* note 1, at 173-81.

⁸¹ *Id.* at 178.

⁸² *Id.*

⁸³ *Id.*

⁸⁴ *Id.* at 173-81.

present concern, and that many of the arguments for and against its use are merely speculative, as the breadth of the legal and ethical implications of this technology's use are currently unknown.