

CHARMS, AND DANGERS OF HARRY POTTER'S WORLD

(Text of speech delivered by Justice Yatindra Singh, Judge Allahabad High Court, Allahabad on 4.5.2008 National Judicial Seminar on 'Cyber Law: Current developments and Key Issues for the District Judiciary' at National Judicial Academy Bhopal)

Harry Potter's world is the world of fantasy; he takes Hogwart's express to reach the Hogwart's castle where the school of Witchcraft and Wizardry is situate—some where in Dufftown near Scotland. It is impossible for any muggle (i.e. non-magical person like us) to locate the castle as it has charms, spells and dangers around it; we can see only the ruins and danger warnings.

We, the muggles, can reach our own fantasy world, riding our Hogwart's express—the Internet. It has its own charms, spells, and dangers. One of them is, the Intellectual Property Rights (IPRs). Before we talk about this danger, a few words about our Hogwart's Express—the Internet and the Web.

INTERNET AND WEB

In the early 1970's, Vint Cerf (the mathematician and computer scientist) and Robert Kahn (the Engineer) took the first step, when they figured out a way of splitting information into small packets and sending it from one computer to another in such a way that the packets could be put back together when they reached their destination. This method of splitting information into packets and putting them back together again came to be known as Transmission Control Protocol (TCP).

An important feature of TCP is that it can be carried out even if there is a network of computers. This is possible because every computer has an address and a packet is like a letter with the address of the receiver as well as sender. A computer in the network can figure out whether the packet is meant for it or not and if it is not, then it will pass it on in the direction of the computer for which it is sent. This way of getting a packet to its destination is called Internet Protocol (IP) and the address of computer on the network is called Internet Protocol (IP) Address.

This is how the Internet was born: it is nothing but the global or universal network of all computers (whether standing alone or in a network) that are capable of transmitting, communicating or retrieving information.

The next step of the journey started with Tim Berners Lee. After finishing his masters

in Physics from the Oxford University (where he was banned for hacking computers), he started working as fellow at CERN, European Nuclear Physics research laboratory. The laboratory had different computers with different programmes, having different format. His main job was to see that information from one computer should be easily transferred and can be read in the other computer.

In the late 1980's, Lee thought about linking information available on different computers at CERN so that it would look like as one information system that every one could read. This led to the web technology and the first web page was uploaded on 6th August 1991 at CERN.

In developing the web technology, Lee used HyperText Markup Language (HTML) and hypertext transfer protocol (HTTP).

- **HTML:** It is a language for encoding documents. One of the advantage of writing a page in HTML is that a hyperlink (or link) can be provided to another web page. Every document or site or resource has a unique address. The link is provided by embedding the address of the other site/page. It appears as a piece of text that is differentiated from the regular text by a special colour (usually blue) or special formatting (such as underlining).
- **HTTP:** When You click on the link by a pointing device (like a mouse), you are taken to the website referenced by that link. This transfer or retrieval of information takes place according to the protocol called HTTP.

Lee did not invent the HTML or the HTTP but he put them together to develop the Web technology.

The web pages are in a way linked with one another forming a web; they can be anywhere in the world. It is for this reason that this method is aptly termed as the World Wide Web (www) or the web.

The Web technology was developed at CERN and was its IPR. On April 30, 1993, CERN's declared the web technology to be freely available; to be used by anyone, without paying any fees to CERN.

There are many ways of communication and retrieving information on the Internet. The web is one of the methods but the decision to make it freely available, has led the Web to be the most powerful and popular form of communication and retrieval of information on the Internet. It is so common that we often think that the web and the

Internet are one and the same thing.

INTELLECTUAL PROPERTY RIGHTS

About a century ago, Justice Paterson, in *University of London vs. University of Tutorial Process Ltd.* 1916(2) Ch 601, observed,

'What is worth copying, is prima facie worth protecting'

This is the genesis of all intellectual property rights (IPRs). These rights refer to the property that is a creation of the mind: inventions, literary and artistic works, symbols, names, images, and designs used in commerce. Among the other IPRs, the Trade Marks and Copyright play an important role on the Internet.

There are many kinds of intellectual property (IPR) disputes on the Internet. The main are,

- (i) Domain Name;
- (ii) Cyber Squatting & Typo squatting;
- (iii) Protest Website;
- (iv) Linking;
- (v) Imaging Linking;
- (vi) Framing;
- (vii) Metatag & Keyword;
- (viii) Selling of Trademark
- (ix) Copyright Violations on the websites
- (x) Peer to Peer file sharing.

DOMAIN NAME DISPUTE

Uniform Resource Locator (URL) and Domain Name

Information on the web is hosted on the computers that are permanently attached to the Internet; they are called servers. The address of any information on the web includes the IP address of the servers as well as the address where that information is located on that server. This address is called Uniform Resource Locator (URL). One can reach that resource/ web-page/ web-site/ information by typing its URL on the browser.

Servers have their IP address that consists of four groups of numbers separated by decimals. It is hard to remember the IP address as it is numeric. In order to easily remember it, a name—called domain name—is given to it. It is always unique. This

system of allotting unique name is referred to as domain name system (DNS): it allows a familiar string of letters (domain name) to be used instead of the numeric IP address.

The URL of the Yahoo website is <http://www.yahoo.com>. The first element of a URL is the 'transfer protocol'. On the Web, this is almost invariably 'http'. The last three alphabets on the right side (.com in this example) are called the 'top-level domain' (TLD). It stands for commercial. There can be other TLDs like '.edu' reserved for educational institutions, '.gov' is the TLD reserved for government entities, and '.net' is the top-level domain reserved to networks. Countries also market their own Country Code Top Level Domains (ccTLD) that consists of two alphabets. It is reserved for them. For example the URL of the Allahabad High Court is <http://www.allahabadhighcourt.in>. Last two words .in is ccTLD for India.

Domain name is a mnemonic device to easily remember the IP address. In the Allahabad High Court's case, the IP address of the server is 221.134.71.211 and domain name is allahabadhighcourt.in Whereas in Yahoo's case IP address is 66.94.230.35 and domain name is yahoo.com. The domain name and IP address correspond to each other. You can reach the Allahabad High court's website or Yahoo's website by typing the domain name or its IP address.

Earlier, one domain name used to point to one and only one IP address. However with the increase in use of the Internet, websites have also increased the number of their servers to facilitate access. These servers contain same information and provide the same services however their IP addresses are different. In such a case one domain name will point to many IP addresses. A server may host more than one website and in that case another domain name may also have the same IP address.

The question whether one can use the trade name of another as a domain name is called domain name dispute. This question has been settled by the Supreme court in the M/s Satyam Infoway Ltd vs. M/s Siffynet Solutions Pvt. Ltd: JT 2004 (5) SC 541 (the *SatyamInfoway* case). The Court held that:

- A domain name distinguishes trade or service to the Internet users. A domain name has the characteristics of a trademark.

- Domain names are to be protected under the laws relating to passing off {for action in passing off, see section 27(2), 103, 134 (1)(c) and 135 of the Trade Marks Act}
- Similar domain names may be a ground of complaint and similarity of the domain names is to be decided on the possibility of potential customers being deceived by them.
- The defenses available against a complaint are also similar to those available against an action of passing off under the trademark law.

Uniform Domain Name Dispute Resolution Policy (UDRP)

At present, the Internet Corporation for Assigned Names and Numbers (ICANN) is responsible for managing and coordinating the DNS to ensure that it continues to function effectively by overseeing the distribution of unique numeric IP addresses and domain names. A company or organisation, called registry, under contract with ICANN manages TLDs. But they do not sell domain names to the public, that task is handled by other accredited companies, called registrars, who collect a fee for each name and pay a portion of it to the registry.

ICANN has provided a procedure to resolve domain name disputes. It has come out with a 'Uniform Domain Name Dispute Resolution Policy' (UDRP) and has framed 'Rules for Uniform Domain Name Dispute Resolution Policy' (for details see <http://www.icann.org/udrp/udrp.htm>). It is applicable to the existing TLDs (.com, .net and .org) It is also applicable to those ccTLDs (.nu, .tv, .ws) who have accepted the UDRP.

This policy is incorporated in all agreements with the registrars and all persons who have obtained domain names. It sets out a legal framework for the resolution of disputes between a domain name registrant and a third party (*i.e.* a party other than the registrar) over the abusive registration and use of an identical or confusingly similar domain name. In case of a complaint, the dispute is compulsorily referred to a service provider but the decision by them is not final and the aggrieved person can go to a court of law. It conceives three kinds of disputes:

- (i) Domain name is identical or confusingly similar to trademark or service mark.
- (ii) Domain name owner has no legitimate interest over the same.

(iii) Domain name has been registered in bad faith.

.IN Registry

The National Internet exchange of India (NIXI) (<http://www.nixi.in/>) is a government Company registered under section 25 of the Indian Companies Act, 1956. It has been set up to facilitate the exchange of domestic Internet traffic within the country by Internet service providers in India. NIXI has also been entrusted with the responsibility of the setting up of the .IN ccTLD Registry by the Government of India. The .INRegistry (<http://www.registry.in/>) has been created by NIXI. It functions as an autonomous body under NIXI with the primary responsibility of maintaining the .IN ccTLD and ensuring its operational stability, reliability, and security.

.IN Registry does not carry out registration itself. Instead, it accredits registrars (for names of the registrars see http://www.registry.in/accredited_registrars) to register .IN domain names.

.IN Dispute Resolution Policy

.In Registry has also come out with an .IN Dispute Resolution Policy (INDRP) (http://www.registry.in/policies/dispute_resolution/indrp) on the same lines as UDRP and has also framed INDRP Rules of Procedure (http://www.registry.in/policies/dispute_resolution/indrp_rules). However, it uses the words Arbitrators in place of service providers used in UDRP.

Applicability of Arbitration and Conciliation Act—Grant of Injunction.

UDRP and INDRP are agreements between the Registrars and the domain name owners. It is a condition for obtaining domain name. Domain name owner is bound by it but not a third party. In case the third party raises a dispute in a court then the Arbitration and Conciliation Act may not apply to the dispute between the two {CITI Corp v. Todi Investors 2006 (33) PTC 631 (Del)}. Nevertheless a court while entertaining a suit by a third party—who does not avail the remedy of UDRP or INDRP—may refuse to grant an injunction in view of section 41(h) of the Specific Relief Act on the ground that equally efficacious relief can be obtained by invoking them. However, it will be different matter if damages are also claimed. The Delhi High Court {(India TV) Independent news vs. India Broadcast Live : 2007 (35) PTC 177 (Del)} has held that relief in a suit for passing off are wider than mere

cancellation or transfer of a domain name (as damages are also claimed that can not be granted under UDRP or INDRP) and the suit is the proper remedy instead of raising dispute under UDRP or INDRP.

CYBER SQUATTING & TYPO SQUATTING

'Cyber-squatting' is the registering of sites with famous names in the hope of selling them at a profit. 'Typo-squatting,' is using a minor variation of its name to divert customers who mistype it. These practices are illegal.

Air France has a website www.airfrance.com. Alvaro Collazo, a Uruguayan owner has another website www.arifrance.com, Air France raised a dispute that he was guilty of 'Typo-squatting'. In July 2003, WIPO, a service provider under UDRP, held that the use by Collazo of a 'typographical misspelling' of the Air France trademark showed that he had registered his site in bad faith, to create confusion and make money by offering links to other commercial domains. Other 'typosquat' sites held illegal by a service provider include www.nasdasq.com, a corruption of the New York Stock Exchange's [nasdaq.com](http://www.nasdaq.com), and www.wallsreetjournal.com, dropping only a "t" from the name of the global business newspaper.

PROTEST WEBSITE

Protest websites, as the name suggests, are those websites that point out some shortcoming about a service or product. They are typically formed by adding the words 'sucks' with the name of the service or product. This means that they use the name of that service and product also. It is not their trade mark. Are they entitled to use it?

Wal-MartCanadaSucks.com and four similar domains were examples of such websites. A WIPO judge while deciding a dispute under UDRP in July 2000 held them to be illegal and handed them over to Wal-Mart saying that they infringed Wal-Mart's trademark and were an abusive registration. This case was soon followed by another that handed over a range of "sucks" website for UK companies, including FreeserveSucks.com, DixonsSucks.com, NatWestSucks.com and DirectLineSucks.com. These cases have since been used as the foundation for many subsequent domain disputes. However this may change in view of the decision

of the US Court of Appeals in *Bosley Medical Institute v. Kremer* (The *Bosley Case*).

In the *Bosely* case, Kremer was unhappy about hair restoration treatment given by the Bosley Medical Institute (the Institute). He registered two domains- www.bosleymedical.com and www.bosleymedicalviolations.com and started outlining his grievances. The Institutes has website at www.bosley.com and Bosley Medical is its registered trademark. The Institute filed a suit for trademark infringement. It was summarily dismissed by the trial court. The appeal was remanded by the appellate court.

The appellate court allowed the appeal on the question regarding Institutes's cybersquatting claim under the Anticybersquatting Consumer Protection Act and remanded the case on the question, whether Kremer had a "bad faith intent to profit" from the use of the trademark in his domain name. However so far as use of Bosley Medical's trade name was concerned, the court held that:

'Like the district court, we agree with Kremer. We hold today that the non-commercial use of a trademark as the domain name of a website the subject of which is consumer commentary about the products and services represented by the mark-does not constitute infringement under the Lanham Act.'

The decision of the *Bosley* case on this point, is in line of Justice Holmes' observation {see *Prestonettes, Inc. Vs. Loty* 264 US 359 368; 44 S. Ct 350, 351, 68 L.Ed. 731 (1924)},

'[Trade mark] does not confer a right to prohibit the use of the word or words. It is not a copyright. ... A trademark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his. ... When a mark is used in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth'.

In Indian context this question has to be answered in light of section 28, 29 and 30 of the Trade Marks Act. These sections confer rights on registration of trade mark, explain when are they infringed, and prescribe limits on their rights. According to these sections, registered trade mark,

- Only provide exclusive right to use it in relation of good or services;

- Is infringed only if it is used by any other person in course of trade in relation to goods or services.
- Is not infringed by its use to indicate, apart from others, the quality of goods or services.

Similar view as taken in the Bosley case may be taken in our country too.

LINKING

A browser is a programme for viewing pages on the Internet. In the 1990's browsers were developed to utilise the Web technology. The linking of one web page to another Web page is the essence of the Web. It enables a Web surfer to connect to other Web pages and retrieve information within seconds. The first page of a web site is called the Home page, which often contains a menu to go to different information available on that site. If the hyperlink is to the home page, it is called linking and if it is to a page inside a Home page, it is called deep linking.¹

The publication of a site on the World Wide Web is almost universally regarded as tantamount to an implied license to link by any other site.² Linking to a site without obtaining prior permission is not only an unquestioned practice, but is even considered to be an advantage to the linked-to site. Advertising is a primary source of revenue for the web site operators and advertisers pay according to the number of hits or number of times a site is visited. Linking may not amount to a copyright infringement.

However an English court granted an interim injunction in *Shetland Times v. Dr. Jonathan Wills and Zetnews Ltd.* In a case relating to linking. This case was later mutually settled. A Danish court in July 2002 has also granted an injunction in favour of the Danish Newspapers Publishers' Association banning news feed service Newsbooster from deep linking to newspaper stories. An appeal against the decision is pending.

IMAGE LINKING

¹It is interesting to note that British telecom has claimed patent over linking technology and has filed a suit against Internet Service providers in the US against its infringement.

²Tim Burners Lee is credited with the invention of Hyperlink. According to him, 'There is no reason to have to ask before making a link to another site'. He once received an email message asking for permission to link to his site. He declined on the ground that permission was not needed.

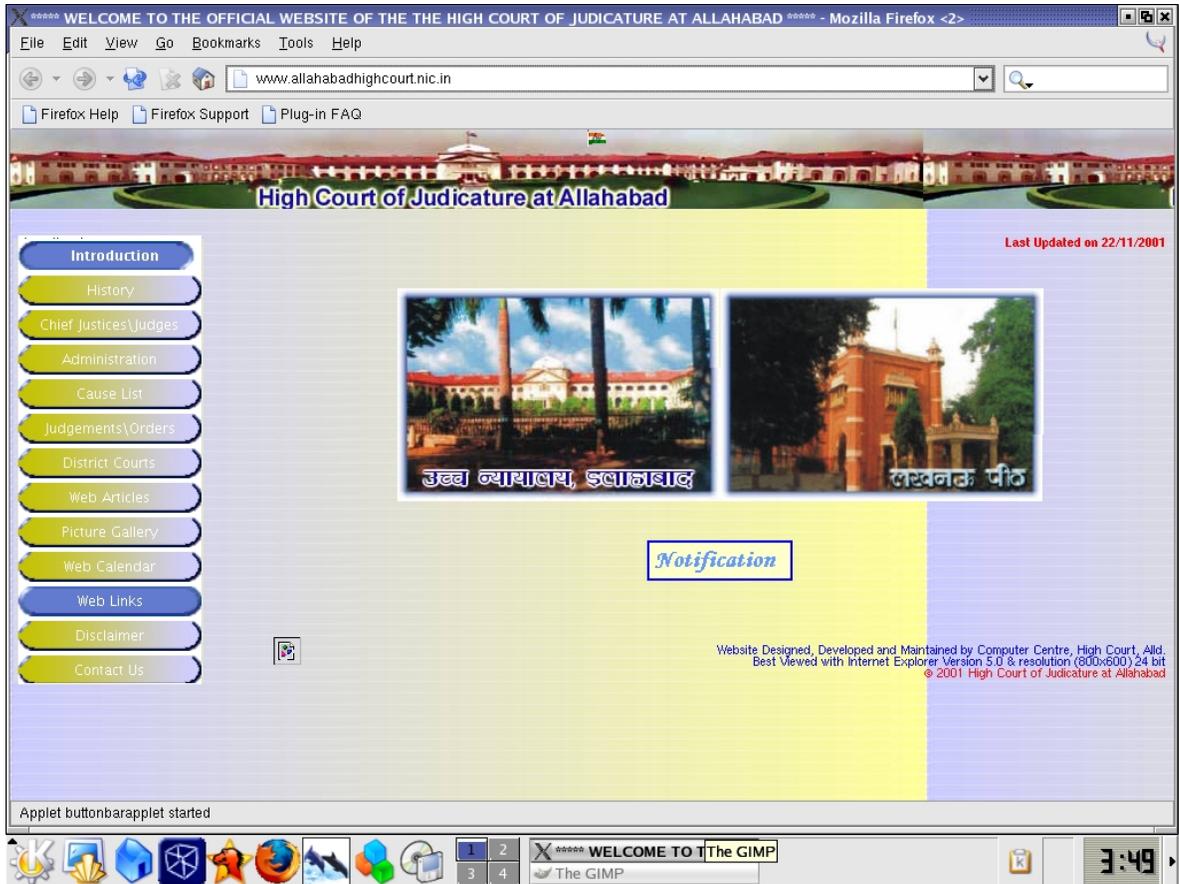
Image or IMG linking makes use of 'in-lined' images. In-lined images are graphics that are visible on the screen as part of a Web document's main body (as opposed to being within a separate window), but which originate at a source other than the site that stores the document being viewed. Thus in an IMG link, the images (minus the text contents) originating on one website may appear as part of the other web page. If there is a copyright or trademark in those graphics then difficulties will arise and it may be illegal.

FRAMING

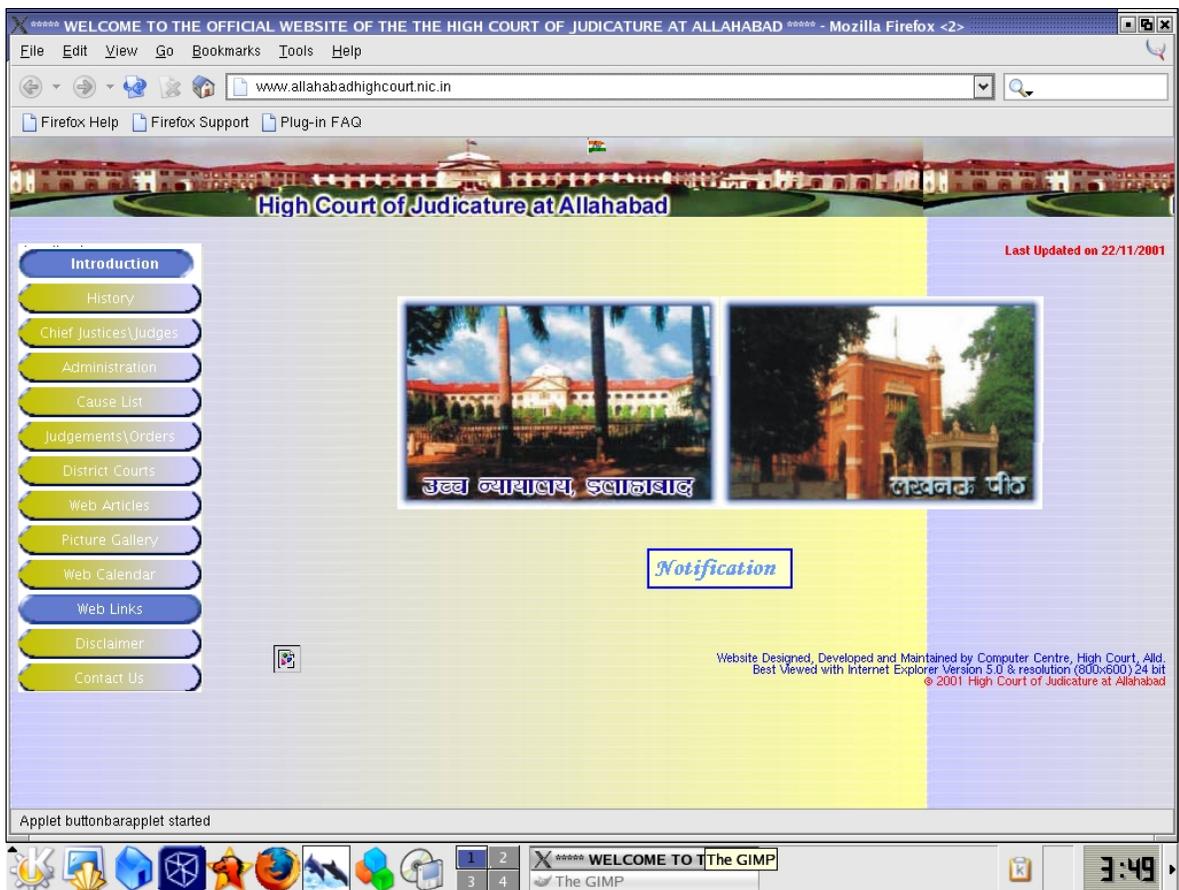
Framing is a tool used by some web sites. This tool provides a means for dividing a Web site into separate windows: each window is displayed in a separate portion of the Web browser screen and functions independently to display an individual Web page. This is done by providing links to other sites. A user can view another site's contents within a small area of the initial site, without actually leaving it. Framing is similar to an IMG link - but unlike an IMG link that views graphics only - frames allow the entire site to be viewed on the initial site. This may have the following effects:

- One can see a framed site but the browser's computer does not change the address. It continues to display the address of the initial site. This may confuse some casual Internet users.
- The advertisements appearing on a framed site must co-exist with the ads displayed on the borders of the initial site thereby changing the visual impact of the ads on the framed site.
- It changes the way the framed site intends its materials to appear. This may involve a copyright violation.
- There may be a trade mark violation of the framed site as it is shown on the site of the initial site.

Let me explain this with the help of pictures. These pictures show the website of the Allahabad High Court as it was earlier.



The menu is on the left side and one of the tab is 'web links'. If you go into this tab; it used to look like this.



If you go into any web-address then it used to look like this. Let's enter into one of the websites namely the website of the US Supreme Court. It used to look like the following picture.



Here is the Home site of the US Supreme Court. If you see the web address it is that of the Allahabad High Court and the picture at the top is of the Allahabad High Court. This has not changed. The home page of the US Supreme Court is framed in the Allahabad High Court website.

The aforesaid scenario is no longer at Allahabad High Court website. Now framing has been removed and an independent link has been provided.

The law in this regard is yet to be settled.³ But to avoid any liability, one should not frame, but provide an independent link to the home page. In case one has to do it then prior permission may be taken and any liability as to the contents of the framed site should be disclaimed.

³One such case was *Washington Post v. Total news*. It has been mutually settled.

Should a party rush to a court of law for linking or framing violation? There are technological means to stop linking and framing; they are cheaper too. And if a party fails to adopt them then a court may consider this against them while awarding damages. It would be better to adopt technological means rather than to go to a court of law.

METATAG AND KEY WORD DISPUTE

Information is retrieved on the Internet with the help of search engines. They locate Web sites that match the user's particular area of interest. It is done by typing a keyword query into the search engine, and the programme searches its database and returns a list of results. The results returned by search engine programmes are a list of hyperlinks related to Web pages. In finding out relevant Web pages, search engines make use of metatags. But before we discuss the legal complication in this regard, let's understand what a meta-tag is.

We come across different kinds of tags in our daily life; they could be identification or name or price tags. They provide key information about the things that they are attached to. Similarly tags in HTML offer a small piece of information/ instructions about how the content of a web page may appear. It is mentioned within angled brackets i.e. in the following sentence:

This is boldfaced

B stands for bold and is a tag that shows from where boldfaced letters are to begin. Ending tags are preceded by / and show where it ends. Tags are basic text coding techniques in HTML that provide display instructions to the browser as to how that web page should appear.

Meta means beyond the ordinary or usual and is sometimes used for anything which is about itself: metatags provide information about the contents on the web page, rather than how the contents of that page should appear. They are information about the information on the web page. They are located within a specially designated portion of the HTML code, which generates the page and are hidden from normal view but are read by search engines.

One of the meta-tags is keywords, where one mentions words that describe the contents of the web page. They are read by the search engine, matched with the keywords typed in the search engine and then the page with its link would appear in the search result. One kind of legal complication is the improper use of trademarks belonging to another. If one improperly uses trademarks of others as a metatag to associate oneself with them then this may result in a trademark violation.⁴

SELLING OF TRADE MARK

Search engines earn revenue through advertisements. These advertisements keep on changing and often appear when a particular topic is searched. If one wants to have information about a product by typing the trade name on to the search engine, then the result may be a hyperlink to the home page or other information about that product. But at this time the search engine may show an advertisement of a competitor. This is because it is so arranged by the site running the search. It is a kind of selling of metatags or improper use of trademark by the site running the search. Courts still have to decide on the legality of these issues.⁵

The law is also unclear whether the search engines are responsible to police trademarks in paid search. According to the search engines the advertisers themselves are responsible for the keywords and ad text that they choose to use. However, they are willing to perform a limited investigation and respect reasonable requests to remove trademark terms from the bidding process. Some examples are,

- Google is a search engines. It has been asked by the American Blind & Wallpaper Factory (the Company), an interior decor specialist, over the sale of keyword-advertising within search results that appear on Google. The Company has insisted that Google should stop selling keyword phrases that the Company claims violate its trademarks. Google has also sought declaration of its liability. American Blind has also filed counterclaim. A summary judgment partly allowing and partly refusing has been entered on 18.4.2007. It also discusses contrary opinions by different courts. American Blinds claims were dismissed

⁴Some of such suits have been filed by Playboy.

⁵Two such suits against search engines are,

- Lauder filed a suit against Excite as the advertisement of Fragrance Counter appears when a search for Lauder is conducted.
- Playboy has filed a suit against Excite and Netscape as an advertisement of tease.com appears if search for Playboy or Playmate is conducted.

with prejudice and that of Google claims were dismissed as moot. The details of the orders may be seen at <http://news.justia.com/cases/featured/california/candce/5:2003cv05340/15960/>

- A French court on Dec. 16, 2004 ruled that Google infringed on the trademarks of Le Meridien by allowing the hotel chain's rivals to bid on keywords of its name and appear prominently in related search results.
- Government Employees Insurance Company (GEICO) is an insurance company. It charged Google with violating its trademarks by using the word "GEICO" to trigger rival ads in sponsored search results. GEICO claimed that the practice diluted its trademarks and caused consumer confusion. The U.S. District Court for the Eastern District of Virginia held that Google's use of GEICO marks in connection with the sale, offering for distribution or advertising of goods or services does not, without more, establish that Google has violated or continues to violate the GEICO's trade mark and the plaintiff was required to prove likelihood of confusion. In the subsequent opinion dt. 8.8.2005 the court held that in some cases confusion may arise. The court has stayed the proceeding of the suit and granted time to the parties to consider whether they can resolve the remaining dispute among themselves. (See <http://www.linksandlaw.com/decisions-144-google-geico.htm>)
- Questions also remain about a search engine's responsibility to give trademark holders visibility in search results based on keywords related to their trademarked terms, regardless of payment. Last year, Mark Nutritionals filed lawsuits against Yahoo-owned Overture, AltaVista, FindWhat and Kanoodle for alleged trademark infringement and unfair competition. The outcome of these suits will help in defining law in this area.

COPYRIGHT VIOLATIONS ON THE WEBSITE

There are many website that permit uploading of video and audio files. Videocasting and podcasting are order of the day. However people are not only uploading their own video and audio files but are also uploading the film clips and music files that are copyright of others.

Even if video or audio CD is legally purchased, it does not mean that copyright has been purchased. It is merely a license to listen or watch the same . Its use is determined by the terms and conditions of the sale. The CDs always contain a notice of the following kind:

'All rights reserved. For private use only. Unauthorised copying, public performance, broadcasting, screening, playing is prohibited.'

In case video or music from such CD is uploaded on any website and is made available for public viewing then it is violation of copyright violation and is illegal unless it is exempted as fair dealing for criticism or review under section 52(1) (a) (ii) of the Copyright Act. Such exemption has to be granted under the law by the members States of the WTO in view of Article 10 of the Berne Convention 1971 read with Article 9 of the TRIPS.

The websites always prohibit uploading of copyrighted material. In view of this, in case any copyrighted material is uploaded and made public then the website may not be liable for copyright violation but the website has to delete the material on notice otherwise they will also be liable for copyright violations.

PEER TO PEER (P2P) FILE SHARING

It is possible to copy/ share a file from the another computer on the Internet. This is called Peer to Peer (P2P) file sharing.

In P2P file sharing, it is necessary that the files should be indexed. There are different kinds of indexing methods in P2P networking. This has been explained by the first appellate court in MGM Vs. Grokster (the Grokster case) (for details see below)⁶ as follows:

'In a peer-to-peer distribution network, the information available for access does not reside on a central server. ... each computer makes information available to every other computer in the peer-to-peer network.... Because the information is decentralized in a peer-to-peer network, the software must provide some method of cataloguing the available information'

...

At present, there are three different methods of indexing:

⁶*MGM Studios v. Grokster*. Complete text of the judgement is available at [http://www.ca9.uscourts.gov/ca9/newopinions.nsf/E9CE41F2E90CC8D788256EF400822372/\\$file/0355894.pdf?openelement](http://www.ca9.uscourts.gov/ca9/newopinions.nsf/E9CE41F2E90CC8D788256EF400822372/$file/0355894.pdf?openelement)

- (1) a centralized indexing system, maintaining a list of available files on one or more centralized servers;
- (2) a completely decentralized indexing system, in which each computer maintains a list of files available on that computer only; and
- (3) a “supernode” system, in which a select number of computers act as indexing servers.'

The Napster Case

The Napster case was the first to come to the courts in peer to peer networking. Shawn Fanning wanted to share the music in his computer with his friends. He thought of developing a software so that the music in one computer could be exchanged with another. No other person thought it to be a good idea. He, still in his teens, left his college to create this software. Now Music in MP3 format can be transferred with the help of Napster. In order to do it, one has to download it (provided free of cost on registration) and install it in the computer. This enables the computer to log on to the Napster server. When a request is made, the Napster server searches other users online who may have that music file. If there is one then Napster puts both computers directly in touch with each other so that music files can be downloaded. It is P2P file sharing. The Napster server merely puts computers directly in touch with each other but the copyrighted music does not go through its server *i.e.* it does not receive or contain illegal music at any time. It merely permits transfer of music files (MP3 format) from one PC to another PC. Napster is using the first method of indexing namely a centralised server. At one time there were about 25 million Napster users. They could download music files, which might have been the copyright of others, free of cost.

Several record companies filed a suit against Napster restraining it from engaging in or assisting others in copying, downloading, uploading, transmitting or distributing copyright protected music without the express permission of its rightful owner. According to Napster it is merely a space-shift similar to a time-shift in the Sony case (for details see below)⁷ and it seeks expansion of the ‘fair use’ doctrine articulated in

⁷ Sony Corporation had made VCRs (called VTR) that could record TV programmes. This has changed the way we watch TV. One can, with the help of a VCR, record programmes, which may be copyrights of others and see it at a later time. The copyright owners sued Sony Corporation. Their suit was dismissed. Their allegations were,

- Individuals have used the VCRs to record some of the owners’ copyrighted works on the TV.

that case. The District court of the Northern district of California has granted a preliminary injunction against Napster from engaging in or facilitating the copying, downloading, transmitting or distributing of the plaintiffs' copyrighted musical compositions.⁸

Napster filed an appeal and obtained a stay order. During the pendency of the appeal it also settled the case with most of the companies by agreeing to pay a fee. The appellate court partly allowed the appeal {Napster- I (239 F.3d at 1027)} and sent the case back. The appellate court held that Napster's products were capable of substantial or commercially significant non-infringing uses and contributory liability could be imposed on Napster only to the extent that it,

- receives reasonable knowledge of specific infringing files;
- knows or should know that such files are available on the Napster system;
- and
- fails to act to prevent illegal distribution of the copyrighted works.

The district court on remand required the record companies to give Napster notice of specific infringing files, and then required Napster to continually search its index and block all files containing the particular works at issue. The record companies appealed, arguing that Napster should be required to search for and to block all files containing any protected copyrighted works, not just those works which the record companies have been able to provide. This order was upheld {Napster-II (284 F.3d at 1095-96)} holding that the plaintiffs have to bear the burden of providing notice to Napster of copyrighted works and files containing such works before Napster has the duty to disable access to the offending content.

The KaZaA Case

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- These individuals had infringed the copyrights and
 - Sony Corporation was liable for such infringement because of their sale of the VCRs.
- The US Supreme Court dismissed the suit and in *Sony Corporation v. Universal City Studios*, 464 US 417 held that:
- The time shift for watching the TV programme for private viewing was fair use and it does not infringe copyright.
 - A manufacturer is not liable for selling a staple article of commerce that is capable of commercially significant non-infringing uses.

⁸Complete text of judgement is available at <http://news.cnet.com/News/Pages/Special/Napster/napster-patel.html>

KaZaA is a Dutch company and distributes P2P file sharing software like Napster. However their software - unlike Napster's - is neither limited to MP3 files nor do they have a similar technology. It employs a third method of indexing the files. A suit has been filed against KaZaA in the US. During the pendency of this suit, a Dutch copyright group filed a suit against KaZaA, in Holland to stop it from offering file sharing software or face a daily fine of \$124,000. The Dutch Supreme Court in December 2003 upheld a decision of the court below and held that KaZaA cannot be held liable for copyright infringement of music or movies swapped with its free software. The suit against KaZaA is still pending in the US however another suit against Grokster and SmartCast (the Grokster case) has been decided. Now the suit against KaZaA in US may be decided on the same terms as the decision in the Grokster case. Let's consider the Grokster case.

The Grokster Case

Grokster and SmartCast also distribute file sharing software. Grokster licenses 'FastTrack' technology from KaZaA. SmartCast was earlier licensing 'FastTrack' technology from KaZaA but now it uses 'Morpheus' its branded version of Gnutella⁹. Grokster, as is the case with KaZaA, employs the third method of indexing the files; whereas Gnutella and SmartCast employ second method of indexing files. The entertainment companies filed suit against Grokster and SmartCast in the US. The suit of the Entertainment Companies and their first appeal in the case against Grokster and SmartCast were dismissed (for judgement of the first appellate court see below)¹⁰. The first appellate court held:

- The software technologies are capable of substantial or commercially significant non-infringing uses and the software distributors cannot be liable for constructive knowledge of the infringement.
- Napster employed the first method. SmartCast and Grokster employ the second and third.

⁹ Gnutella is open source software where a central server is not involved. It neither has any office, nor any server. One merely has to install it on a computer and send a message. The message goes to another online computer with Gnutella that in turn forwards it to other similar online computers. This goes on till one finds a computer that has the required file then the two computers are directly connected and the file can be downloaded. It is not restricted to MP3 format: it works on all kinds of files. There isn't any central server; it is decentralised; and neither any index of available file is maintained on any centralised server (or computer) nor any file goes through such server.

¹⁰*MGM Studios v. Grokster*. Complete text of the judgement of the first appeal is available at [http://www.ca9.uscourts.gov/ca9/newopinions.nsf/E9CE41F2E90CC8D788256EF400822372/\\$file/0355894.pdf?openelement](http://www.ca9.uscourts.gov/ca9/newopinions.nsf/E9CE41F2E90CC8D788256EF400822372/$file/0355894.pdf?openelement)

- Napster could avoid the download. Neither can Grokster nor can SmartCast avoid it even if they closed down their doors and deactivated all computers within their control: users of their products could continue sharing files with little or no interruption.

The entertainment companies filed an appeal before the US Supreme Court. The US Supreme Court allowed the appeal in July 2005.¹¹ The judgements of the courts below were set aside. The case was remanded to the trial court for further proceedings in accordance with the observations in the judgement. The question involved was,

Under what circumstances is the distributor of a product capable of both lawful and unlawful use liable for acts of copyright infringement by third parties using the product.

The US Supreme Court distinguished the *The Sony* case holding that

'[in the *Sony* case], the evidence showed that the principal use of the VCR was for "time-shifting," or taping a program for later viewing at a more convenient time, which the Court found to be a fair, not an infringing. ... There was no evidence that Sony had expressed an object of bringing about taping in violation of copyright or had taken active steps to increase its profits from unlawful taping.'

The Court held that:

'one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties.'

Two months after the decision in the *Grokster* case by the US Supreme court, a federal court in Australia also held against KaZaA software. The court restrained the infringing defendants from authorising KaZaA users to do any of the infringing acts. The court further held that continuation of the KaZaA Internet file-sharing system (including the provision of software programs to new users) shall not be regarded as a contravention of the restraint order if that system is first modified pursuant to a protocol, to be agreed between the infringing respondents and the applicants or to

¹¹The text of the judgement is available at <http://caselaw.lp.findlaw.com/scripts/getcase.pl?court=US&vol=000&invol=04-480&friend=nytimes#concurrency2>

be approved by the Court, that ensures either of the following situations:

- (i) that:
 - (a) the software program received by all new users of the Kazaa file-sharing system contains non-optional key-word filter technology that excludes from the displayed blue file search results all works identified (by titles, composers' or performers' names or otherwise) in such lists of their copyright works as may be provided, and periodically updated, by any of the applicants; and
 - (b) all future versions of the Kazaa file-sharing system contain the said non-optional key-word filter technology; and
 - (c) maximum pressure is placed on existing users, by the use of dialogue boxes on the Kazaa website, to upgrade their existing Kazaa software program to a new version of the program containing the said non-optional key-word filter technology; or
- (ii) that the TopSearch component of the Kazaa system will provide, in answer to a request for a work identified in any such list, search results that are limited to licensed works and warnings against copyright infringement and that will exclude provision of a copy of any such identified work.

In the *Grokster* case the US Supreme Court referred to the competing claims of the copyright holders on the one hand and innovators on the other hand in the following words.

'The tension between the two values is the subject of this case, with its claim that digital distribution of copyrighted material threatens copyright holders as never before, because every copy is identical to the original, copying is easy, and many people (especially the young) use file-sharing software to download copyrighted works. This very breadth of the software's use may well draw the public directly into the debate over copyright policy, Peters, *Brace Memorial Lecture: Copyright Enters the Public Domain*, 51 *J. Copyright Soc.* 701, 705-717 (2004) (address by Register of Copyrights), and the indications are that the ease of copying songs or movies using software like *Grokster's* and *Napster's* is fostering disdain for copyright protection, Wu, *When Code Isn't Law*, 89 *Va. L. Rev.* 679, 724-726 (2003). As the case has been presented to us, these fears are said to be offset by the different concern that imposing liability, not only on infringers but on distributors of software based on its

potential for unlawful use, could limit further development of beneficial technologies. See, e.g., Lemley & Reese, Reducing Digital Copyright Infringement Without Restricting Innovation, 56 Stan. L. Rev. 1345, 1386-1390 (2004); Brief for Innovation Scholars and Economists as *Amici Curiae* 15-20; Brief for Emerging Technology Companies as *Amici Curiae* 19-25; Brief for Intel Corporation as *Amicus Curiae* 20-22.¹²

US Supreme Court answered it in favour of the copyright holders. Were there other ways to sort out the problem - common standard ... format or a different kind of business module? Has the court weighed too heavily against the technology? Well, the future will tell us.

I talked about some of the spells, charms, and dangers of Harry Potter's world. However the best way to understand them is to dive into the world of Internet: delve, enjoy, and understand—the fantasy world of the Internet.

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¹²The mutual exclusivity of these values should not be overstated, however. On the one hand technological innovators, including those writing file sharing computer programs, may wish for effective copyright protections for their work. See, e.g., Wu, When Code Isn't Law, 89 Va. L. Rev. 679, 750 (2003). (StreamCast itself was urged by an associate to "get [its] technology written down and [its intellectual property] protected." App. 866.) On the other hand the widespread distribution of creative works through improved technologies may enable the synthesis of new works or generate audiences for emerging artists. See *Eldred v. Ashcroft*, [537 U.S. 186, 223-226](#) (2003) (*Stevens*, J., dissenting); Van Houweling, Distributive Values in Copyright, 83 Texas L. Rev. 1535, 1539-1540, 1562-1564 (2005); Brief for Sovereign Artists et al. as *Amici Curiae* 11.