COMBATING ONLINE INFRINGEMENT AND COUNTERFEITS ACT

DECEMBER 17, 2010.—Ordered to be printed

Mr. LEAHY, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany S. 3804]

The Committee on the Judiciary, to which was referred the bill (S. 3804), to combat online infringement, and for other purposes, having considered the same, reports favorably thereon, with an amendment, and recommends that the bill, as amended, do pass.

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I. BACKGROUND AND PURPOSE OF THE COMBATING ONLINE INFRINGEMENT AND COUNTERFEITS ACT

A. Background

Intellectual property is the engine of the American economy and critical for job growth. The Chamber of Commerce testified before the Committee that American intellectual property accounts for more than $5 trillion and IP-intensive industries employ more than
18 million workers.¹ Protecting American intellectual property from theft is therefore critical to our Nation’s prosperity and welfare.²

The theft of American intellectual property threatens that prosperity.³ While estimates of the harm caused to the American economy by counterfeit products and the theft of copyrighted material differ and are difficult to confirm, copyright piracy and the sale of counterfeit goods is reported to cost American creators and producers billions of dollars per year.⁴ Intellectual property theft also reportedly results in hundreds of thousands of lost jobs annually, and severely reduces the income of those who are employed.⁵ Simply put, this form of infringement impacts companies of all types and sizes and the people who work there.⁶

The growth and success of the Internet as a medium for commerce has given businesses the opportunity to connect with consumers throughout the world in ways they never could before. Unfortunately, along with the success of legitimate commerce, the dis-
Copyright infringement in particular, in the form of peer-to-peer networks, streaming sites, and one-click hosting services, has grown rampant on the Internet. Since digital products are not tangible, they can be reproduced at very low cost, and have the potential for immediate delivery through the Internet across virtually unlimited geographic markets. The GAO reports that “sectors facing threats from digital piracy include the music, motion picture, television, publishing, and software industries,” but piracy impacts virtually any online industry with copyright protected work.

Similarly, sale of counterfeit goods via Internet sites that appear professional and quickly deliver items in sophisticated packaging is thriving on the Internet. In many cases, these Internet sites conceal the inauthentic nature and low quality of the product being purchased. The footwear, clothing, consumer electronics and pharmaceutical industries, among others, are frequent victims of counterfeiting. Preventing counterfeit sales is therefore not only important to our economy and job creation, but it protects unsuspecting consumers from inferior and often dangerous products.

The online theft of American intellectual property is a growing criminal enterprise both because of the ease by which it can be done online and the ability of the sellers and distributors to remain anonymous, operate from overseas, and avoid traditional methods for protection. Operators of rogue Internet sites, which do nothing but traffic in infringing goods, can operate with impunity from abroad.

The rogue Internet sites that operate as virtual stores for the infringing products are well designed and give the clear appearance of legitimacy. They are easily accessible by entering domain names that sound legitimate or through search results; they often accept payment through well respected credit card companies; and they often run advertisements from trusted companies. All of this presents an air of legitimacy to the virtual store, even though the products being sold are illegal, and in the case of counterfeits are often inferior or even dangerous. And, in many cases, American consumers may unwittingly be giving their credit card information...
to overseas organized crime syndicates when visiting rogue Internet sites.\textsuperscript{13}

If these rogue Internet sites operated in the physical world, rather than online, the perpetrator would be the subject of civil lawsuits and criminal penalties.\textsuperscript{14} But because this theft is veiled by the complexities of the online world and many of the perpetrators are located overseas, the task of enforcing U.S. intellectual property laws on the Internet is a difficult one. Too often our Government, as well as the businesses and consumers who are harmed by online infringement, are forced to sit idly by while this theft continues undeterred.\textsuperscript{15}

The Committee notes that protecting intellectual property in the form of copyrighted material is not only important to our economy and jobs, but is also important for achieving the goals of the First Amendment. The United States Supreme Court has long held that copyright protection advances the goals of the First Amendment by “supply[ing] the economic incentive to create and disseminate ideas.”\textsuperscript{16} The “clause [of the Constitution] empowering Congress to grant patents and copyrights is [based] in the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in ‘Science and useful Arts.’”\textsuperscript{17}

\begin{thebibliography}{9}
\bibitem{holder} Eric Holder, Attorney General of the United States, remarks at the Rio De Janeiro Prosecutor General’s Office (February 14, 2010) (“Unfortunately, the success of this worldwide, digital marketplace has also attracted criminals who seek to exploit and misappropriate the intellectual property of others. The same technologies that have created unprecedented opportunities for growth in legitimate economies have also created global criminal organizations that are eager to steal the creativity and profits from our domestic industries and workers. . . . These groups, who do not respect international boundaries or borders, have developed sophisticated, efficient and diverse methods for committing almost every type of intellectual property offense imaginable, including: widespread online piracy of music, movies, video games, business software and other copyrighted works; well-funded corporate espionage; sales of counterfeit luxury goods, clothing and electronics, both on street corners and through Internet auction sites; and increased international trade in counterfeit pharmaceuticals and other goods that pose a substantial risk to the health and safety of our consumers”). See also Protecting Intellectual Property Rights In A Global Economy: Current Trends and Future Challenges Before the Subcomm. on Gov’t Management, Organization, and Procurement of the H. Comm. on Oversight and Gov’t Reform, 111th Cong. 1 (2010) (written statement of Jason M. Weinstein, Deputy Assistant Attorney General, Criminal Division, U.S. Department of Justice) at 5 ("Because intellectual property crime is perceived as a low-risk criminal enterprise with the potential for high profit margins, it is not surprising that the sale of counterfeit and pirated goods is also becoming an attractive revenue source for traditional organized crime groups"); General James L. Jones, National Security Advisor to the President of the United States, Remarks at the Sochi Security Council Gathering, Sochi Russia (October 5, 2010) available at \url{http://www.whitehouse.gov/the-press-office/2010/10/05/remarks-gen-james-l-jones-national-security-advisor-sochi-security-council}.

\bibitem{holder2} Criminal syndicates “generate[ ] trillions of dollars annually from illicit activities such as money laundering, trafficking, counterfeiting, environmental crime, and financial fraud. . . . many of these criminal syndicates operate globally; they are comprised of loose networks that cooperate intermittently but maintain their independence; and they employ sophisticated technology and financial savvy”).

\bibitem{holder2} In her recent hearing before the Senate Committee on the Judiciary, Victoria Espinel, U.S. Intellectual Property Enforcement Coordinator, stated that “legislative action may be required in order to fulfill our goals” of effective intellectual property protection, Oversight of the Office of the Intellectual Property Enforcement Coordinator Before the U.S. Senate Committee on the Judiciary, 111th Cong. 2 (2010) (written statement of Victoria Espinel, Intellectual Property Enforcement Coordinator, Office of Management and Budget).

\bibitem{holder2} See Harper & Row Publishers, Inc. v. Nation Enterprises, 471 U.S. 539, 558 (1985); Sony Corp. of Amer. v. Universal City Studios, Inc., 464 U.S. 417 ("[T]he limited grant is a means by which an important public purpose may be achieved. It is intended to motivate the creativity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired"); Herbert v. Shanley Co., 242 U.S. 591, 595 (1917) ("If music did not pay, it would be given up. If it pays, it pays out of the public's pocket. Whether it pays or not, the purpose of employing it is profit, and that is enough").

\bibitem{holder2} See Mazer v. Stein, 347 U.S. 201, 219 (1954) (citation omitted).
\end{thebibliography}
As Justice O'Connor wrote, copyright law is the very “engine of free expression.”\(^\text{18}\) It exists not to prevent free speech, but to promote it. Justice O'Connor went on to recall that “freedom of thought and expression includes both the right to speak freely and the right to refrain from speaking at all.”\(^\text{19}\) As rogue Internet sites evade U.S. intellectual property laws, they not only cause economic harm, but they trample on these First Amendment values.\(^\text{20}\)

In sum, the theft of intellectual property by rogue Internet sites is harmful in several ways. First, online infringement harms the content and trademark owners themselves in the form of lost sales, lost brand value, increased costs to protect their intellectual property, and decreased incentives to invest in research and development. Second, online infringement harms consumers who receive lower quality products, inauthentic products, or, in a worst case scenario, products that cause physical harm or health risks. Third, online infringement harms Federal and State Governments in the form of lost tax revenues, higher law enforcement costs, and the harm caused by the effects of the Government’s own purchase of counterfeit products. Fourth, online infringement harms U.S. trade by lessening its ability to partner with countries that have weaker intellectual property enforcement regimes.\(^\text{21}\) Fifth, online infringement reduces the incentives to create and disseminate ideas which, as the United States Supreme Court has recognized, harms the free expression principles of the First Amendment. Finally, as Victoria Espinel, U.S. Intellectual Property Enforcement Coordinator (IPEC), noted in her recent hearing before the Senate Committee on the Judiciary, online infringement supports international criminal organized crime syndicates, which pose risks to our national security.\(^\text{22}\)

B. Purpose of the legislation

Today, law enforcement officials have limited effective remedies available to fight the purveyors of infringing goods on the Internet when they operate overseas and in hiding.\(^\text{23}\) Federal legislation is needed to provide law enforcement with a tailored procedure for targeting domain names, and a means for preventing the importation of infringing goods by rogue websites, particularly for sites that are registered overseas.

The Committee bill, as reported, gives the Department of Justice an expedited process for cracking down on rogue Internet sites by targeting the domain names associated with those sites. By pre-


\(^{19}\)See id. at 559 (quoting Wooley v. Maynard, 430 U.S. 705 (1977) (Burger, C.J.)).

\(^{20}\)This right to be compensated for their work is not simply a creation of U.S. law, but it is endowed as an essential right. Our constitution provides for this in the Copyright Clause, U.S. Const. Art. I §8, and the United Nations’ Universal Declaration of Human Rights, which has become a model for treaties and constitutions around the world, proclaimed this “right of authors” as inalienable. Universal Declaration of Human Rights, G.A. Res. 217 (III) A, U.N. Doc A/810 at Art. 27 ¶2 (December 10, 1948).

\(^{21}\)Id. at 9–10.


\(^{23}\)The Department of Justice, in conjunction with Immigration and Customs Enforcement, recently used its forfeiture authority to seize domain names that were being used for criminal activity. See http://www.justice.gov/criminal/cybercrime/OperationInOurSites.pdf. This innovative use of forfeiture authority would have a similar effect to subsection (d)(1) of the Act, which applies to domestically registered domain names.
vent the registration of a domain name from being used for illicit purposes and limiting the profitability of such Internet sites, the legislation will allow law enforcement to disrupt the criminal enterprises using domain names—and American infrastructure—to steal American intellectual property and profit off American consumers. The legislation will deter criminals from building up the success and visibility of rogue websites, because by doing so they will more likely become the target of law enforcement. The Committee bill, as reported, also addressed concerns raised by various parties since the legislation was introduced, but the Committee understands that there remain outstanding concerns.

The Committee bill, as reported, authorizes the Justice Department to file an in rem civil action against a domain name used to access an Internet site or sites “dedicated to infringing activities,” and to seek a cease and desist order from the court.

A domain name is the alphanumeric designation conventionally used to access a specific Internet address. The domain name typically comprises at least a top level domain and a second level domain. For instance, in the domain name senate.gov, “.gov” is the top level domain; “senate” is the second level domain. By typing “senate.gov” in a web browser, the Internet user’s domain name server will find the Internet address associated with the domain name senate.gov. Each top level domain is operated by a domain name registry which, through registrars, allows registrants to register domain names.24 The legislation defines a domain name by cross-referencing section 45 of the Lanham Act. Pursuant to that definition, a domain name is the combination of the top level domain and the second level domain, which is what domain name registries and registrars assign, and does not include third level domains of files or subfiles.

The definition of an Internet site “dedicated to infringing activities” in the legislation is narrowly tailored to implicate only the most egregious rogue websites that are trafficking in infringing goods. For an Internet site to fall within the definition, the legislation requires the Department of Justice to make one of two demonstrations to the court. Either that the Internet site satisfies the existing threshold for forfeiture under current law,25 or, alternatively, the Department must demonstrate that the Internet site’s central activity is to offer goods or services in violation of title 17 or that are counterfeit under the Lanham Act. Under this second prong, the Internet site must be primarily designed, have no commercially significant purpose other than, or be marketed for the infringing activities.26

Importantly, in targeting only the “worst of the worst” Internet sites, the definition maintains the protection of fair use. The Committee intends for the legislation to target only those Internet sites

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26 The definition is modeled on the definition in 17 U.S.C. 1201(a)(2)(A). The activities prohibited under this legislation must be central to the Internet sites accessed through the entire domain name to ensure that any action taken against the domain name is not overbroad. See Center for Democracy and Technology v. Pappert, 337 F. Supp. 2d 606 (E.D. Pa. 2004). The Committee recognizes that there may still be some minimal amount of lawful content accessed through the domain name. The Supreme Court has upheld similar ancillary restraints for content neutral regulations. See Arcara v. Cloud Books, Inc., 478 U.S. 697 (1986).
clearly profiting off stolen American intellectual property, and not to be used where there is fair use or where there is an objectively reasonable interpretation of an express license to use intellectual property.

The Committee bill, as reported, authorizes the Justice Department to seek preliminary relief from a Federal district court in the form of a temporary restraining order, or a preliminary injunction, in accordance with rule 65 of the Federal Rules of Civil Procedure. The bill would require the Department to publish notice of the action promptly after filing.

The Committee bill, as reported, enables the Justice Department to bring an action against any domain name accessed in the United States, regardless of where it is registered. In cases in which the domain name has a U.S.-based registry or registrar, the bill authorizes the Department to bring an in rem action in the judicial district where the registry or registrar is located or doing business. This process is modeled on the Anticybersquatting Consumer Protection Act.\(^{27}\) Once the court issues an order against the domain name, the bill authorizes law enforcement officers to serve the domain name’s U.S. based registry or registrar with that order, where applicable. The recipient registry or registrar is then required, by statute, to suspend the operation of, and may lock, the domain name at issue.

Where the domain name does not have a U.S.-based registry or registrar, the Committee bill, as reported, authorizes the Department to bring an action in the District of Columbia to prevent and restrain the importation into the U.S. of goods and services offered by the infringing Internet site, provided that the Internet site is used within the United States, conducts business directed to residents of the United States, and harms holders of United States intellectual property rights.\(^{28}\) The legislation then authorizes law enforcement officers to serve the court order on other specified third parties, including Internet service providers, payment processors, and online ad network providers. These parties monetize the Internet site by enabling U.S. consumers to access the infringing website, to purchase content and products off the website, and to view advertisements on the website. Without partnering with these entities, the financial incentive to run an infringing Internet site is greatly diminished. The bill requires these third parties to take appropriate action to, respectively, prevent a domain name from resolving to its Internet address, prevent payment processing for purchases on the underlying Internet site, or prevent its network from providing advertisements to the underlying Internet site.

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\(^{27}\) The Anticybersquatting Consumer Protection Act ("ACPA"), 15 U.S.C. 1125(d), authorizes a trademark owner to file an in rem action against a domain name. See Caesars World, Inc. v. Caesars-Palace.com, 112 F.Supp.2d 502, 504 (E.D. Va. 2000) ("There is no prohibition on a legislative body making something property. Even if a domain name is no more than data, Congress can make data property and assign its place of registration as its situs") (emphasis added). See also Heathmount A.E. Corp. v. Technodome.com, 2000 WL 33666935, at *3–4 (E.D. Va. 2000) (unpublished). Further, the federal government’s recent domain name seizures, discussed supra at n.25, recognizes domain names as property.

The Committee bill, as reported, contains protections for these third parties to ensure that any party acting pursuant to an order is held harmless for having taken the appropriate action. It also encourages voluntary action by registrars, registries, payment processors, and online ad network providers, by providing a safe harbor if these third parties voluntarily take action authorized by the legislation relating to an Internet site that it reasonably believes is dedicated to infringing activities. The bill also authorizes the Justice Department to bring an action to compel compliance from any third party required to take action under this section that knowingly and willfully fails to comply.

The Committee understands that whether a domain name is suspended by a registry or registrar, or blocked by an Internet service provider, the Internet site is still accessible to a user who takes certain affirmative steps. For example, in the case that the Internet site’s domain name is suspended, a user can access the infringing Internet site via its numeric Internet Protocol address. Additionally, where the Internet site is blocked by the Internet service provider, a user can access the Internet site by changing the Domain Name Server to which the Internet service provider communicates to an alternative Domain Name Server. In the Committee’s view, however, a substantial portion of users are not intending to commit or facilitate an intellectual property-related crime. Rather, many consumers are being lured to the illegal Internet sites as discussed above. These consumers will be protected as a result of the remedies outlined in the Act and will instead visit Internet sites offering legitimate content or products.

The Committee bill, as reported, includes safeguards to allow the domain name owner or Internet site operator to petition the court to modify, suspend or vacate the order where the Internet site operator takes effective steps to exclude pirate or counterfeiting activity from the site, or where the interests of justice require. Similarly, as Internet site operators subject to the order transition their Internet sites to new domain names, the bill authorizes the Justice Department to seek modifications to the order to cover these additional domain names that are being used for similar illegal purposes, so long as those domain names access Internet sites that are both dedicated to infringing activities and jointly controlled, owned, operated or affiliated with the domain name subject to the original order.

The Committee bill, as reported, is specific that it may not be construed to limit or expand the remedies available under any other Federal or State laws. Further, the legislation specifies that it shall not be construed to enlarge or diminish vicarious contributory liability for any cause of action under title 17, including any limitation on liability under section 512 of title 17.

Finally, the Committee bill, as reported, requires the Attorney General to publish certain procedures, provide certain guidance, and establish certain standards for implementation of this Act. The bill also requires the Secretary of Commerce to report to the Committees on the Judiciary in both the Senate and House on the ability to deploy Domain Name Security Extensions.
II. HISTORY OF THE BILL AND COMMITTEE CONSIDERATION

On June 23, 2010, the Senate Committee on the Judiciary held a hearing on “Oversight of the Office of the Intellectual Property Enforcement Coordinator.” This hearing was attended by Chairman Leahy, Senator Coburn, Senator Franken, Senator Grassley, Senator Hatch, Senator Klobuchar, and Senator Whitehouse. Testifying on Panel I was the Honorable Victoria A. Espinel, Intellectual Property Enforcement Coordinator, Office of Management and Budget. Testifying on Panel II were Barry M. Meyer, Chairman and CEO, Warner Bros. Entertainment Inc.; Paul E. Almeida, President, Department for Professional Employees, AFL-CIO; David Hirschmann, President and CEO, Global Intellectual Property Center, U.S. Chamber of Commerce; and Caroline Bienstock, President and CEO, Carlin America. The following materials were submitted for the record: Letter from the Copyright Alliance to Chairman Leahy dated June 23, 2010, with attachments; statement of James M. Yates; prepared statement of Victoria A. Espinel; prepared statement of Barry M. Meyer; prepared statement of Paul E. Almeida; prepared statement of David Hirschmann; and prepared statement of Caroline Bienstock.

On September 20, 2010, Senator Leahy introduced the Combating Online Infringement and Counterfeits Act, S. 3804, along with Senator Hatch. Senator Bayh, Senator Durbin, Senator Feinstein, Senator Klobuchar, Senator Kohl, Senator Schumer, Senator Voinovich, and Senator Whitehouse were original cosponsors of the bill. Senator Alexander, Senator Cardin, Senator Coburn, Senator Gillibrand, Senator Graham, Senator Grassley, Senator Inhofe, Senator McCaskill, and Senator Menendez joined as cosponsors. This bill was referred to the Senate Committee on the Judiciary.

The following persons or groups submitted letters or releases of support for the Combating Online Infringement and Counterfeits Act: Co-Chairs of the National Association of Attorneys General Intellectual Property Committee, A.G. Jim Hood of Mississippi and A.G. Rob McKenna of Washington; The United States Chamber of Commerce; The Vermont Chamber of Commerce; The International Brotherhood of Teamsters; The American Federation of Television and Radio Artists; The Directors Guild of America; The International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists, and Allied Crafts of the United States, Its Territories, and Canada; The Screen Actors Guild; The California Teamsters Union; The Writers Guild of America, West; The Romance Writers of America; The International Brotherhood of Electrical Workers; The Bakery, Confectionery, Tobacco Workers, and Grain Millers International Union; Building and Construction Trades Department, AFL-CIO; The International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers, and Helpers, AFL-CIO; Communication Workers of America; International Association of Fire Fighters; International Union of Painters and Allied Trades; The American Federation of Musicians; Commercial Photographers International / Society of Sports and Event Photographers; Professional Photographers of America / Student Photographic Society; The Motion Picture Association of America; The Recording Industry Association of America; The National Music Publishers Association; The Entertainment Software Association;
The bill was on the agenda for the September 23, 2010 business meeting, but was held over. On November 18, 2010, the Committee on the Judiciary considered S. 3804. Senator Leahy offered a substitute amendment, which was adopted by unanimous consent. That was the only amendment considered during this debate. Senator Coburn submitted a statement for the record that indicated certain Internet service providers, search engines, Federal agencies in charge of intellectual property enforcement, and other interested parties had outstanding concerns over some provisions in the legislation, and noted the need for further discussion of those issues in the form of a hearing prior to the final passage of the legislation.

The Committee then voted to report the Combating Online Infringement and Counterfeits Act, with an amendment in the nature of a substitute, favorably to the Senate. The Committee proceeded by roll call vote as follows:

Yea (19) : Leahy (D–VT), Kohl (D–WI), Feinstein (D–CA), Feingold (D–WI), Specter (D–PA), Schumer (D–NY), Durbin (D–IL), Cardin (D–MD), Whitehouse (D–RI), Klobuchar (D–MN), Franken (D–MN), Coons (D–DE), Sessions (R–AL), Hatch (R–UT), Grassley (R–IA), Kyl (R–AZ), Graham (R–SC), Cornyn (R–TX), Coburn (R–OK).

Nay (0).
III. SECTION-BY-SECTION SUMMARY OF THE BILL

Section 1. Short title

This section provides that the legislation may be cited as the “Combating Online Infringement and Counterfeits Act”.

Section 2. Internet sites dedicated to infringing activities

Subsection (a). This subsection provides the definition for an Internet site that is “dedicated to infringing activities”. Under this definition, an Internet site is “dedicated to infringing activities” if it falls into one of two categories. The first category is an Internet site that would otherwise satisfy the criteria for criminal infringement because it constitutes property that is subject to forfeiture under section 2323 of title 18 (subsection (a)(1)(A)). The second category is an Internet site that is primarily designed, has no demonstrable commercially significant purpose, or is marketed by its operator to offer infringing goods and services, or counterfeit products (subsection (a)(1)(B)(i)), and those activities are the central activities of the Internet site accessed through the domain name that is the subject of the action (subsection (a)(1)(B)(ii)). A domain name is defined under section 45 of the Lanham Act, as the “alphabetic designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.”

Subsection (b). This subsection provides the Attorney General with the authority to seek a temporary restraining order, preliminary injunction, or injunction against a domain name property that is determined to be “dedicated to infringing activities” in an action commenced under subsection (c).

Subsection (c). This subsection provides the Attorney General with the authority to commence an in rem action against a domain name used by an Internet site that is “dedicated to infringing activities.” This subsection specifies that the action must be brought in the judicial district where the domain name registrar or registry is located, or alternatively in the District of Columbia if neither the registrar nor the registry are located in the United States.

Subsection (d)(1). This subsection outlines criteria to be used to determine a domain name’s situs in an in rem action where either the registrar or registry is located or doing business in a judicial district within the United States, or where documents sufficient to establish control and authority regarding the disposition of registration are located in a judicial district within the United States.

Subsection (d)(2). This subsection provides grounds under which the Department of Justice may bring an action in the District of Columbia to prevent and restrain importation into the United States of infringing goods and services, even if the registry and registrar for the domain name are not located in the United States. Such an action requires that the domain name be used by users within the U.S. to access the Internet site, that the Internet site conducts business directed to residents of the U.S., and that the Internet site harms holders of U.S. intellectual property rights.

Subsection (e). This subsection authorizes a Federal law enforcement officer to deliver a copy of the court order to a domain name registrar or registry (subsection (e)(1)), an Internet services pro-
vider (subsection (e)(2)(B)(i)), a financial transaction provider (subsection (e)(2)(B)(ii)), and an Internet advertising network service (subsection (e)(2)(B)(iii)). The subsection prescribes the action that the respective party must take upon receipt of the order. This subsection further provides the entity taking action under this subsection with immunity from any related causes of action (subsection (e)(5)).

Subsection (f). This subsection requires the Attorney General to inform the IPEC and other law enforcement agencies of any order issued under this section, and requires the IPEC to post the domain name against which an order has been issued, along with other relevant information, on a publicly available Internet site.

Subsection (g). This subsection provides the Attorney General with the authority to bring an action against a party that knowingly and willfully fails to comply with an order delivered under subsection (e). This subsection further provides that a showing by the defending party that it does not have the technical means to comply with an issuance of the order serves as a defense to an action brought under this subsection to the extent that it causes the inability to comply.

Subsection (h)(1). This subsection authorizes the Attorney General to seek a modification of the court order to include an additional domain name(s) where an Internet site that is “dedicated to infringing activities” is able to be accessed by that different domain name(s). This subsection addresses the problem of an Internet site that is “dedicated to infringing activities” otherwise reemerging under a different domain name to avoid the implications of an order that is issued against it.

Subsection (h)(2). This subsection authorizes the defendant or owner or operator of the domain name to seek a modification, suspension or vacation of the court order where the Internet site associated with the domain name is no longer dedicated to infringing activities, or where the interests of justice require.

Subsection (h)(3). This subsection authorizes a party to move for dismissal of the court order where the domain name has been deleted following expiration of its registration, and has been re-registered by a different party.

Subsection (i). This subsection is a savings clause to ensure that this Act is not construed to limit or expand other civil or criminal remedies available under current Federal or State law, or to enlarge or diminish vicarious or contributory liability under title 17, United States Code.

Section 3. Required actions by the attorney general

This section requires the Attorney General to publish procedures and provide guidance to carry out the activities of this section in coordination with those harmed by the illegal activity, as well as other law enforcement agencies.

Section 4. Report

This section requires the Secretary of Commerce to study and report to Congress on this legislation’s impact on the ability of an entity described in section 2(e) to effectively use Domain Name System Security Extensions.
IV. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974 was not available for inclusion in this report. The estimate will be printed in either a supplemental report or the Congressional Record when it is available.

V. REGULATORY IMPACT EVALUATION

In compliance with rule XXVI of the Standing Rules of the Senate, the Committee finds that no significant regulatory impact will result from the enactment of S. 3804.

VI. CONCLUSION

The Combating Online Infringement and Counterfeits Act will provide the Justice Department with an important new mechanism for combating online piracy and the sale of counterfeit goods.

VII. CHANGES TO EXISTING LAW MADE BY THE BILL, AS REPORTED

Pursuant to paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee finds no changes in existing law made by S. 3804, as ordered reported.

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