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CONTENTS

Shaking Out the “Shakedown”: Pre-Discovery Dismissal of Copyright Infringement Cases After Comparison of the Works at Issue <i>Evan Brown</i>	69
Trouble for Trolling: Courts Reject Copyright Trolling Tactics <i>Megan Haslach</i>	93
Criminal Defenses to Anti-Circumvention Charges for Modifying Video Game Consoles <i>Peter Dang</i>	105
Can You Hear Me Now? The Race to Provide America with Universal, High-Speed Wireless Coverage <i>Dina Neda Rezvani</i>	115

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SHAKING OUT THE “SHAKEDOWNS”:
PRE-DISCOVERY DISMISSAL OF COPYRIGHT
INFRINGEMENT CASES AFTER COMPARISON
OF THE WORKS AT ISSUE

*Evan Brown**

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ABSTRACT

In an era of copyright trolling, digital distribution, and widespread reappropriation of creative works, the specter of “shakedown” copyright infringement litigation looms larger than ever before. Some plaintiffs will hold the prospect of expensive and time-consuming discovery over alleged infringers to provoke settlement. In the wake of the Supreme Court’s decisions in Bell Atlantic Corp. v. Twombly and Ashcroft v. Iqbal, courts are more likely to consider the costs and time requirements of discovery when considering a defendant’s 12(b)(6) motion to dismiss. Several courts have recently indicated a willingness to grant motions to dismiss in copyright infringement cases when discovery is unlikely to produce material evidence. This Article examines the circumstances under which pre-discovery dismissal is likely to be granted, the courts’ reasoning for granting dismissal in such cases, and the potential effects on copyright infringement litigation.

* Evan Brown, University of Washington, Class of 2014. Special thanks to Professors Zahr Said and Lea Vaughn of the University of Washington School of Law, and to Robert F. Sinclair, Nick Kajka, and Caitlin Forsyth for their helpful edits and suggestions.

TABLE OF CONTENTS

Introduction.....	70
I. Pre-Discovery Dismissal Generally.....	71
A. Procedural Considerations.....	71
B. Standard for Dismissal.....	75
II. Pre-Discovery Dismissal of Copyright Infringement Cases	77
A. Challenges to Prima Facie Showing of Infringement.....	78
1. Copying.....	78
2. Substantial Similarity	79
B. Affirmative Defenses.....	82
III. Case Studies in Pre-Discovery Dismissal	84
IV. The Costs of Pre-Discovery Comparison	88
Conclusion	90
Practice Pointers.....	91

INTRODUCTION

In an era when costly copyright infringement suits are often initiated to provoke settlements, pre-discovery dismissal is appealing to defendants and courts alike. Pleading rules previously made it difficult to convince a judge to dismiss the case before discovery was allowed, but in the wake of the Supreme Court's groundbreaking decisions in *Bell Atlantic Corp. v. Twombly* and *Ashcroft v. Iqbal*, certain types of copyright infringement suits are excellent candidates for pre-discovery dismissal. In particular, cases in which the court need only compare works of authorship to determine whether the plaintiff's claims are plausible. Such cases can be appropriately controlled with pre-discovery dispositive motions. Yet such motions will usually require courts to interpret and compare works, a task that carries certain costs.

This Article examines the circumstances under which a court is likely to consider dismissal of a copyright infringement case without discovery or trial and the pitfalls defendants may face in moving to dismiss. Part I describes the procedure and standards for pre-discovery dismissal. Part II explains how defendants in copyright infringement cases should challenge the elements of a prima facie case for infringement and prevail on defenses to infringement on a motion to dismiss. Part III presents four cases

that illustrate an emerging trend toward pre-discovery dismissal of infringement cases in certain circumstances, particularly where comparison of works is sufficient to resolve the claims and the suit appears calculated to provoke settlement. Finally, Part IV introduces some of the procedural problems presented by pre-discovery dismissal based on judicial comparison of works.

I. PRE-DISCOVERY DISMISSAL GENERALLY

The *Twombly* standard has given courts the opportunity to more easily resolve cases at a very early stage in the litigation process. Defendants who wish to avoid discovery can move to dismiss or request judgment on the pleadings where additional evidence will prove immaterial. The primary vehicle for dismissal is a Rule 12(b)(6) motion to dismiss for failure to state a claim, but motions for judgment on the pleadings and even motions for summary judgment may accomplish the same result in certain cases. Because the plausibility standard requires plaintiffs to plead allegations that illustrate what sort of evidence will be necessary to resolve the claims, pre-discovery dismissal has become a feasible strategy.

A. Procedural Considerations

A defendant who hopes to avoid the expense and inconvenience of discovery can either move for dismissal before filing the responsive pleading or move for judgment on the pleadings. If the defendant has no need to plead additional facts, a motion to dismiss for failure to state a claim is appropriate.² If a response has been filed, the defendant can instead move for judgment on the pleadings, pursuant to Rule 12(c).³ If the moving party relies on information not included in the filed pleadings, the court will convert the motion to dismiss to a motion for summary judgment. Such a conversion is important to a defendant seeking to avoid discovery, because discovery requests are allowed as part of

² Fed. R. Civ. P. 12(b)(6).

³ Fed. R. Civ. P. 12(c).

a motion for summary judgment.⁴ However, the court has discretion to grant or deny any such discovery request. Thus, pre-discovery dismissal requires a successful 12(b)(6) or 12(c) motion, or a successful argument at the summary judgment stage that discovery is unnecessary.

A 12(b)(6) motion to dismiss tests the plaintiff's claim against the facts alleged in the complaint to determine whether the case can succeed. One important advantage of a 12(b)(6) motion is that the defendant can potentially end the suit without even responding to the complaint. A major drawback, however, is that the defendant cannot argue facts extrinsic to the complaint.⁵ Thus, affirmative defenses generally cannot be raised on a 12(b)(6) motion.⁶ There is, however, an important exception to this general rule: If the complaint includes all facts necessary for the defendant to "conclusively establish" the defense, it may be raised.⁷ As the First Circuit described the exception, "dismissal . . . is appropriate when the face of the complaint clearly reveals the existence of a meritorious affirmative defense."⁸ That is, the complaint must include all facts necessary for the defendant to establish every

⁴ Fed. R. Civ. P. 56(d)(2). Further, a non-movant who believes he was denied an opportunity to conduct necessary discovery prior to summary judgment may appeal on grounds that summary judgment was premature. *Vance By & Through Hammons v. United States*, 90 F.3d 1145, 1148 (6th Cir. 1996) ("The general rule is that summary judgment is improper if the non-movant is not afforded a sufficient opportunity for discovery."); *but see* *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 628 (6th Cir. 2002) (holding in a trade dress infringement case that denial of a discovery request aimed at producing unnecessary evidence was not error).

⁵ *E.g.*, *Pegasus Holdings v. Veterinary Centers of America, Inc.*, 38 F. Supp.2d 1158, 1159–60 (C.D.Cal.1998).

⁶ *United States v. Lewis*, 411 F.3d 838, 842 (7th Cir. 2005).

⁷ *In re Colonial Mortgage Bankers Corp.*, 324 F.3d 12, 16 (1st Cir. 2003).

⁸ *Brooks v. City of Winston-Salem, N.C.*, 85 F.3d 178, 181 (4th Cir. 1996); *accord* *C.H. Robinson Worldwide, Inc. v. Lobrano*, 695 F.3d 758, 763 (8th Cir. 2012); *Bingham v. Thomas*, 654 F.3d 1171, 1175 (11th Cir. 2011); *Iowa Pub. Employees' Ret. Sys. v. MF Global, Ltd.*, 620 F.3d 137, 145 (2d Cir. 2010); *Riverview Health Inst. LLC v. Med. Mut. of Ohio*, 601 F.3d 505, 512 (6th Cir. 2010); *Santana-Castro v. Toledo-Davila*, 579 F.3d 109, 113 (1st Cir. 2009); *Victaulic Co. v. Tieman*, 499 F.3d 227, 234 (3d Cir. 2007); *United States v. Lewis*, 411 F.3d 838, 842 (7th Cir. 2005); *Leveto v. Lapina*, 258 F.3d 156, 161 (3d Cir. 2001); *Pentagen Technologies Int'l Ltd. v. United States*, 175 F.3d 1003, 1005 (Fed. Cir. 1999).

element of the defense.⁹ Statute of limitations or immunity defenses are often raised pursuant to this exception,¹⁰ but the exception can also be invoked to assert copyright defenses like fair use.¹¹

Documents and other works, usually central to copyright infringement cases, can be included among the facts of the complaint in several ways. The plaintiff can incorporate documents into the complaint by attachment.¹² The court can also take judicial notice of matters of public record and common public knowledge.¹³ Most importantly, the defendant can ask the court to incorporate by reference works that are central to the allegations in the complaint but have not been attached, so long as there are not material issues of fact relating to their authenticity.¹⁴ A court is

⁹ A plaintiff is not required to anticipate affirmative defenses and plead facts sufficient to defeat them. Only if the elements of the affirmative defense can be established from the factual allegations in the complaint can it be raised on a 12(b)(6) motion. *Goodman v. Praxair, Inc.*, 494 F.3d 458, 466 (4th Cir. 2007). The *Twombly* decision did not alter this requirement. *Id.*

¹⁰ *Brownmark Films, LLC v. Comedy Partners*, 682 F.3d 687 (7th Cir. 2012); *see also* *Righthaven LLC v. Realty One Group, Inc.*, 2:10-CV-1036-LRH-PAL, 2010 WL 4115413 (D. Nev. Oct. 19, 2010).

¹¹ *See* *Brownmark*, 682 F.3d at 690.

¹² Fed. R. Civ. P. 10(c); *see also, e.g.*, *Peter F. Gaito Architecture, LLC v. Simone Dev. Corp.*, 602 F.3d 57, 64 (2d Cir. 2010); *McCready v. eBay, Inc.*, 453 F.3d 882, 891 (7th Cir. 2006); *Hal Roach Studios, Inc. v. Richard Feiner & Co., Inc.*, 896 F.2d 1542, 1555, n.19 (9th Cir. 1989); *Amfac Mortg. Corp. v. Arizona Mall of Tempe, Inc.*, 583 F.2d 426, 429 (9th Cir. 1978).

¹³ Fed. R. Evid. 201(c)(2); *Mir v. Little Co. of Mary Hosp.*, 844 F.2d 646, 649 (9th Cir. 1988); *MGIC Indem. Corp. v. Weisman*, 803 F.2d 500, 504 (9th Cir. 1986). Note that judicial notice may also be taken of “generic elements of creative works,” *Zella v. E.W. Scripps Co.*, 529 F. Supp. 2d 1124, 1128 (C.D. Cal. 2007), publicly accessible works, *Hendrickson v. eBay, Inc.*, 165 F. Supp. 2d 1082, 1084, n.2 (C.D. Cal. 2001), and even well-known songs, *Burnett v. Twentieth Century Fox*, 491 F. Supp. 2d 962, 966 (C.D. Cal. 2007).

¹⁴ *E.g.*, *Ouwinga v. Benistar 419 Plan Services, Inc.*, 694 F.3d 783, 797 (6th Cir. 2012); *Citadel Group Ltd. v. Washington Reg'l Med. Ctr.*, 692 F.3d 580, 591 (7th Cir. 2012); *Greenpack of Puerto Rico, Inc. v. Am. President Lines*, 684 F.3d 20, 26 (1st Cir. 2012); *Kensington Volunteer Fire Dept., Inc. v. Montgomery County, Md.*, 684 F.3d 462, 467 (4th Cir. 2012); *Lee v. City of Los Angeles*, 250 F.3d 668, 688 (9th Cir. 2001); *Parrino v. FHP, Inc.*, 146 F.3d 699, 705 (9th Cir. 1998); *but see* *Gines v. D.R. Horton, Inc.*, 12-30183, 2012 WL 4902809 (5th Cir. Oct. 17, 2012) (stating that the “one recognized

especially likely to grant such a request to incorporate when the work is all that is necessary for the court to consider whether the complaint states a valid claim.¹⁵ Many district courts have held that works at issue in a copyright infringement case are good candidates for such incorporation by the defendant,¹⁶ and at least one circuit court has written approvingly of liberally applying the incorporation by reference doctrine in copyright infringement cases.¹⁷

Of course, affirmative defenses can also be raised in the defendant's responsive pleading. If this is necessary, pre-discovery dismissal is still possible through a 12(c) motion for judgment on the pleadings.¹⁸ Any works at issue may be attached to the responsive pleading. This may be a useful tactic if the defendant wishes to assert defenses, like fair use, that can benefit from information not contained in the complaint, including other works not obviously at the heart of the claims. As with a 12(b)(6) motion, if information extrinsic to the pleadings is necessary or if documents external to the pleadings are attached, the court will convert the motion to one for summary judgment. A court may effectively convert the motion even if the pleadings contain all necessary evidence.¹⁹

exception" to the rule that external documents may not be considered as part of a 12(b)(6) motion was for documents incorporated by reference).

¹⁵ *Cortec Indus., Inc. v. Sum Holding L.P.*, 949 F.2d 42, 47 (2d Cir. 1991) (“[W]hen a plaintiff chooses not to attach to the complaint or incorporate by reference a prospectus upon which it solely relies and which is integral to the complaint, the defendant may produce the prospectus when attacking the complaint for its failure to state a claim, because plaintiff should not so easily be allowed to escape the consequences of its own failure.”).

¹⁶ *Erickson v. Blake*, 839 F. Supp. 2d 1132, 1134 (D. Or. 2012); *Campbell v. Walt Disney Co.*, 718 F. Supp. 2d 1108, 1111 (N.D. Cal. 2010); *Chambers v. Time Warner, Inc.*, 282 F.3d 147, 153 (2d Cir. 2002); *Int'l Audiotext Network, Inc. v. Am. Tel. & Tel. Co.*, 62 F.3d 69, 72 (2d Cir. 1995); *Canal Image UK Ltd. v. Lutvak*, 773 F. Supp. 2d 419, 427 (S.D.N.Y. 2011); *Zella*, 529 F. Supp. 2d at 1131–32; *Daly v. Viacom*, 238 F. Supp. 2d 1118, 1121–22 (N.D. Cal. 2002).

¹⁷ *Brownmark Films, LLC v. Comedy Partners*, 682 F.3d 687, 691 (7th Cir. 2012) (noting in dictum that incorporation of works like television programs, which cannot be physically attached as documents, “makes eminently good sense”).

¹⁸ Fed. R. Civ. P. 12(c).

¹⁹ *E.g.*, *Swatch Group Mgmt. Services Ltd. v. Bloomberg L.P.*, 11 CIV. 1006 AKH, 2012 WL 1759944 (S.D.N.Y. May 17, 2012).

If a Rule 12 motion is converted to a motion for summary judgment, the court must provide notice to the parties and an opportunity to present evidence consistent with FRCP 56.²⁰ As noted above, the court may entertain discovery requests in conjunction with a motion for summary judgment,²¹ but any requests should be denied if evidence sufficient to dispose of the case is already in front of court.²² This is especially true in the case of converted Rule 12 motions.²³ Courts are also likely to deny discovery requests that are unduly burdensome under the circumstances.²⁴ Thus, depending on the circumstances of the case and the facts already before the court, a converted motion for summary judgment may not present major practical distinction from either a 12(b)(6) or 12(c) motion.²⁵

B. Standard for Dismissal

Prior to the Supreme Court’s ruling in *Twombly*, a court would only grant pre-discovery dismissal when it was “beyond doubt that the plaintiff [could] prove no set of facts in support of his claim which would entitle him to relief.”²⁶ This standard required that it

²⁰ Fed. R. Civ. P. 56(c); *In re G. & A. Books, Inc.*, 770 F.2d 288, 295 (2d Cir. 1985), *cert. denied*, 475 U.S. 1015, 106 S. Ct. 1195, 89 L. Ed. 2d 310 (1986).

²¹ Compare Fed. R. Civ. P. 26(d)(1) (“A party may not seek discovery from any source before the parties have conferred as required by Rule 26(f), except . . . when authorized by these rules”) with Fed. R. Civ. P. 56(b)(2) (“[T]he court may . . . allow time to obtain affidavits or declarations or to take discovery.”); see also *Brownmark*, 682 F.3d at 691.

²² *Brownmark*, 682 F.3d at 691 (“District courts need not, and indeed ought not, allow discovery when it is clear that the case turns on facts already in evidence.”)

²³ *Swatch Group Mgmt. Services Ltd. v. Bloomberg L.P.*, 11 CIV. 1006 AKH, 2012 WL 1759944 (S.D.N.Y. May 17, 2012).

²⁴ *Brownmark*, 682 F.3d at 691.

²⁵ *Hamilton Materials, Inc. v. Dow Chem. Corp.*, 494 F.3d 1203, 1207 (9th Cir. 2007) (“Federal Rule of Civil Procedure 12(b)(6) specifically gives courts the discretion to accept and consider extrinsic materials offered in connection with these motions, and to convert the motion to one for summary judgment when a party has notice that the district court may look beyond the pleadings.”)

²⁶ *Conley v. Gibson*, 355 U.S. 41, 45–6, 78 S. Ct. 99, 2 L. Ed. 2d 80 (1957).

be *impossible* for the plaintiff to prove his case on the basis of the allegations made in the complaint, making pre-discovery dismissal very difficult.²⁷ The *Twombly* decision lowered the bar for defendants, requiring that plaintiffs plead sufficient factual circumstances to make the claim *plausible*.²⁸ Prior to the *Twombly* decision, a defendant had to show impossibility in order to prevail on a motion to dismiss; after *Twombly*, a defendant need only establish implausibility.

The Court's reasoning in *Twombly* relied heavily on its assessment that judicial management of the discovery process was often an inadequate check on abusive discovery in antitrust suits.²⁹ Justice will often prove elusive if "the threat of discovery expense will push cost-conscious defendants to settle even anemic cases before reaching those proceedings," and such a situation actually incentivizes unmeritorious claims. In order to better protect defendants from the threat of unduly burdensome discovery requests, the Court determined that the complaint must push the claims "across the line from conceivable to plausible."³⁰

As interpreted by the Ninth Circuit, this standard should be applied "such that it is not unfair to require the opposing party to be subjected to the expense of discovery and continued litigation."³¹ The Supreme Court clarified in *Iqbal* that the plausibility standard applied to all civil actions,³² but the warning of *Twombly* was that courts should scrutinize plausibility when claims are especially prone to abusive litigation.

²⁷ See, e.g., *Chosun Int'l, Inc. v. Chrisha Creations, Ltd.*, 413 F.3d 324, 328 (2d Cir. 2005) (vacating dismissal because the plaintiff might prove validity of copyright on several possible grounds, and noting that the court could properly determine a lack of validity as a matter of law "at any of several later stages").

²⁸ *Ashcroft v. Iqbal*, 556 U.S. 662, 678, 129 S. Ct. 1937, 173 L. Ed. 2d 868 (2009); *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570, 127 S. Ct. 1955, 167 L. Ed. 2d 929 (2007).

²⁹ *Twombly*, 550 U.S. at 559 ("It is no answer to say that a claim just shy of a plausible entitlement to relief can, if groundless, be weeded out early in the discovery process through 'careful case management,' [citation omitted] given the common lament that the success of judicial supervision in checking discovery abuse has been on the modest side.")

³⁰ *Id.*, at 570.

³¹ *Starr v. Baca*, 652 F.3d 1202, 1216 (9th Cir. 2011), *cert. denied*, 132 S. Ct. 2101, 182 L. Ed. 2d 882 (U.S. 2012).

³² *Iqbal*, 556 U.S. at 664.

Courts have long viewed copyright infringement cases as prone to abuse because plaintiffs are often simply trying to cash in on the success of a later work to which they did not directly contribute.³³ This has become an even larger problem with the emerging trend of copyright trolling—purchasing copyrights from the original holders in order to enforce them against infringers for profit.³⁴ The Seventh Circuit noted that “[r]uinous discovery heightens the incentive to settle rather than defend these frivolous suits.”³⁵ This potential for abuse looms large over infringement suits, and courts have begun to take into account the extent that particular claims appear to be shots across the bow intended to provoke surrender in the face of unjustifiable costs.

II. PRE-DISCOVERY DISMISSAL OF COPYRIGHT INFRINGEMENT CASES

There are two situations in which a court may grant dismissal of a copyright infringement claim. First, a defendant may challenge the complaint because a required element of infringement cannot be established on the basis of the averments. Second, a defendant may assert a defense that relies solely on pleaded facts and works before the court. Under certain circumstances, even fair use may be established without need for evidence external to the pleadings.

³³ See, e.g., *Lowenfels v. Nathan*, 2 F. Supp. 73, 80 (S.D.N.Y. 1932) (noting that it is “usual in plagiarism cases” that “obscurity is taking a long shot at success”); *Porto v. Guirgis*, 659 F. Supp. 2d 597, 617 (S.D.N.Y. 2009) (noting that a belated suit of questionable merit against successful filmmakers and producers had “the hallmarks of an abusive lawsuit”).

³⁴ See, e.g., *Third Degree Films v. Does 1-47*, 286 F.R.D. 188 (D. Mass. 2012); *In re BitTorrent Adult Film Copyright Infringement Cases*, CIV.A. 11-3995 DRH, 2012 WL 1570765 (E.D.N.Y. May 1, 2012), *report and recommendation adopted sub nom.*, *Patrick Collins, Inc. v. Doe 1*, 288 F.R.D. 233 (E.D.N.Y. 2012).

³⁵ *Brownmark Films, LLC v. Comedy Partners*, 682 F.3d 687, 691 (7th Cir. 2012).

A. *Challenges to Prima Facie Showing of Infringement*

The most common method for disposing of copyright infringement cases prior to discovery is moving to dismiss because the plaintiff cannot plausibly establish one or more elements of her claim. If any of the elements of copyright infringement cannot be established by the facts as averred in the complaint, a court will dismiss the case for failure to state a valid claim. These elements are (1) registration of copyright, (2) validity of copyright, (3) copying, and (4) substantial similarity between the allegedly infringing work and the copyrighted elements of the original work.³⁶ Challenging registration or validity prior to discovery may be relatively simple in some cases, but the copying and substantial similarity elements will usually require at least comparison of the works.

1. Copying

Copying can be established in two ways: by offering direct proof that the defendant actually copied the copyrighted work, or by offering circumstantial evidence from which the factfinder can infer that copying occurred. The former method requires witness testimony or other evidence, and thus is not suited to pre-discovery dismissal. The latter method allows the court to infer that the defendant copied the plaintiff's copyrighted expression if the plaintiff establishes both (1) that the defendant had access to the work, and (2) that the allegedly infringing work is substantially similar to the copyrighted work.³⁷ The similarity finding generally

³⁶ See Howard B. Abrams, 2 *The Law of Copyright* § 14:6 (2013).

³⁷ *E.g.*, *Wildlife Exp. Corp. v. Carol Wright Sales, Inc.*, 18 F.3d 502, 508 (7th Cir. 1994). Some courts helpfully refer to the substantial similarity portion of a copying analysis as involving “probative similarity” to differentiate it from the substantial similarity evaluation used to determine whether the defendant has appropriated a sufficient amount of the copyrighted work to constitute infringement. *See, e.g.*, *Soc'y of Holy Transfiguration Monastery, Inc. v. Gregory*, 689 F.3d 29, 49 (1st Cir. 2012); *Jorgensen v. Epic/Sony Records*, 351 F.3d 46, 56 (2d Cir. 2003); *Bridgmon v. Array Sys. Corp.*, 325 F.3d 572, n.7 (5th Cir. 2003); *Dam Things from Denmark v. Russ Berrie & Co., Inc.*, 290 F.3d 548, 562 (3d Cir. 2002); *Peel & Co., Inc. v. The Rug Mkt.*, 238 F.3d 391, 394 (5th Cir. 2001); *Ringgold v. Black Entm't Television, Inc.*, 126 F.3d 70, 74 (2d

requires the factfinder to examine the works, treating parallels “that, in the normal course of events, would not be expected to arise independently in the two works” as circumstantial evidence of copying.³⁸

If the plaintiff can provide no direct evidence of copying, a court will dismiss an infringement claim if it determines the works at issue do not exhibit similarities from which a rational jury could infer copying.³⁹ If there are no similarities between the works at all, the determination is relatively simple.⁴⁰ If there are some similarities between the works, the court may still infer lack of copying if it finds that the similarities would not indicate to rational jurors that copying occurred. For example, similarities that extend only to common influences or *scènes à faire* may not lead to rational inferences of copying.⁴¹

2. Substantial Similarity

In addition to possibly considering similarity as circumstantial evidence of copying, the court will assess similarity to determine whether the defendant’s copying is substantial enough to constitute actionable infringement. This similarity determination involves a somewhat different analysis than that required to establish copying, as it requires the court to determine whether a substantial enough portion of the expression protected by copyright has been taken, and thus whether the copying should be considered infringement of that copyright.⁴² The question presented is not

Cir. 1997); *Repp v. Webber*, 132 F.3d 882, n.1 (2d Cir. 1997).

³⁸ *Positive Black Talk, Inc. v. Cash Money Records, Inc.*, 394 F.3d 357, 370 (5th Cir. 2004) (abrogated on other grounds).

³⁹ *Armour v. Knowles*, 512 F.3d 147, 151 (5th Cir. 2007).

⁴⁰ *Arnstein*, 154 F.2d at 468 (“[I]f there are no similarities, no amount of evidence of access will suffice to prove copying.”)

⁴¹ *See, e.g., Smith v. Jackson*, 84 F.3d 1213, 1220 (9th Cir. 1996); *Apple Computer, Inc. v. Microsoft Corp.*, 35 F.3d 1435, 1444 (9th Cir. 1994).

⁴² *Universal Athletic Sales Co. v. Salkeld*, 511 F.2d 904, 907 (3d Cir. 1975) (“While ‘(r)ose is a rose is a rose is a rose,’ substantial similarity is not always substantial similarity.”). However, courts have at times conflated the two analyses. *See, e.g., Shipman v. R.K.O. Radio Pictures*, 100 F.2d 533, 538 (2d Cir. 1938); *Ornstein v. Paramount Productions*, 9 F. Supp. 896, 901 (S.D.N.Y.

whether the similarities can lead a jury to infer anything about the defendant's process of creation; rather, the question is whether the amount and manner of appropriation of copyrighted content is sufficient to constitute infringement. This question is answered primarily by comparing the defendant's work to the protected elements of the plaintiff's work, although expert testimony to provide context or explanation may be relevant. If the defendant copied only unprotected elements—for example, portions of works in the public domain or abstract ideas—there can be no finding of infringement.⁴³ Similarly, if the defendant's use of protected material is clearly *de minimis*, the court should not find infringement.⁴⁴

Substantial similarity is essentially a qualitative factual determination made by comparing the works at issue. The particular method of assessment differs among the circuits, but in all jurisdictions the factfinder must make a determination about an ordinary observer's reactions.⁴⁵ While this sort of determination is particularly well suited to a jury, judges are sometimes willing to find that their own reactions are sufficiently ordinary to stand in for those of any reasonable juror.⁴⁶ Indeed, as far back as 1932, the

1935).

⁴³ *Christianson v. West Pub. Co.*, 149 F.2d 202, 203 (9th Cir. 1945); *Carr v. Nat'l Capital Press*, 71 F.2d 220 (D.C. Cir. 1934).

⁴⁴ *Ringgold v. Black Entm't Television, Inc.*, 126 F.3d 70, 74 (2d Cir. 1997); *DeBitetto v. Alpha Books*, 7 F. Supp. 2d 330, 334 (S.D.N.Y. 1998).

⁴⁵ The appellate courts have developed different approaches to substantial similarity, but each involves some use of an ordinary observer/intended audience test. The Second Circuit's approach, also followed by the Third, Fifth, and Seventh circuits, is to use an "intrinsic test" by which the court decides whether an ordinary observer would apprehend protected elements of the copyrighted work in the defendant's work. The Ninth Circuit approach, used also by the Fourth and Eighth circuits, adds to the intrinsic test an "extrinsic test" by which the court compares elements of the works to determine whether there is "a triable issue of fact." *Shaw v. Lindheim*, 919 F.2d 1353, 1362 (9th Cir. 1990). Finally, the Sixth Circuit uses a somewhat different two-step approach, first determining which elements of the copyrighted work are protected, and then comparing only those elements with the defendant's work under an ordinary observer standard.

⁴⁶ *E.g.*, *Peter F. Gaito Architecture, LLC v. Simone Development Corp.*, 602 F.3d 57, 64, 94 U.S.P.Q.2d 1354 (2d Cir. 2010); *Gal v. Viacom Intern., Inc.*, 403 F. Supp. 2d 294, 305 (S.D.N.Y. 2005); *Segrets, Inc. v. Gillman Knitwave Co.*, 207 F.3d 56, 62 (1st Cir. 2000); *Blakeman v. The Walt Disney Co.*, 613 F.

District Court for the Southern District of New York—no stranger to copyright infringement suits—announced that pre-trial comparison by the judge “should become the usual method of dealing with copyright suits, unless, owing to nice questions of originality or access, oral evidence is indicated as necessary.”⁴⁷ In these cases, the judge’s comparison of the works proves effectively dispositive, often prior to trial.

Yet for some works, substantial similarity cannot be appropriately determined prior to trial. For instance, some courts have held that an understanding of certain types of copyrightable material, particularly computer software, is beyond the realm of ordinary jurors’ experience, and thus expert testimony is necessary to find substantial similarity.⁴⁸ Works intended for specialized audiences will also generally require expert testimony before the factfinder can fully comprehend the implications of any similarities.⁴⁹ In general, though, expert testimony is not required to decide substantial similarity.⁵⁰ In fact, some courts consider expert testimony “not appropriate” to an analysis of an ordinary observer’s response.⁵¹

In order to determine substantial similarity, it is important that the court have before it the all of the works at issue. If it does not, pre-discovery dismissal is inappropriate. For example, a synopsis of the infringing work will not be sufficient, as the court needs

Supp. 2d 288, 298, 91 U.S.P.Q.2d 1637 (E.D.N.Y. 2009).

⁴⁷ *Lowenfels v. Nathan*, 2 F. Supp. 73, 75 (S.D.N.Y. 1932); *accord* *Park v. Warner Bros.*, 8 F. Supp. 37, 39 (S.D.N.Y. 1934); *see also* *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 123 (2d Cir. 1930). Note, however, that these cases predated the development of the modern tests for determining substantial similarity.

⁴⁸ *E.g.*, *Computer Associates Int’l, Inc. v. Altai, Inc.*, 982 F.2d 693, 713 (2d Cir. 1992); *accord* *Peter F. Gaito Architecture*, 602 F.3d at 65.

⁴⁹ *E.g.*, *Dawson v. Hinshaw Music Inc.*, 905 F.2d 731, 737 (4th Cir. 1990); *Kohus v. Mariol*, 328 F.3d 848, 856 (6th Cir. 2003).

⁵⁰ *E.g.*, *Stromback v. New Line Cinema*, 384 F.3d 283, 295 (6th Cir. 2004).

⁵¹ *Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1164 (9th Cir. 1977). Notably, however, this case has been criticized by commentators as confusing the prior case law. *See, e.g.*, Mark A. Lemley, *Our Bizarre System for Proving Copyright Infringement*, 57 J. COPYRIGHT SOC’Y U.S.A. 719 (2010).

further evidence to determine whether the synopsis is truly representative of the full work.⁵² So long as the works are before the court, however, either by attachment to the pleadings or incorporation by reference, wholly dissimilar works or works in which similarity extends only to unprotected elements are good candidates for pre-discovery dismissal.⁵³

B. Affirmative Defenses

An affirmative defense can also be grounds for pre-discovery dismissal, so long as evidence beyond the scope of the filed pleadings is not necessary to fully consider the merits of the defense. If the defense appears on the face of the complaint or is raised in the defendant's answer, the court may consider it. Certain defenses, like the statute of limitations, may lend themselves well to pre-discovery dismissal but are unlikely to appear on the face of the complaint. Other defenses, like laches, estoppel, and abandonment, will almost certainly necessitate introduction of evidence external to the pleadings. Fair use, the most prevalent infringement defense, often also requires additional evidence to establish. Under certain circumstances, however, fair use may be considered to appear on the face of the complaint if the works can be incorporated and if the complaint indicates no external evidence will be material. In such cases, comparison of the works may be all that is necessary for the court to resolve the issue of fair use.

Fair use has long been viewed as generally unsuitable to pre-discovery motions.⁵⁴ In analyzing fair use, courts attempt to determine whether the defendant's use of the plaintiff's work was non-competitive or transformative enough to justify a non-permissive use, in which case otherwise infringing copying may be permissible. Normally, courts accomplish this by using the

⁵² See *Dellar v. Samuel Goldwyn, Inc.*, 104 F.2d 661, 662 (2d Cir. 1939).

⁵³ See *Cory Van Rijn, Inc. v. California Raisin Advisory Bd.*, 697 F. Supp. 1136, 1137 (E.D. Cal. 1987); *Lake v. Columbia Broadcasting System*, 140 F. Supp. 707, 708 (S.D. Cal. 1956); *Lewis v. Kroger Co.*, 109 F. Supp. 484, 485 (S.D.W. Va. 1952); *Lowenfels*, 2 F. Supp. at 74.

⁵⁴ *E.g.*, *Dellar v. Samuel Goldwyn, Inc.*, 104 F.2d 661, 662 (2d Cir. 1939) (Hand, J.) (“[T]he issue of fair use . . . is the most troublesome in the whole law of copyright, and ought not to be resolved in cases where it may turn out to be moot, unless the advantage is very plain.”).

balancing test outlined in 17 U.S.C. § 107, weighing at least (1) the purpose and character of the use, (2) the nature of the copyrighted work, (3) the amount and substantiality of the portion used in relation to the entirety of the copyrighted work, and (4) the effect of the use on the market for the copyrighted work. Such a balancing test is poorly suited to pre-discovery dismissal in most cases. In particular, the fourth factor can be heavily dependent on the evidence presented by the parties.

Whether dismissal on fair use grounds is appropriate will hinge on whether the complaint includes allegations from which the court can infer that other evidence is reasonably likely to have an impact on the fair use analysis.⁵⁵ For example, if the plaintiff has alleged actual economic harm or facts indicating potential future harm, pre-discovery dismissal on fair use grounds will probably not be appropriate. In such a case, the court is highly unlikely to find that the fair use defense appears on the face of the complaint, and a motion for judgment on the pleadings would probably prove futile. In many cases, all elements other than market effect are clear after comparing the works and considering the factual allegations made in the complaint.

Parody, a classic but legally complicated transformational use, provides an illustrative example of the issues associated with fair use. Usually, the analysis will hinge on the third and fourth fair use factors—the amount and substantiality of the defendant’s copying, and the effect on the market for the plaintiff’s work.⁵⁶ In fact, the factors are often melded when courts examine parodies, since a parody will only be found to have copied an impermissible amount of the copyrighted work if it is likely to be a “market substitute.”⁵⁷ If it is not a market substitute, it is very difficult to prove market

⁵⁵ *Brownmark Films, LLC v. Comedy Partners*, 682 F.3d 687, 691 (7th Cir. 2012); *see also* *Scheuer v. Rhodes*, 416 U.S. 232, 236, 94 S. Ct. 1683, 1686, 40 L. Ed. 2d 90 (1974) (“When a federal court reviews the sufficiency of a complaint . . . [t]he issue is not whether a plaintiff will ultimately prevail but whether the claimant is entitled to offer evidence to support the claims.”).

⁵⁶ *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 588, 114 S. Ct. 1164, 1176, 127 L. Ed. 2d 500 (1994); MARSHALL A. LEAFFER, *UNDERSTANDING COPYRIGHT LAW*, 515 (5th ed. 2010).

⁵⁷ *Campbell*, 510 U.S. at 588.

impact.⁵⁸ Further, if the effect of the parody on demand for the copyrighted work is clearly or admittedly neutral at worst and positive at best, the court may be willing to find fair use without further evidence.⁵⁹ If these factors can be clearly resolved by the court without further evidence, the court may well dismiss the case.⁶⁰ These considerations will be especially important to a court considering fair use as a matter of law prior to discovery.

III. CASE STUDIES IN PRE-DISCOVERY DISMISSAL

Four cases decided within the last several years may serve as guideposts for understanding when a court is likely to dismiss a copyright infringement case in the post-*Twombly/Iqbal* era. Both the District Court⁶¹ and Seventh Circuit⁶² opinions in *Brownmark Films, LLC v. Comedy Partners* are instructive, as they showcase the issues associated with the incorporation of works and the determination of whether a defense appears on the face of the complaint when works are so incorporated. On the other hand, the 2008 Sixth Circuit case of *National Business Development Services, Inc. v. American Credit Education & Consulting Inc.* illuminates the potential for dismissal when the plaintiff fails to describe the works at issue with sufficient specificity to allow for incorporation. In the 2010 case *Righthaven LLC v. Realty One Group, Inc.*, a District Court dismissed an infringement case by a copyright troll company on fair use grounds, which may be indicative of how courts will treat similar cases. Finally, the 2010 Second Circuit case *Peter F. Gaito Architecture, LLC v. Simone Development Corp.* exemplifies the type of case that a court is likely to consider ripe for substantial similarity analysis at the 12(b)(6) stage. These cases illustrate the sorts of procedural, factual, and equitable scenarios in which courts may be inclined to

⁵⁸ *Id.* at 591–2 (“[W]hen a lethal parody, like a scathing theater review, kills demand for the original, it does not produce a harm cognizable under the Copyright Act.”)

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ *Brownmark Films, LLC v. Comedy Partners*, 800 F. Supp. 2d 991 (E.D. Wis. 2011).

⁶² *Brownmark Films, LLC v. Comedy Partners*, 682 F.3d 687 (7th Cir. 2012).

dismiss infringement claims.

The District Court’s opinion in *Brownmark* illustrates the difficulties that can arise when attempting to determine whether evidence external to the pleadings is necessary when the works at issue are appropriately before the court.⁶³ The plaintiffs, creators of a viral YouTube video, sued the producers of the television comedy show *South Park* for parodying the video in an episode. The complaint alleged that the defendants had infringed by including the parody in the episode and it did not allege any separate incidents of infringement—for example, in advertisements or other promotional materials—despite having opportunities to amend both before and after the defendants moved to dismiss. The episode was thus central to the claim and could be attached to the motion to dismiss. The plaintiff’s copyrighted video was similarly incorporated by reference. Once both works were before the court, the judge decided that all of the standard fair use factors could be analyzed without additional evidence: the video was clearly a commercially released parody, the defendant had not taken more of the copyrighted work than was reasonably necessary to accomplish its purpose, and the parody was not similar enough to the original to usurp market demand. The court thus ruled that no further evidence would help the plaintiff prevail against the defense of fair use.⁶⁴

The Seventh Circuit affirmed, conspicuously commenting that “infringement suits are often baseless shakedown.”⁶⁵ The court approved of the resolution through comparison, but held that the motion to dismiss should have been treated as one for summary judgment. Still, the court saw no need to remand since it believed that any discovery requests would simply have been denied and failure to provide notice of conversion was irrelevant because the

⁶³ *Brownmark*, 800 F. Supp. 2d at 998.

⁶⁴ *Id.*. At least one court has distinguished *Brownmark* on this basis, implying that if a plaintiff raises factual allegations that indicate that other evidence may impact one or more of the fair use factors, mere comparison of the works will be insufficient grounds for dismissal before the plaintiff has an opportunity to offer such evidence. *Katz v. Chevaldina*, 900 F. Supp. 2d 1314, 1316–7 (S.D. Fla. Oct. 5, 2012).

⁶⁵ *Brownmark*, 682 F.3d at 691 (7th Cir. 2012).

plaintiff could not have offered any contrary evidence. Under the circumstances, the court found no effective difference between the two types of motions since comparison so clearly established fair use. In its estimation, all that was required to dispose of the case were the works themselves, whether they were incorporated by reference or offered on motion for summary judgment. By describing the works at issue in the complaint with particularity, but without pleading facts that made additional evidence necessary, the plaintiff had opened itself to dismissal without discovery.

Yet if a plaintiff fails to describe the infringing works with sufficient particularity, closing the door on pre-discovery comparison, the court may simply dismiss the case for failure to meet the plausibility standard. In *National Business Development Services*, the Sixth Circuit affirmed dismissal on grounds that the case was nothing more than a fishing expedition intended to uncover implausible acts of infringement through unnecessary discovery.⁶⁶ The plaintiff had sued thirteen defendants for infringement but described only in the most general terms the types of publications that allegedly infringed its copyrighted materials. The court held that such allegations were insufficient under the *Twombly* standard, noting also that “[c]opyright infringement . . . lends itself readily to abusive litigation, since the high cost of trying such a case can force a defendant who might otherwise be successful in trial to settle in order to avoid the time and expenditure of a resource intensive case.”⁶⁷

Courts may be especially sensitive to cases involving copyright trolls. In *Righthaven*, the court considered whether a real estate blogger’s use of a portion of a newspaper article constituted fair use.⁶⁸ Plaintiff Righthaven, “the first copyright troll,”⁶⁹ had purchased the copyright to the article from the newspaper after the defendant had published the reproduced portion. Instead of settling

⁶⁶ Nat’l Bus. Dev. Services, Inc. v. Am. Credit Educ. & Consulting Inc., 299 F. App’x 509, 512 (6th Cir. 2008).

⁶⁷ *Id.* at 512.

⁶⁸ Righthaven LLC v. Realty One Group, Inc., 2:10-CV-1036-LRH-PAL, 2010 WL 4115413 (D. Nev. Oct. 19, 2010)

⁶⁹ Ian Polonsky, *You Can’t Go Home Again: The Righthaven Cases and Copyright Trolling on the Internet*, 36 COLUM. J.L. & ARTS 71 (2012).

quickly, as most others targeted by Righthaven had done, the defendant raised fair use on a 12(b)(6) motion and the court granted dismissal. While the court’s brief opinion does not mention abusive litigation, the defendant argued in his motion to dismiss that the suit was intended as a source of revenue. Righthaven had not even sent the customary cease-and-desist letter prior to initiating the suit. It is unclear what persuasive value this had, but it is notable that the same court dismissed all of Righthaven’s similar suits as well, concluding fair use in some of them.⁷⁰ In cases such as this in which equitable considerations loom large, the court may be particularly receptive to dismissal.

Even if the suit does not appear abusive or intended to provoke settlement by threat of expensive litigation, a court may be willing to protect the defendant from unnecessary expense if the works at issue are before it and it believes that external evidence is superfluous. For example, in *Peter F. Gaito Architecture*, the Second Circuit affirmed a dismissal on substantial similarity grounds, holding that the similarity between two architectural designs could be properly determined as a matter of law after visual comparison.⁷¹ Moreover, the court explained that a *de novo* comparison of the works by the appellate court is the proper procedure for determining whether the lower court ruling was in error.⁷²

In each of these cases, the facts suggested that it was “unfair to require the opposing party to be subjected to the expense of discovery and continued litigation.”⁷³ However, in each case the court also felt that information extrinsic to the complaint would not have changed the disposition on the merits. As the Second Circuit put it, the plaintiff was not “entitled to offer evidence in support of

⁷⁰ See, e.g., *Righthaven, LLC v. Hoehn*, 792 F. Supp. 2d 1138 (D. Nev. June 20, 2011).

⁷¹ *Peter F. Gaito Architecture, LLC v. Simone Dev. Corp.*, 602 F.3d 57 (2d Cir. 2010).

⁷² *Peter F. Gaito Architecture*, 602 F.3d at 66; see also, *Boisson v. Banian, Ltd*, 273 F.3d 262, 272 (2d Cir. 2001); *Folio Impressions, Inc. v. Byer California*, 937 F.2d 759, 766 (2d Cir. 1991).

⁷³ *Starr v. Baca*, 652 F.3d 1202, 1216 (9th Cir. 2011).

his claims.”⁷⁴ The lack of plausibility serves as the legal grounds for dismissal, but where bad motives or indefensible expense are suggested by the facts of the case, the court may be more open to early resolution of the case.

IV. THE COSTS OF PRE-DISCOVERY COMPARISON

Although pre-discovery dismissal diminishes the overt costs of litigation, there are hidden costs that should also be considered by the courts. Early dismissal is well suited to cases involving the sorts of questions that judges are trained to analyze, but there is a danger to expanding the role of judicial comparison outside the bounds of judges’ expertise to dispose of infringement cases. Fair use presents further problems due to the prominence of market impact in the analysis and the difficulty of inferring such impact simply by comparing works.

Comparison of works without contextualizing testimony can suffer from inherent difficulties, some of which may not always be apparent. For example, substantial similarity frequently requires an analysis of whether the overall “feel” of two works is similar,⁷⁵ and this “feel” is often quite dramatically affected by context.⁷⁶ This contextual element is generally distorted in an infringement proceeding. The process of comparison itself may even convey unintended similarities.⁷⁷ Thus, the parties try to contextualize the works with testimony and other evidence. But prior to discovery and trial, they have not had a chance to thoroughly establish context; instead, the judge simply decrees that his assumed context is correct.

Considering fair use prior to discovery and trial presents a related problem, as the plaintiff is not allowed to present evidence of market impact. This impact is often effectively dispositive on

⁷⁴ *Peter F. Gaito Architecture*, 602 F.3d at 65 (quoting the *Scheuer* standard, *see supra* note 55, as stated in *Villager Pond, Inc. v. Town of Darien*, 56 F.3d 375, 378 (2d Cir. 1995)).

⁷⁵ *E.g.*, *Sturdza v. United Arab Emirates*, 281 F.3d 1287, 1296 (D.C. Cir. 2002); *Boisson v. Banian, Ltd.*, 273 F.3d 262, 266 (2d Cir. 2001); *see also generally* Rebecca Tushnet, *Worth A Thousand Words: The Images of Copyright*, 125 HARV. L. REV. 683 (2012).

⁷⁶ Tushnet, *supra* note 73, at 734.

⁷⁷ *Id.*

the question of fair use, yet courts seeking to dismiss a seemingly abusive suit may be tempted to make hasty assumptions. For example, the *Brownmark* court held that because the parody at issue was not a market substitute for the parodied work, it “cannot have an actionable effect on the potential market for or value of the original[.]”⁷⁸ However, the Supreme Court has held that a parody may have an actionable impact on the market for protectable derivative works.⁷⁹ Given the recent proliferation of television programs presenting licensed compilations of YouTube videos,⁸⁰ the South Park episode could plausibly have had a negative impact on the market for licensing to some such programs. A plaintiff should be allowed to present evidence of such an impact, *especially* where the impact on the derivative market is not obvious to a judge at the time of comparison.⁸¹ The threat of dismissal on fair use grounds due to the lack of clear market impact effectively requires infringement plaintiffs to anticipate and plead around the affirmative defense by pleading such an impact, which is generally improper.⁸²

Despite these sorts of problems, courts will likely continue to push for early dismissal of seemingly abusive infringement suits. In practice, much will probably depend on the facts of individual cases. If the likelihood of abusive discovery or settlement extortion is significant, the potential unfairness of pre-discovery dismissal may be weighed lightly in the balance. On the other hand, if a suit

⁷⁸ *Brownmark*, 682 F.3d at 693.

⁷⁹ *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 592, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994).

⁸⁰ For example, Comedy Central’s *Tosh.0*, MTV’s *Ridiculousness*, or SyFy’s *Viral Video Showdown*.

⁸¹ Notably, the *Campbell* Court held that “when a lethal parody, like a scathing theater review, kills demand for the original, it does not produce a harm cognizable under the Copyright Act.” 510 U.S. at 591–592. Yet the Court also explained that “the role of the courts is to distinguish between ‘[b]iting criticism [that merely] suppresses demand [and] copyright infringement[, which] usurps it.’ [citation omitted]” *Id.* at 592. In a case such as this—admittedly quite unusual—in which the derivative market is one for “biting criticism” that brings licensing fees to the copyright holder, the competition is fairly direct and there may well be cognizable harm.

⁸² *See generally* 5 Fed. Prac. & Proc. Civ. § 1276 (3d ed.).

is not clearly abusive, the problems with reliance on comparison and assumption caution against early dismissal.

CONCLUSION

Given the requirements of the plausibility standard, judges are at greater liberty to determine that judicial comparison is sufficient to resolve a copyright infringement claim. Courts have long decided infringement cases on summary judgment by simply comparing the works at issue, but the cases discussed may indicate a trend toward even earlier dismissal using the same methods. It appears that the courts in these cases paid particular attention to the potential for high-cost litigation and discovery abuses and the resulting incentive to settle unmeritorious cases, sending a message to defendants that settlement may not be necessary in the face of “baseless shakedowns.” While there are potentially serious issues with such early dismissals, and it remains to be seen whether other courts will adopt this approach, defendants and plaintiffs alike would be well advised to consider the possibility of pre-discovery dismissal in any copyright infringement suit, especially those that threaten expensive and time-consuming discovery.

PRACTICE POINTERS

- If a case appears calculated to provoke settlement and the plaintiff is unlikely to win on the merits, the defendant may wish to pursue pre-discovery dismissal.
- If comparison of the works at issue will likely prove sufficient to resolve the plaintiff's claim, the defendant may move to dismiss for failure to state a claim rather than responding and then moving for summary judgment.
- If the complaint in a copyright infringement case refers to the works at issue, the defendant should argue that they have been incorporated by reference and attach them to a motion to dismiss.
- If the complaint does not refer to the works at issue with sufficient specificity, the defendant should move to dismiss for failure to state a claim on grounds that the claim as pleaded is not plausibly likely to succeed.

TROUBLE FOR TROLLING: COURTS REJECT COPYRIGHT
TROLLING TACTICS

*Megan R. Haslach**

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ABSTRACT

Copyright trolling has become a popular, but widely criticized tactic used by copyright holders to defend their intellectual property rights. One method involves rights holders selling their rights to infringed works to holding companies, as those companies may more easily file hundreds of suits against potential infringers at once. Another method involves rights holders themselves filing mass lawsuits against hundreds of BitTorrent users at once using their anonymous IP addresses, threatening to name the alleged infringers in a lawsuit if a settlement is not paid. However, in many recent cases, courts have shut down such tactics by invoking procedural deficiencies and severing multiple defendants from cases, as well as issuing sanctions against abusive litigators. In Mick Haig Productions E.K. v. Does 1-670, the Court of Appeals upheld sanctions against an attorney for his use of such trolling tactics. Yet many argue that courts' current disfavor for trolling may leave copyright holders with fewer options for enforcing their copyrights in good faith against BitTorrent abusers. This Article examines how courts have discouraged trolling tactics by dismissing suits filed by copyright trolls acting in bad faith.

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TABLE OF CONTENTS

Introduction.....	94
I. Enforcement Tactics Employed by Copyright Holders in the Era of Online File Sharing	95
A. Purchasing Rights for Individual Suits	95
B. Mass Suits Against BitTorrent Users.....	97
II. Procedural and Practical Arguments Employed by Courts in Dismissing Copyright Troll Cases.....	98
III. Impact and Outcomes	101
Conclusion	103
Practice Pointers.....	103

INTRODUCTION

As the volume of file sharing rises,² copyright holders are becoming more aggressive in their fight to protect their rights. Media coverage has turned popular opinion against certain copyright holders, such as the Recording Industry Association of America (RIAA) and the Motion Picture Association of America (MPAA), as suits have been filed against, e.g., a 70-year-old grandmother accused of downloading pornography.³ As this Article will demonstrate, many courts have similarly turned against this sort of abusive copyright litigation. In several recent cases, judges invoked procedural issues and practical considerations in order to dismiss claims against alleged infringers in cases that appeared abusive. In one case, a judge imposed sanctions on an attorney who engaged in particularly abusive tactics.⁴ Though presumably this could create an issue for copyright holders wishing to enforce their intellectual property rights in good faith, recent suits dismissed on the merits appear to primarily affect bad-faith copyright litigants. In addition, while such dismissals may restrain copyright holders who wish to stop illegal distribution of

² Sandvine, Inc., Global Internet Phenomena Report: 2H 2012 (Nov. 11, 2012) http://www.sandvine.com/news/global_broadband_trends.asp.

³ Ernesto Van Der Sar, *70 Year-Old Grandma Threatened Over BitTorrent Download*, TORRENTFREAK (July 15, 2011) <http://torrentfreak.com/70-year-old-grandma-threatened-over-bittorrent-download-110715>.

⁴ Mick Haig Prod. E.K. v. Does 1-670, 687 F.3d 649 (5th Cir. 2012).

their works, other enforcement methods (such as issuing takedown notices and negotiating settlements with infringers) are generally more common and more successful.

This Article will examine copyright trolling and recent judicial reactions to such tactics. It will also evaluate how judicial reactions might impact copyright holders. Section I describes the range of trolling tactics that copyright owners have invoked in recent suits. Section II will examine how courts have handled trolling tactics and will show that most suits utilizing such tactics are dismissed on procedural and practical issues rather than on the merits. Finally, Section III will examine the impact of dismissals on the future of copyright infringement litigation.

I. ENFORCEMENT TACTICS EMPLOYED BY COPYRIGHT HOLDERS IN THE ERA OF ONLINE FILE SHARING

Changes in technology often force copyright holders to employ new tactics to enforce their rights. New file sharing and discovery technology has expanded the potential for widespread infringement since the days of Napster in the early 2000s, and plaintiffs have attempted to utilize a variety of tactics to stem the tide of online copyright infringement.

A. Purchasing Rights for Individual Suits

One tactic involves rights holders selling the rights to their allegedly infringed works to holding companies who, in turn, file suit against the infringers and collect a percentage of the damages. One highly publicized example of a business employing this tactic is the now-defunct Righthaven, LLC. Founded in 2010, Righthaven entered into agreements with newspapers whose works had been reproduced on various websites without permission.⁵ One year later, the company had filed approximately 255 suits against alleged infringers.⁶

⁵ Debra Cassens Weiss, *'Attack Dog' Group Buys Newspaper Copyrights, Sues 86 Websites*, A.B.A. J. (Aug. 4, 2010, 5:43 AM) http://www.abajournal.com/news/article/attack_dog_group_buys_newspaper_copyrights_sues_86_websites/.

⁶ *List of Righthaven Copyright Lawsuits*, IX23 (JULY 13, 2011),

However, many commentators and journalists criticized this approach.⁷

Generally, when rights holders encounter infringement, they first notify the alleged infringer(s) and attempt to negotiate a takedown or a reworking of the infringing material in exchange for a link to the owner's site.⁸ This is often done to avoid filing a lawsuit. Righthaven, on the other hand, frequently filed suits against alleged infringers without notifying them first or attempting to work out any such agreement.⁹ Each suit typically contained a demand for \$75,000, as well as transfer of the domain name from each alleged infringer to Righthaven.¹⁰ The monetary demands were within statutorily prescribed limits for damages for willful infringement.¹¹ However, the domain transfer demand was unprecedented and drew condemnation from judges and critics for having no basis in the law.¹² Ultimately, despite the large volume of suits Righthaven initiated, the company experienced multiple setbacks in court and was largely unsuccessful in its trolling tactics.¹³ Some of these cases will be discussed in greater detail in Section II, *infra*.

<http://web.archive.org/web/20110713071033/http://ix23.com/righthaven-shakedown/righthaven-copyright-lawsuits.php>

⁷ See, e.g., Steve Green, *Why We Are Writing About the R-J Copyright Lawsuits*, LAS VEGAS SUN (Sept. 1, 2010, 2:05 AM) <http://www.lasvegassun.com/news/2010/sep/01/why-we-are-writing-about-r-j-copyright-lawsuits/>.

⁸ *Id.*

⁹ *Id.*

¹⁰ Mike Masnick, *Another Loss for Righthaven: Court Explains that its Demand for Domain Names is Silly*, TECHDIRT (April 18, 2011, 2:55 PM) <http://www.techdirt.com/articles/20110417/22031413928/another-loss-righthaven-court-explains-that-its-demand-domain-names-is-silly.shtml>.

¹¹ 17 U.S.C. §504(c)(2) (2010).

¹² See Masnick, *supra* note 9.

¹³ See Nate Anderson, *US Marshals Turned Loose to Collect \$63,720.80 from Righthaven*, ARS TECHNICA (Nov. 1, 2011, 7:39 PM) <http://arstechnica.com/tech-policy/2011/11/us-marshals-turned-loose-to-collect-6372080-from-righthaven>.

B. Mass Suits Against BitTorrent Users

It has also become increasingly common for copyright holders to target infringers who download protected works via BitTorrent clients. BitTorrent is a file-sharing protocol. An initial “seeder” uploads a file and shares it through a BitTorrent client application on his or her computer.¹⁴ The file is then distributed in small pieces, allowing multiple users to download different pieces of the file from the initial seeder all at the same time.¹⁵ Once a user has downloaded a complete piece—unless he or she has affirmatively blocked uploading capabilities—that user may then share that piece with another user connected to the initial seed. In this way, multiple users create a “swarm” from which the file may be downloaded piecemeal.¹⁶ Users pass the various pieces simultaneously among each other within the swarm.¹⁷ This makes file sharing faster and easier, as it does not require a centralized server to host the files for download all at once.¹⁸ It also enables users to utilize the upload capacity of multiple other users at the same time, rather than forcing users to download directly from a single peer, as was done with earlier peer-to-peer file sharing software such as Napster.¹⁹

When copyright owners find their protected works being distributed via BitTorrent they can download a copy of that work, noting the IP addresses of all users from whom they downloaded any piece.²⁰ They can then file a lawsuit against the owners of those IP addresses, which often involves suing dozens or hundreds of users at once.²¹ At this early stage of litigation, the plaintiffs do not yet know

¹⁴ Carmen Carmack, *How BitTorrent Works*, HOWSTUFFWORKS (Mar. 26, 2005) <http://computer.howstuffworks.com/bittorrent.htm>.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *See, e.g.*, In re BitTorrent Adult Film Copyright Infringement Cases, Nos. 11–3995(DRH)(GRB), 12–1147(JS)(GRB), 12–1150(LDW)(GRB), 12–1154(ADS)(GRB), 2012 WL 1570765 (E.D.N.Y. May 1, 2012).

²¹ Jordan Rushie, *Talking Torrents: Frequently Asked Questions About Bittorrent Litigation*, PHILLY LAW BLOG (Sept. 30, 2012) <http://phillylawblog.wordpress.com/2012/09/30/talking-torrents-frequently-asked->

the identity of the person who used each particular IP address, so defendants are initially named as numbered Does, e.g., “Does 1–37.”²² At that point, plaintiffs subpoena the numbered Does’ Internet service providers (ISP) to obtain identifying information about the owners of the IP addresses.²³ The ISP then contacts the alleged infringer, informing them that they will potentially be named in the lawsuit if they do not reach a settlement agreement with the rights owners.²⁴ ISPs generally only turn over identifying information, which allows users to be specifically named in the suit, after this opportunity for settlement has been extended.²⁵ Notably, however, some ISPs refuse to turn over any identifying information at all.²⁶

II. PROCEDURAL AND PRACTICAL ARGUMENTS EMPLOYED BY COURTS IN DISMISSING COPYRIGHT TROLL CASES

Many courts faced with trolling tactics have declined to decide cases on the merits, turning instead to procedural and practical arguments in dismissing them. For instance, the District Court of Nevada relied on procedural arguments to dismiss one of Righthaven’s cases, one of many major legal setbacks for the company.²⁷ In *Righthaven LLC v. Democratic Underground, LLC*, the court examined a claim against Democratic Underground involving a comment that an external user added to a news article on their site.²⁸ The comment contained a quote from a news story published by the *Las Vegas Review-Journal* (owned by Stephens Media), along with a link to the original article.²⁹

After examining the case, the court granted summary judgment to

questions-about-bittorrent-litigation.

²² *Id.*

²³ *Id.*

²⁴ *Id.*

²⁵ *Id.*

²⁶ See, e.g., Ernesto Van Der Sar, *Verizon Sued for Defending Alleged BitTorrent Pirates*, TORRENTFREAK (Nov. 26, 2012) <http://torrentfreak.com/verizon-sued-for-defending-alleged-bittorrent-pirates121126/>.

²⁷ *Righthaven LLC v. Democratic Underground, LLC*, 791 F. Supp. 2d 968 (D. Nev. 2011)

²⁸ *Id.*

²⁹ *Id.*

the defendant, ruling that Righthaven did not have standing to litigate the claim at issue because the sale of rights from Stephens Media did not explicitly include the right to sue for infringement.³⁰ The court addressed this contractual defect in depth, concluding that the right to sue is not one of the exclusive rights conferred by the 1976 Copyright Act, and thus without the express transfer of one of those exclusive rights to Righthaven, the company did not have standing to sue. The court removed Righthaven as a plaintiff and then denied Stephens Media the opportunity to join in as a plaintiff.³¹

The court also admonished Righthaven and threatened to issue sanctions against the company for its “multiple inaccurate and likely dishonest statements to the Court.”³² Those misleading statements included not disclosing Stephens Media as an interested party in either that case or any of the 200 other cases Righthaven filed on behalf of Stephens in the same district.³³ The court implied, though it did not explicitly state, that this may have been a move to disguise the fact that the parties were positioned to split the proceeds of any successful litigation.³⁴ The court’s reprimand appeared to provide potential fodder for others who had been sued by the company at the time.³⁵

In many BitTorrent cases, judges have invoked similar reasons for dismissal. Dismissal often occurs in cases where it appears the plaintiff has “no desire to actually litigate but instead seems to be using the courts to pursue an extrajudicial business plan against possible infringers.”³⁶ Many courts turn to procedural issues, dismissing cases for violations of the Federal Rules of Civil Procedure (“FRCP”).³⁷ Citing FRCP 20, those judges will sever all

³⁰ *Id.*

³¹ *Id.*

³² *Id.* at 978.

³³ *Id.* at 979.

³⁴ *Id.*

³⁵ Steve Green, *Ruling that Righthaven Misled Court Likely to be Felt in Other Cases*, VEGAS INC. (July 14, 2011, 5:16 PM) <http://www.vegasinc.com/news/2011/jul/14/ruling-righthaven-misled-court-likely-be-felt-othe/>.

³⁶ *Hard Drive Prod. v. Does 1-90*, No. C 11–03825 HRL, 2012 WL 1094653 at *7 (N.D. Cal. Mar. 30, 2012).

³⁷ *See, e.g., id.*

but the first named Doe and find that the remaining defendants were improperly joined.³⁸ Some judges reason that the act of downloading pieces of a file from the same BitTorrent swarm is not sufficient to show that the various Does acted “in concert” with each other, which would allow for permissive joinder.³⁹ Other judges find that simply downloading the same material does not indicate that the defendants participated in the “same transaction or occurrence.”⁴⁰

In addition to misjoinder, courts cite other practical reasons for dismissing additional defendants. One issue is that the potential for coercion by mass suit plaintiffs since a high number of cases filed against BitTorrent users involve the illegal downloading of pornographic films, which is potentially embarrassing to defendants if publicly revealed during the litigation process.⁴¹ Because it could be embarrassing to be named in such a lawsuit, defendants are incentivized at the Doe stage to settle in order to keep the matter private.⁴² Different defendants are also likely to raise different defenses, making efficient judicial disposition of the claims nearly impossible in cases where hundreds of Does are named.⁴³ Finally, there is also a high probability of mistake on the plaintiffs’ part in these suits. Some estimates find that up to 30 percent of defendants named in such suits are named erroneously.⁴⁴ Though many of these cases were decided very recently and thus the ultimate impact on copyright trolls and similar abusive

³⁸ The rule states, in relevant portion: “Persons . . . may be joined in one action as defendants if: (A) any right to relief is asserted against them jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences; and (B) any question of law or fact common to all defendants will arise in the action.” Fed. R. Civ. P. 20.

³⁹ See *Hard Drive Prod.*, 2012 WL 1094653.

⁴⁰ *Bubble Gum Prod., LLC v. Does 1-80*, No. 12–20367–CIV, 2012 WL 2953309 (S.D. Fla. July 19, 2012); *but see PACIFIC CENTURY INT’L V. DOES 1-31*, No. 11 C 9064, 2012 WL 2129003 (N.D. Ill. June 12, 2012) (allowing joinder).

⁴¹ See, e.g., *In re BitTorrent Adult Film Copyright Infringement Cases*, Nos. 11–3995(DRH)(GRB), 12–1147(JS)(GRB), 12–1150(LDW)(GRB), 12–1154(ADS)(GRB), 2012 WL 1570765 (E.D.N.Y. May 1, 2012).

⁴² *Id.*

⁴³ *Liberty Media Holdings, LLC v. BitTorrent Swarm, et. al.*, 277 F.R.D. 669 (S.D. Fla. 2011).

⁴⁴ *Next Phase Distrib., Inc. v. John Does 1–27*, 284 F.R.D. 165 (S.D.N.Y. 2012).

litigation is not yet known, these dismissals may mean the end of litigation for unnamed defendants. This would be highly significant, since companies are unlikely to bear the expense of filing suit against each of hundreds of defendants individually.

III. IMPACT AND OUTCOMES

Though many courts dismiss trolling cases on procedural and practical grounds without further analysis, other courts go a step further and admonish plaintiffs employing trolling tactics. As discussed previously, Righthaven faced sanctions for filing false or misleading documents in its cases.⁴⁵ Another judge threatened Rule 11 sanctions against a plaintiff in a BitTorrent case, stating that the plaintiff's harassing tactics against potential defendants indicated an attempt to use courts "as an inexpensive means to gain the Doe defendants' personal information and coerce payment from them."⁴⁶

Further, in another recent BitTorrent case, sanctions were actually issued against a trolling plaintiff's attorney.⁴⁷ In *Mick Haig v. Does 1-670*, Evan Stone, attorney for Mick Haig Productions, was sanctioned for serving subpoenas on the ISPs for 670 Does to discover the identities of those Does without the court's permission.⁴⁸ It was also discovered that Stone had been discussing the case with some of the Does directly without the knowledge or presence of their attorneys.⁴⁹ Stone was ordered to pay attorney fees and other costs as compensation for his abusive litigation tactics, and these sanctions were upheld on appeal.⁵⁰

In addition to issuing sanctions to help stem abusive litigation tactics, courts have modified discovery periods in BitTorrent cases in order to avoid many of the problems discussed above.⁵¹ In *Next Phase*

⁴⁵ *Righthaven LLC v. Democratic Underground, LLC*, 791 F. Supp. 2d 968 (D. Nev. 2011).

⁴⁶ *Raw Films, Ltd. v. Does 1-32*, C.A. No. 3:11cv532-JAG, 2011 WL 6182025 (E.D. Vir. 2011).

⁴⁷ *Mick Haig Prod. E.K. v. Does 1-670*, 687 F.3d 649 (5th Cir. 2012).

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *See Next Phase Distrib.*, 284 F.R.D. 165.

Distribution v. John Does 1–27, the District Court for the Southern District of New York first severed Does 2–27.⁵² Then, due to the sensitive nature of the pornographic film Doe 1 allegedly downloaded, the court granted an anonymous discovery period wherein the ISP was not to turn over the defendant’s identity to the plaintiff until the defendant had an opportunity to review and respond to the subpoena. Further, the ISP was to act as an intermediary by serving the subpoena on the defendant and gathering any responsive information directly from him or her.⁵³ That information was to be handed over to the court, rather than to the plaintiff directly.⁵⁴ This gave the defendant the chance to get the suit dismissed prior to dealing with the potential embarrassment of being named erroneously in such a suit.⁵⁵ Other courts have allowed defendants the opportunity to remain in the suit as anonymous Does, rather than severing them entirely, in order to avoid potential embarrassment from the suit.⁵⁶

Courts’ pushback against trolling tactics also affects copyright holding companies like Righthaven. After suffering multiple setbacks in court, leading to multiple judgments against them for costly attorneys’ fees, a Nevada court authorized the U.S. Marshals Service to “use reasonable force” to collect nearly \$64,000 in unpaid legal debts from the company.⁵⁷ When it was discovered the company had less than \$1,000 in its accounts, the court ordered Righthaven to turn over its intellectual property for auction to satisfy its debts. In January 2012, even the company’s domain name was sold at auction.⁵⁸

Despite shutting down trolling tactics, courts generally approve of alternative enforcement methods that have proven successful in infringement cases in the past. For example, filing contributory

⁵² *Id.*

⁵³ *Id.*

⁵⁴ *Id.*

⁵⁵ *Id.* at 172

⁵⁶ See *Malibu Media, LLC v. John Does 1-5*, 2012 WL 3641291 (S.D.N.Y. 2012) (commenting, in dicta at p. 5, that embarrassment is not a sufficient reason for dismissing an entire case as the court had always allowed defendants to appear anonymously upon a proper request to do so).

⁵⁷ Anderson, *supra* note 12.

⁵⁸ Andrew Allemann, *Righthaven.com Sells for \$3,300*, DOMAIN NAME WIRE (Jan. 6, 2012), <http://domainnamewire.com/2012/01/06/righthaven-com-sells-for-3300/>.

infringement suits against the developers of software designed to infringe on copyrights remains as viable as ever.⁵⁹ In 2005, the U.S. Supreme Court recognized the concept of contributory infringement against “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.”⁶⁰ Though the use of the BitTorrent protocol itself does not appear to induce infringement, it may be worth a potential plaintiff’s time to investigate whether any other software was used to infringe their works, as a suit may be feasible against the developer of that software.

CONCLUSION

Recent litigation shows that courts across the country are pushing back against copyright trolling tactics. Though many recent opinions show that courts prefer to dispose of abusive lawsuits through procedural and practical arguments, still others have gone a step further and threatened or issued sanctions against plaintiffs and their attorneys for engaging in such tactics. While rights holders argue these dismissals will chill legitimate uses of such tactics to protect copyright interests, there is little, if any, evidence showing this to be the case. Instead, abusive litigation in such contexts carries a high risk of chilling legitimate fair uses of copyrighted material, thus stifling creativity and free speech. The cases discussed above give defendants targeted by this type of litigation a wide arsenal of arguments with which to defend themselves against abusive suits. Further, other methods of copyright enforcement remain available to copyright holders acting in good faith, ensuring that rights can still be enforced even as file sharing technologies like BitTorrent become more popular.

⁵⁹ John Kennedy, Mary Rasenberger, & M. Lorraine Ford, with updating by Joseph Fazio, *Contributory infringement—The rule after Grokster* in INTERNET LAW AND PRACTICE, § 12:25 (International Contributors, 2012) (explaining that contributory infringement lies where technology induces or encourages infringement)

⁶⁰ Metro-Goldwyn-Mayer Studios, Inc. V. Grokster, Ltd., 545 U.S. 913 (2005).

PRACTICE POINTERS

- When preparing a defense to a copyright infringement suit, focus on potential procedural issues. Many judges appear to want to stem trolling behavior without issuing scathing opinions against those participating (except in extreme cases).
- Determine who is the original rights holder, if any, of the alleged infringed work. If the basis for the suit allegedly stems from a sale of rights to a holding company, a defendant should carefully examine that agreement to determine whether the plaintiff actually has standing to sue.
- If defending against a mass infringement suit, consider moving for dismissal due to misjoinder of defendants under FRCP 20. This argument has been successful in many cases nationwide.
- If dismissal on a misjoinder theory proves unsuccessful, request a modified discovery period wherein the client's ISP serves as an intermediary for discovery requests. This can prevent potential embarrassment from being prematurely or erroneously named in an infringement suit while a defense is being built.

CRIMINAL DEFENSES TO ANTI-CIRCUMVENTION CHARGES
FOR MODIFYING VIDEO GAME CONSOLES

*Peter Dang**

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ABSTRACT

In United States v. Crippen, Matthew Crippen was charged with modifying Xbox 360 consoles for others for a fee. His modifications allowed the consoles to run unlicensed software in violation of the anti-circumvention provision of the Digital Millennium Copyright Act (DMCA). In the first criminal trial arising from these provisions, the United States District Court for the Central District of California granted a motion in limine allowing the government to exclude evidence of fair use, holding that the DMCA provisions contained no fair use exception. After the prosecution abruptly dropped the case in December 2010, several questions remain unanswered: What rights do consumers have to modify video game consoles they purchase legitimately? What role does fair use play in DMCA criminal cases? And what criminal defenses are available in the context of the DMCA? This Article will focus specifically on the DMCA in the criminal law context, while also investigating the background of the Crippen case.

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TABLE OF CONTENTS

Introduction..... 106
 I. The Digital Millennium Copyright Act 106
 A. Facts..... 108
 B. Dismissal..... 109
 III. What Criminal Defenses Are Available in the Context
 of the DMCA?..... 109
 A. Fair Use 110
 B. Failure of Proof..... 111
 Conclusion 113
 Practice Pointers..... 114

INTRODUCTION

In an age when both technology and user sophistication are developing at an unprecedented rate, “jailbreaking” smart phones¹ and modifying video game consoles have become commonplace. Illegal modifications often lead to civil penalties, but until the federal government brought charges against Matthew Crippen for modifying Xbox 360s,² no individual had been prosecuted for circumventing closed systems for commercial purposes. Although Crippen’s case was ultimately dropped, it raised many questions regarding criminal defenses and the anti-circumvention provision of the Digital Millennium Copyright Act (DMCA) as applied to closed systems.

I. THE DIGITAL MILLENNIUM COPYRIGHT ACT

In 1998, Congress passed the DMCA to implement two World Intellectual Property Organization (WIPO) treaties: the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT).³ WIPO, established in 1967, is a

¹ Jailbreaking smartphones is the act of circumventing the standard limitations of one’s mobile device and allow it to download prohibited third-party software.

² The Xbox 360 is Microsoft’s video game console.

³ THE DIGITAL MILLENNIUM COPYRIGHT ACT OF 1998: U.S. COPYRIGHT OFFICE SUMMARY, 1 (1998), <http://www.copyright.gov/legislation/dmca.pdf>.

specialized agency in the United Nations dedicated to the promotion, development, and protection of intellectual property.⁴

The DMCA provides two principal anti-circumvention protections. The first protects copyright holders from the actual act of circumventing technological measures, while the second prohibits the “distribution or sale” of technology that is designed to circumvent protection measures.⁵ This Article will address the former in the context of circumventing video game consoles.

The DMCA also provides several exceptions to its anti-circumvention provisions. The statutory exceptions include exemptions for government activities, reverse engineering, and uses by non-profit libraries.⁶ In addition to the exceptions enumerated in the Act, further exceptions are promulgated through administrative rulemaking and are updated every three years.⁷ Most recently, the Library of Congress, with the recommendation of the Register of Copyrights, determined that smartphones qualify for an exemption because it believed that limiting their closed systems would adversely affect non-infringing uses.⁸

The Library of Congress did not extend the exception to video game consoles because the Register found no evidence that the inability to circumvent access controls on those consoles had a substantial adverse impact on non-infringing uses.⁹ The agency’s final ruling suggested that allowing circumvention of consoles would diminish their value because they would no longer be secure platforms to develop legitimate content.¹⁰ Although circumvention proponents analogized smartphones to video game consoles, the Register distinguished video game consoles because of the more complex nature of developing video games for consoles.¹¹

⁴ *What is WIPO?*, WIPO, <http://www.wipo.int/about-wipo/en/> (last visited Nov. 26, 2012).

⁵ 17 U.S.C. § 1201 (2006).

⁶ 17 U.S.C. § 1201(d)–(j).

⁷ *See* 17 U.S.C. § 1201(a)(1)(C).

⁸ Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies, 77 Fed. Reg. 65,260, 65,263 (Oct. 25, 2012) (to be codified at 37 C.F.R. pt. 201), available at <http://www.copyright.gov/fedreg/2012/77fr65260.pdf>.

⁹ *Id.* at 65,272.

¹⁰ *Id.*

¹¹ *Id.*

Under the anti-circumvention provisions of the DMCA, criminal defendants may face fines or imprisonment.¹² To invoke criminal penalties under the Act, a defendant must act willfully for the purpose of commercial gain.¹³ For the first offense, the fine will be a maximum of \$500,000 and/or a maximum prison sentence of five years.¹⁴ Any subsequent offenses will not be more than \$1,000,000 and/or imprisonment that will not exceed 10 years.¹⁵

II. *UNITED STATES V. CRIPPEN*

A. *Facts*

In 2009, 28-year old Matthew Crippen was arrested and charged with running a business that modified Microsoft Xbox 360 consoles in violation of the DMCA.¹⁶ For roughly \$60 to \$80, Crippen's modifications allowed buyers to run pirated or unauthorized games by circumventing the firmware of the Microsoft video game console.¹⁷ After the Entertainment Software Association (ESA) was tipped off, it investigated Crippen's activities by purchasing a modified Xbox 360.¹⁸ The ESA

¹² Compare 17 U.S.C. § 1204 (2006) (setting criminal penalties), with 17 U.S.C. § 1203 (setting civil penalties using "equitable and monetary damages similar to those under the Copyright Act." To prevent or restrain a violation, a permanent or temporary injunction may be granted. Awards of damages may consist of both actual damages suffered by the party and statutory damages between \$200 and \$2,500); THE DIGITAL MILLENNIUM COPYRIGHT ACT OF 1998: U.S. COPYRIGHT OFFICE SUMMARY, 1 (DEC. 1998), <http://www.copyright.gov/legislation/dmca.pdf>.

¹³ 17 U.S.C. § 1204(a).

¹⁴ *Id.* at 1204(a)–(b).

¹⁵ *Id.*

¹⁶ David Kravets, *Corporate Cop's Covert Video at Issue in Xbox Modding Case*, WIRED (Nov. 8, 2010, 4:47 PM), <http://www.wired.com/threatlevel/2010/11/xbox-trial-dustup/>.

¹⁷ *Id.*

¹⁸ David Kravets, *Student Arrested for Jailbreaking Game Consoles – Update*, WIRED (Aug. 4, 2009, 12:53 PM), <http://www.wired.com/threatlevel/2009/08/game-console-jailbreaking-arrest/>; The ESA is a "U.S. association exclusively dedicated to serving the business and public affairs needs" of video game and computer companies. They offer a range of services to software publishers, including a global anti-piracy program which aims to reduce the cost

subsequently reported Crippen to the Department of Homeland Security and he was arrested.¹⁹

B. Dismissal

After presenting witnesses and proposing jury instructions to the judge, the prosecution decided to move for dismissal of its own case. Tony Rosario and Kevin McGrail, two of the witnesses presented by the government, had potentially broken the law.²⁰ Rosario was an undercover agent with the ESA who responded to Crippen's advertisement and secretly taped the meeting.²¹ He later presented new evidence at trial; this new evidence was not made available to the defense beforehand.²² McGrail, a Microsoft employee, had previously modified consoles himself during his college years.²³ After Judge Philip Gutierrez berated the prosecution for presenting government witnesses who had engaged in unlawful behavior, as well as for proposing harmful jury instructions, the prosecution dropped the case.²⁴

III. WHAT CRIMINAL DEFENSES ARE AVAILABLE IN THE CONTEXT OF THE DMCA?

Had Crippen's case been decided, the issue of criminal liability and defenses concerning the circumvention provisions of the DMCA might have become clearer. Instead, uncertainties remain as to what criminal defenses might prove effective against the anti-circumvention provisions of the DMCA. Defendants, as the party

of piracy that affects the U.S. entertainment software industry.
<http://www.theesa.com/about/index.asp>

¹⁹ *Id.*

²⁰ David Kravets, *Prosecutors Dismiss Xbox-Modding Case Mid-Trial*, WIRED (Dec. 2, 2010, 3:18 PM), <http://www.wired.com/threatlevel/2010/12/crippen-dismissed>.

²¹ *Id.*

²² *Id.* (presenting new evidence in the form of a sworn declaration that Crippen inserted a pirated game into the console).

²³ David Kravets, *Xbox-Modding Judge Berates Prosecution, Puts Trial on Hold*, WIRED (Dec. 01, 2010, 3:36 PM), <http://www.wired.com/threatlevel/2010/12/xbox-judge-riled/>.

²⁴ *Id.*

that must raise these defenses, bear the burden of this uncertainty.²⁵

A. Fair Use

The Copyright Act gives copyright owners specific exclusive rights to uses of their protected works, allowing them to freely engage in activities such as reproducing, performing, or distributing copies of the works.²⁶ One important limitation to these exclusive rights is provided by the fair use doctrine, which carves out an exception “for purposes such as criticism, comment, news reporting, teaching (including multiple copies of classroom use), scholarship, or research”; such uses are considered equitable and do not constitute infringement.²⁷

Section 107 of the Copyright Act does not offer any bright-line rules, nor does it offer any test that will grant a litigant a per se fair use argument.²⁸ Instead, the court must take a case-by-case approach generally guided by a four-factor balancing test to determine if a particular use is a fair use: (1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work.²⁹ These factors should be considered as a whole and “are to be explored, and the results weighed together.”³⁰

In *Crippen*, the court granted the United States’ motion in limine to exclude fair use evidence at trial.³¹ The DMCA was enacted to address holes in existing copyright protections, and these protections are separate from those afforded by copyright law.³² However, the circuit courts have been split on this issue of

²⁵ PAUL H. ROBINSON ET AL., 1 CRIM. L. DEF. §3 (2012).

²⁶ 17 U.S.C. § 106 (2006).

²⁷ See Joel Androphy, 3 WHITE COLLAR CRIME § 28:13 (2d ed.) (July 2012); 17 U.S.C. § 107 (2006).

²⁸ See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 (1994).

²⁹ *Id.* at 576.

³⁰ *Id.* at 578.

³¹ Criminal Minutes – General at 1, *U.S.A. v. Matthew Crippen*, CR 09-703 PSG (C.D. Cal. 2010).

³² Noah J. Wald, *Don’t Circumvent My Dongle! Misinterpretation of the*

separability, and judicial interpretations have “blur[red] the distinct line between copyright protection and the protection bestowed by the DMCA.”³³ The Federal Circuit held that a nexus between the circumventing acts and the violation of protections afforded by the Copyright Act must exist in order to violate the DMCA.³⁴ The Ninth Circuit, however, rejected the Federal Circuit’s interpretation and, in a case of first impression, ruled that no such nexus is required.³⁵ Whether or not copyright infringement is necessary for a violation of the DMCA is an essential issue because the fair use defense only applies to copyright infringement. The court in *Crippen* found that fair use did not apply because no nexus is necessary for a violation of the DMCA, reasoning that “the DMCA rebalanced the interests to favor the copyright owner” when circumvention was present without infringement.³⁶

B. Failure of Proof

Despite the ruling on the fair use issue, *Crippen* could still have raised a failure of proof defense.³⁷ At issue in *Crippen* was the provision in § 1204, that criminalizes violations of § 1201 or 1202 when done “willfully and for purposes of commercial advantage or private financial gain.”³⁸ “Willful” violations are defined as “intentional act[s] done in violation of the law.”³⁹ However, in terms of copyright infringement, the circuit courts are split as to the scope of this definition. The majority view is that willful intent is a “voluntary, intentional violation of a known legal duty,” or,

Digital Millennium Copyright Act Threatens Digital Security Technology, 33 T. Jefferson L. Rev. 325 (2011).

³³ *Id.* at 327.

³⁴ *Chamberlain Group, Inc. v. Skylink Technologies, Inc.*, 381 F.3d 1178 (Fed. Cir. 2004).

³⁵ *MDY Industries, LLC v. Blizzard Entm’t, Inc.*, 629 F.3d 928 (9th Cir. 2010).

³⁶ Criminal Minutes – General at 1, *U.S.A. v. Matthew Crippen*, CR 09-703 PSG (C.D. Cal. 2010).

³⁷ Paul H. Robinson et al., 1 Crim. L. Def. §22 (2012).

³⁸ 17 U.S.C. § 1204(a) (2006) (emphasis added).

³⁹ Joel Androphy, 3 White Collar Crime § 28:4 (2012).

essentially, an intent to violate the law itself.⁴⁰ A minority of courts, including some within the Ninth Circuit, believe that only willful intent to copy the works is necessary, and not actual intent to violate the law.⁴¹

Although the Supreme Court has yet to address the willfulness standard in the context of the DMCA, it has come to a conclusion on this issue in the field of tax law. In *Cheek v. United States*, the defendant was charged with violating a tax law that required willful conduct.⁴² The Supreme Court held that the willfulness element can be negated by an actual good-faith belief that one is not violating a tax law because of a misunderstanding of the complex Internal Revenue Code.⁴³ Even though the defendant was found to have acted voluntarily and intentionally, such a good-faith belief does not have to be objectively reasonable to negate willfulness.

If the Supreme Court were to analyze the willfulness element of the DMCA criminal provisions by adopting an analytical approach similar to that in *Cheek*, then a failure of proof defense might prove successful. The Supreme Court's holding in *Cheek* mirrors the view of the majority of circuits on copyright infringement and requires that "willful intent" entail intent to violate the law itself.⁴⁴ Similar to the complex tax code discussed in *Cheek*, the DMCA contains a perplexing set of statutes that the Supreme Court has yet to interpret. In *Cheek*, the Court discussed how the defendant's knowledge of his duty was vital to proving willfulness, and that good-faith belief does not have to be objectively reasonable.⁴⁵ This holding was reinforced by the complexity of the tax system in the U.S., which a lay person would understand only in a very limited way.⁴⁶ Similarly, the anti-circumvention provisions of the DMCA constitute a complicated

⁴⁰ *United States v. Moran*, 757 F. Supp. 1046, 1049 (D. Neb. 1991).

⁴¹ *United States v. Moore*, 604 F.2d 1228, 1233-34 (9th Cir. 1979); *United States v. Backer*, 134 F.2d 533, 535 (2d Cir. 1943).

⁴² *Cheek v. United States*, 498 U.S. 192 (1991).

⁴³ *Id.*

⁴⁴ *Moran*, 757 F. Supp. at 1049.

⁴⁵ *Cheek*, 498 U.S. at 203.

⁴⁶ *Id.* at 200 (discussing the complexity of the tax system and how Congress did not intend for a lay person to suffer criminal consequences because of a lack of understanding of that system).

and often misunderstood regime that has courts have struggled to uniformly interpret.

A defendant in Crippen’s position could raise a failure of proof defense to negate the element of willfulness by arguing that he was unaware that he was violating the DMCA. Section 1202(a)(1)(A) states that “no person shall circumvent a technological measure that effectively controls access.”⁴⁷ The issue with console modification is whether the modification alone constitutes felonious conduct since the act of modification does not circumvent any protected software. The actual circumvention therefore seems to occur when the user inserts a copied disk. The defense could argue that by modifying the console, there is a subjectively reasonable good faith belief that no provision of the DMCA is being violated when the modifications are made. Although a person modifying a console may “knowingly” act with the knowledge that users will circumvent protections, he may not necessarily have the specific intent necessary to act “willfully.”

CONCLUSION

Because *Crippen* was dismissed, the application of the DMCA in the criminal context remains unclear. The court disallowed the fair use defense, invoking the Ninth Circuit’s interpretation of the anti-circumvention provisions. That approach allows for a fair use defense in copyright infringement cases, but not for anti-circumvention violations. However, a future defendant accused of circumventing a closed system could also raise a failure of proof defense, which would rely on negating the “willfulness” element required by §1204(a) of the DMCA. Unfortunately, since the circumvention provisions have yet to be interpreted in the criminal context, it is difficult to project where courts will arrive on the issue.

⁴⁷ 17 U.S.C. § 1201(a)(1)(A) (2006).

PRACTICE POINTERS

- Defendants should raise a fair use defense only where copyright infringement is implicated. At this point, there is no fair use defense available under the DMCA.
- Defendants should assert a failure of proof defense to negate the element of “willfulness” if they are accused of circumventing a closed system in violation of the DMCA. Although it is unclear whether such a defense will be effective in the criminal context of the DMCA, defendants should argue that a similar defense was allowed in *Cheek v. United States* in the field of tax law.

CAN YOU HEAR ME NOW? THE RACE TO PROVIDE
AMERICA WITH UNIVERSAL, HIGH-SPEED WIRELESS
COVERAGE

Dina Neda Rezvani^{*}
© Dina Neda Rezvani

CITE AS: 9 WASH J.L. TECH. & ARTS 115 (2013)
<http://digital.law.washington.edu/dspace-law/handle/1773.1/1298>

ABSTRACT

As the United States becomes increasingly dependent on universal, high-speed wireless services, infrastructural limitations are producing tension. The interests of consumers, telecommunications companies, state and local authorities, and businesses, as well as national security, are all at stake. Yet legal uncertainty stemming from a split among federal circuit courts hampers the development of solutions. The courts diverge on the interpretation of a key provision of the Telecommunications Act (TCA), 47 U.S.C. § 332(c)(7)(B), that regulates wireless service providers' ability to erect new towers. There is great need for a national standard to give mobile providers a uniform means of accommodating growing demand. Without such a standard, courts apply the TCA incongruently, affecting consumers and providers alike and ultimately impacting critical infrastructure. The Federal Communications Commission or Congress should set a uniform standard, rather than relying on the courts to confront the issue unevenly on a case-by-case basis.

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As the United States becomes increasingly dependent on universal, high-speed wireless services, infrastructural limitations are producing tension. The interests of consumers, telecommunications companies, state and local authorities, and businesses, as well as national security, are all at stake. Yet legal uncertainty stemming from a split among federal circuit courts hampers the development of solutions. The courts diverge on the interpretation of a key provision of the Telecommunications Act (TCA), 47 U.S.C. § 332(c)(7)(B), that regulates wireless service providers' ability to erect new towers. There is great need for a national standard to give mobile providers a uniform means of accommodating growing demand. Without such a standard, courts apply the TCA incongruently, affecting consumers and providers alike and ultimately impacting critical infrastructure. The Federal Communications Commission or Congress should set a uniform standard, rather than relying on the courts to confront the issue unevenly on a case-by-case basis.

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TABLE OF CONTENTS

Introduction.....	116
I. The Telecommunications Act.....	122
A. The Act.....	122
B. The Legislative History.....	123
II. The Circuit Split.....	125
A. Showing a “Significant Gap” in Coverage.....	126
1. The “One-Provider Rule”.....	126
2. The “Multiple-Provider Rule”.....	127
A. Showing Necessity.....	129
1. The “Least Intrusive” Standard.....	130
2. The “No Viable Alternatives” Standard.....	131
III. The Stakes.....	132
Conclusion.....	133

INTRODUCTION

Today’s mobile phones are revolutionizing the way we live: from our phones we can summon street views of towns across the globe, turn off the lights in our homes while sitting in an airport lounge, or broadcast a television show from the previous night while commuting by train. The advanced data-transmitting technology that powers this revolution depends on the availability of massive bands of radiofrequency waves, collectively referred to as “spectrum,” for its survival.

Demand for data is rapidly increasing. Approximately 88% of adults in the United States—some 315.5 million people—subscribe to mobile services.¹ As of 2011, nearly one-third of U.S. households use mobile phones instead of landlines for voice access.² Moreover, approximately 17% of mobile phone users rely

¹ Lee Rainie, *The State of Mobile Connectivity*, PEW INTERNET & AM. LIFE PROJECT (Aug. 15, 2012), <http://www.pewinternet.org/Presentations/2012/Aug/The-State-of-Mobile-Connectivity.aspx>.

² Stephen J. Blumberg & Julian V. Luke, *Wireless Substitution: Early Release of Estimates from the National Health Interview Survey, January–June 2011*, NAT’L CTR. FOR HEALTH STATISTICS AT THE CTR. FOR DISEASE CONTROL (Dec. 21, 2011), <http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201112.pdf>.

on their phones for primary access to the Internet.³ "Annual investment in U.S. wireless services grew more than 40% between 2009 and 2012, to \$30 billion from \$21 billion, and is projected to rise to \$35 billion in 2013."⁴

Towers communicate with wireless devices through radiofrequency waves.⁵ Radiofrequency spectrum, as regulated, is a finite resource, and it has become increasingly scarce.⁶ The Federal Communications Commission (FCC) estimates that demand for spectrum will soon be greater than supply.⁷ The FCC is actively working to solve this dilemma, recently issuing a notice of proposed rulemaking that would provide greater spectrum to

³ Aaron Smith, *Cell Internet Use*, PEW INTERNET AND AM. LIFE PROJECT (June 26, 2012), available at <http://pewinternet.org/Reports/2012/Cell-Internet-Use-2012.aspx>.

⁴ Office of the Press Sec'y, Exec. Office of the President, *Fact Sheet: Administration Provides Another Boost to Wireless Broadband and Technological Innovation*, (June 14, 2013), available at http://www.whitehouse.gov/sites/default/files/spectrum_fact_sheet_final.pdf (determining that the U.S. wireless broadband industry contributes more than \$150 billion in GDP annually).

⁵ Office of the Press Sec'y, Exec. Office of the President. *Fact Sheet: Doubling the Amount of Commercial Spectrum to Unleash the Innovative Potential of Wireless Broadband* (Jun. 28, 2010), available at <http://www.whitehouse.gov/the-press-office/fact-sheet-doubling-amount-commercial-spectrum-unleash-innovative-potential-wireless>.

⁶ *Id.* ("As the revolution in mobile broadband and related technologies unfolds, the demand for spectrum will continue to increase—leading to increasing fears of a “spectrum crunch” . . . Mobile broadband technologies enable consumers and businesses to access unprecedented amounts of voice, data, and video applications through wireless networks. Demand for commercial wireless data services that are secure and reliable is expected to increase exponentially in the next decade as new services and technologies develop.”).

⁷ See Julius Genachowski, Chairman, Federal Commc’n Comm’n, Speaking at International Consumer Electronics Association (Jan. 9, 2013) (“We predict a WiFi traffic jam and we need to fix it . . . WiFi is such an integral part of our broadband ecosystem, that we need to make sure we pay it sufficient attention.”), available at <http://www.wirelessweek.com/news/2013/01/fcc-move-better-wi-fi>; Randall Stephenson, Op-Ed., *Spectrum and the Wireless Revolution*, WALL ST. J., June 10, 2012, at A3 (“If [excess demand] happens, the speed of the mobile revolution will slow down. Prices, download times and consumer frustration will all increase. And at a societal level we risk jeopardizing the future of our nation’s vital mobile Internet infrastructure, which is generating jobs and investment . . .”).

unlicensed devices, including smartphones, tablets, and similar personal wireless devices.⁸ Additionally, President Barack Obama issued a memorandum encouraging agencies that have previously utilized spectrum for federal use to implement policies where they share access with commercial companies.⁹

While the availability of spectrum is a critical and well-recognized component of mobile wireless broadband,¹⁰ the proximity of towers to customers is also essential to the provision of quality service.¹¹ Yet local communities are reluctant to allow more towers in their neighborhoods. Consequently, local and state governments are squeezed to make these critical infrastructure decisions.¹²

Tension is building as demand grows for reliable, fast, and ubiquitous service, and mobile providers are vying to meet this demand before their competitors. Telecommunications companies' key to market competitiveness is provision of coast-to-coast

⁸ Press Release, Federal Commc'n Comm'n, Statement of FCC Chairman Julius Genachowski on Incentive Auction Proposal (Sept. 7, 2012), *available at* http://transition.fcc.gov/Daily_Releases/Daily_Business/2012/db0907/DOC-316148A1.pdf ("In freeing up spectrum for wireless broadband, incentive auctions will drive faster speeds, greater capacity, and ubiquitous mobile coverage. These are essential ingredients for innovation and leadership in the 21st century economy where smartphones and tablets powered by 4G LTE and Wi-Fi networks are proliferating, and the mobile Internet becomes more important every day. Over the last few years, the U.S. has regained global leadership in mobile innovation -- and we must not let up now."); *see also* Press Release, Federal Commc'n Comm'n, Increased Spectrum Available for Unlicensed Devices in the 5 GHz Band (Feb. 20, 2013), *available at* <http://www.fcc.gov/document/increased-spectrum-available-unlicensed-devices-5-ghz-band>.

⁹ *Expanding America's Leadership in Wireless Innovation*, 78 Fed. Reg. 37,431 (June 14, 2013) (advocating for eliminating sharing restrictions between commercial carriers and federal agencies).

¹⁰ National Broadband Plan, Executive Summary, Federal Commc'n Comm'n, *available at* <http://www.broadband.gov/plan/executive-summary/> (last visited Oct. 20, 2013).

¹¹ *Types of Broadband Connections*, Federal Commc'n Comm'n, *available at* http://www.broadband.gov/broadband_types.html#wireless (last visited Oct. 20, 2013).

¹² *See* Gregory Tan, *Wading Through the Rhetoric of the Telecommunications Act of 1996: Uncertainty of Local Zoning Authority over Wireless Telecommunications Tower Siting*, 22 VT. L. REV. 461, 461 (1997).

nationwide coverage, reaching even the most rural regions, at the highest speeds available.¹³ However, telecommunications companies looking to build new towers or devices to create or improve such a nationwide network are governed, and in some cases thwarted, by the regulations stipulated in the Telecommunications Act of 1996 (TCA).¹⁴

The TCA preserves local authority over the location and construction of wireless communication facilities, with certain exceptions. Section 332(c)(7)(B) provides that a state or local government shall not “prohibit or have the effect of prohibiting the provision of personal wireless services” by “regulation of the placement, construction, and modification of personal wireless services.”¹⁵ A circuit split has developed as courts have decided which types of government actions are appropriately labeled “effective prohibition.”¹⁶

First, courts are split over whether the denial of one provider’s application to erect a new tower constitutes effective prohibition under the TCA.¹⁷ The Fourth Circuit Court of Appeals in *AT&T Wireless PCS v. City Council of Virginia Beach* read the statute to mean that only blanket bans or general bans that affect all

¹³ See, e.g., Theresa Howard, ‘Can you hear me now?’ a Hit, USA TODAY (Feb. 23, 2004, 8:14 A.M.), http://usatoday30.usatoday.com/money/advertising/adtrack/2004-02-22-track-verizon_x.htm (explaining that network reliability grew to become a customer priority and that Verizon’s marketing campaign showing Verizon workers in the middle of wheat fields and snowy mountains receiving strong cellular signal helped Verizon increase its net customers by 10% in the first two years of its campaign).

¹⁴ 47 U.S.C. § 332 (2006).

¹⁵ 47 U.S.C. § 332(c)(7)(B).

¹⁶ Compare *AT&T Wireless PCS v. City Council of Virginia Beach*, 155 F.3d 423, 428 (4th Cir. 1998) (holding that only blanket bans or general prohibitions on all providers constitute effective prohibition) with *Second Generation Props., L.P. v. Town of Pelham*, 313 F.3d 620, 627 (1st Cir. 2002) (explaining that if a local government’s decision to restrict one wireless provider’s access to build or modify a wireless communication facility, that in consequence, effectively prohibits wireless services, and then the Supremacy Clause of the Constitution requires that the local government’s authority be preempted by the TCA’s policy goals).

¹⁷ See *T-Mobile Cent., LLC v. Charter Twp. of West Bloomfield*, 691 F.3d 794, 797 (6th Cir. 2012); *Metro PCS v. City & Cnty of San Francisco*, 400 F.3d 715 (9th Cir. 2005); *AT&T Wireless*, 155 F.3d 423.

providers qualify as effective prohibition.¹⁸ On the other hand, the Ninth Circuit Court of Appeals in *Metro PCS v. City & County of San Francisco* and the Sixth Circuit Court of Appeals in *T-Mobile Central, LLC v. Charter Township of West Bloomfield* rejected the Fourth Circuit's narrow reading and held that denial of a single provider's application violates the TCA.¹⁹

Most courts have expanded their analysis of effective prohibition beyond the question of whether there is a ban on all providers, focusing their analyses on individual wireless providers. In doing so, the courts have established a two-pronged test to determine whether the denial of a company's application constitutes an effective prohibition, asking (1) whether there is a significant gap in coverage, and (2) whether filling that gap is necessary and all other options have been thoroughly exhausted.²⁰ Courts have considered whether a state or local government can still violate the TCA in the absence of a general prohibition by preventing a wireless provider from closing a significant gap in coverage. However, courts vary on the interpretation of the term "significant gap," disagreeing on whether it refers to one provider's coverage, or all available coverage.

The Second, Third, and Fourth Circuits have adopted the "one-provider rule," under which there is not a significant gap in a particular area if at least one provider serves that area.²¹ Conversely, the First Circuit, in *Second Generation Props., L.P. v. Town of Pelham*, and the Ninth Circuit, in *MetroPCS*, both rejected the one-provider rule and adopted a multiple-provider rule that evaluates each provider independently to determine whether each has a coverage gap in the area.²² In 2009, the FCC weighed in on

¹⁸ See *AT&T Wireless*, 155 F.3d at 428.

¹⁹ See *T-Mobile*, 691 F.3d at 803; *Metro PCS*, 400 F.3d at 730.

²⁰ See *MetroPCS*, 400 F.3d at 731; see also *T-Mobile*, 691 F.3d at 804; see generally Robert B. Foster, *The Better Part of Valor is Co-Location: Recent Developments in Judicial Review of Land Use Regulation of Cellular Telecommunications Facilities under the Telecommunications Act of 1996*, 42 URB. LAW. 595, 595 (2010).

²¹ See *Sprint Spectrum, L.P. v. Willoth*, 176 F.3d 630, 643 (2d Cir. 1999); *APT Pittsburgh LTD v. Penn Twp. Butler Cnty of Pa.*, 196 F.3d 469, 478 (3d Cir. 1999); *AT&T Wireless*, 155 F.3d at 428.

²² See *Second Generation Props., L.P. v. Town of Pelham*, 313 F.3d 620, 634 (1st Cir. 2002); *MetroPCS*, 400 F.3d at 733.

this issue, adopting the latter approach.²³ In August 2012, the Sixth Circuit, in *T-Mobile Central*, joined the latter camp.²⁴

Once the court determines that there is a significant gap, the second prong of the test requires that providers demonstrate both the need to close the gap and evidence that there is no other feasible location to erect the facility. Again, the circuits have interpreted this provision differently. The Second, Third, Sixth, and Ninth Circuits have adopted a standard that requires the provider to demonstrate that the proposed means for closing the gap—most commonly, a new wireless tower—is the “least intrusive” means; that is, the provider must show that it has considered other locations, system designs, and tower designs.²⁵ The First and Seventh Circuits, on the other hand, require simply that the provider show there are no other viable alternatives.²⁶

As a result of these divisions, telecommunications companies’ market access and ability to expand infrastructure is greater in some circuits than in others. This creates a quandary for wireless providers seeking to meet increasing mobile data demand, which affects not only consumers but even national security.²⁷ As President Obama has argued, high-speed wireless access is essential to developing a technologically advanced twenty-first century society that is connected at all times.²⁸ As we become so

²³ See *In re Petition for Declaratory Ruling to Clarify Provisions of Section 332(c)(7)(B)*, 24 F.C.C.R. 13994, ¶ 57 (2009).

²⁴ See *T-Mobile*, 691 F.3d at 804.

²⁵ See *id.* at 808; *Metro PCS*, 400 F.3d at 734; *Willoth*, 176 F.3d at 643; *Penn Twp.*, 196 F.3d at 480.

²⁶ See *VoiceStream Minneapolis, Inc. v. St. Croix Cnty*, 342 F.3d 818, 834–5 (7th Cir. 2003); *Second Generation*, 313 F.3d at 635.

²⁷ See generally Steven J. Eagle, *Wireless Telecommunications, Infrastructure Security, and the NIMBY Problem*, 54 CATH. U. L. REV. 445, 446 (2005).

²⁸ President Barack Obama, Opening Remarks at the White House Rural Economic Forum (Aug. 16, 2011), available at <http://www.whitehouse.gov/the-press-office/2011/08/16/opening-remarks-president-white-house-rural-economic-forum> (“[J]ust as the interstate highways knitted the country together 50 years ago, we’ve also got to do some new things to meet the challenges of the 21st century. We need to expand the reach of broadband, high-speed Internet, to 7 million more people and hundreds of thousands of businesses in rural communities . . . It’s helping people sell goods, not just down the street but across the country and around the world.”).

intensely dependent on wireless infrastructure,²⁹ an inconsistent and ambiguous approach does not further the best interests of the United States or its people.

This Article will first outline the applicable TCA provision and its legislative history, as well as FCC orders to discern Congressional intent in drafting the TCA. Next, the Article will analyze the TCA in light of the circuit splits to find the source of the conflicting holdings and the ways in which courts have interpreted the TCA provision. Finally, this Article will explore the stakes of the circuit split and the myriad ways the split is impacting the United States, its citizens, and its telecommunications providers.

I. THE TELECOMMUNICATIONS ACT

A. *The Act*

In 1996, President William J. Clinton signed the TCA,³⁰ celebrating the monumental event as exemplary of his “promise to reform our telecommunications laws in a manner that leads to competition and private investment, promotes universal service and open access to information networks, and provides for flexible government regulation.”³¹

Section 704(c)(7) of the TCA,³² entitled “Preservation of local zoning authority,” added a new provision to section 332 of the

²⁹ *Critical Infrastructure Protection*, 61 Fed. Reg. 37,347 (July 17, 1996) (emphasizing that “[c]ertain national infrastructures are so vital that their incapacity or destruction would have a debilitating impact on the defense or economic security of the United States. These critical infrastructures include telecommunications . . .”).

³⁰ Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996), *codified* 47 U.S.C. § 332.

³¹ President’s Statement on Signing the Telecommunications Act of 1996 (February 8, 1996), *reprinted in 3 Federal Telecommunications Law: A Legislative History of the Telecommunications Act of 1996*, doc. 95, at 208 (B.D. Reams, Jr. & W.H. Man zeds., 1997) (“The Telecommunications Act of 1996 will strengthen our economy, our society, our families, and our democracy. It promotes competition as the key to opening new markets and new opportunities. It will protect consumers by regulating the remaining monopolies for a time and by providing a roadmap for deregulation in the future.”).

³² 47 U.S.C. § 332(c)(7).

Communications Act of 1984. It provided that local or state government must not interfere with “the placement, construction, and modification of personal wireless services” and any regulation cannot “prohibit or have the effect of prohibiting” such services.³³ This language maintained local governments’ decision-making authority, except where decisions pertain to “the placement, construction, and modification of personal wireless service facilities.”³⁴ It also created new limitations by placing a substantive restriction on state and local decisions such that they may not effectively prohibit personal wireless services.³⁵ Finally, the amendment provided for judicial review of decisions—any person adversely affected by state or local authorities may bring action in federal or state court.³⁶

As the following sections will explore, the ambiguity of this substantive limitation has produced considerable discord among the courts. While the FCC has presumed authority to resolve one aspect of the issue—how to define effective prohibition—the agency has not clarified the application of the provision in its entirety, giving the courts leeway, but also an obligation, to create and apply their own standards and tests.

B. *The Legislative History*

In enacting the TCA, Congress sought to provide “a pro-competitive, de-regulatory national policy framework designed to rapidly accelerate private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition.”³⁷ Policy objectives underlying the TCA included both reducing regulation to increase competition—incentivizing

³³ *Id.*; see also THE TELECOMMUNICATIONS ACT OF 1996 LAW AND LEGISLATIVE HISTORY 58 (Robert E. Emeritz et al. eds., 1996) (concluding that state and local governments are limited in their authority to regulate because they cannot unreasonably discriminate and cannot, explicitly or implicitly, effectively prohibit wireless services).

³⁴ 47 U.S.C. § 332(c)(7)(A).

³⁵ 47 U.S.C. § 332(c)(7)(B)(i)(II).

³⁶ 47 U.S.C. § 332(c)(7)(B)(v).

³⁷ H.R. Conf. Rep. No. 104-458 (1996) *reprinted in* 1996 U.S. Code Cong. & Admin. News 10, 1124.

lower prices and higher quality services³⁸—and preserving local authority to govern and regulate.³⁹ These two policy goals are in an enduring tension under the current framework, laying the foundation for dissonant interpretations among the courts.⁴⁰

However, the legislative history unambiguously shows that Congress intended the effective prohibition provision to be assessed on a case-by-case basis, not to establish a general, blanket rule.⁴¹ The FCC issued a ruling in 2009 interpreting the plain language of the TCA as following the multiple-provider rule, and determining that any other interpretation would be in violation of the TCA’s pro-competitive purpose.⁴² The agency submitted that its interpretation aligned with the basic goals of the TCA—“to improve service quality and lower prices for consumers.”⁴³ But the difficulty did not end there. Once this issue was resolved, the courts created a two-pronged test to further determine when a provider’s application could be denied. Courts have interpreted this test in varying ways.

³⁸ S. Rep. No. 104-23, Purpose of the Bill (1995), *reprinted in* 1 Federal Telecommunications Law, at 1; H.R. Rep. No. 104-204, Purpose and Summary (1995), *reprinted in* 1 Federal Telecommunications Law, at 47–50.

³⁹ See S.652 CRS Summary H.R. Conf. Rep. No. 104-458 (1996).

⁴⁰ See *ATC Realty v. Town of Kingston*, 303 F.3d 91, 94 (1st Cir. 2002) (explaining that the TCA “works like a scale that, inter alia, attempts to balance two objects of competing weight: on one arm sits the need to accelerate the deployment of telecommunications technology, while on the other arm rests the desire to preserve state and local control over zoning matters.”).

⁴¹ See H.R. Conf. Rep. No. 104-458 (1996), *reprinted in* 1996 U.S. Code Cong. & Admin. News 202, 222 (“Actions taken by State or local governments shall not prohibit or have the effect of prohibiting the placement, construction or modification of personal wireless services. It is the intent of this section that bans or policies that have the effect of banning personal wireless services or facilities not be allowed and that decisions be made on a case-by-case basis.”); see also President’s Statement on Signing the Telecommunications Act of 1996 (February 8, 1996), *reprinted in* 3 *Federal Telecommunications Law: A Legislative History of the Telecommunications Act of 1996*, doc. 95, at 208 (B.D. Reams, Jr. & W.H. Man zeds., 1997) (emphasizing that the TCA was created to promote and protect universal wireless services competition).

⁴² *In re Petition for Declaratory Ruling to Clarify Provisions of Section 332(c)(7)(B)*, 24 F.C.C.R. 13994, ¶ 58–61 (2009).

⁴³ *Id.*

II. THE CIRCUIT SPLIT

Since 1996, various wireless providers have brought actions challenging local authority to deny their applications for new wireless facilities. In deciding these cases, courts have looked to the TCA's underlying policies.⁴⁴ Essentially, the courts have had to determine how broadly Congress intended to preempt state and local authority.⁴⁵ That is, they have had to determine whether denying a service provider's application to place, construct, or modify a tower violates § 332(c)(7)(B)(i)(II) of the TCA⁴⁶ by effectively prohibiting personal wireless services, and whether Congress intended this provision to be applied on a case-by-case basis or to create a general prohibition. This has taken the form of a two-pronged test to determine whether the denial of a company's application constitutes an effective prohibition: first, there must be a "significant gap" in coverage; and second, the proposed plan to address that gap must be necessary to achieve the desired coverage.⁴⁷

⁴⁴ Robert B. Foster, *The Better Part of Valor is Co-Location: Recent Developments in Judicial Review of Land Use Regulation of Cellular Telecommunications Facilities under the Telecommunications Act of 1996*, 42 URB. LAW. 595, 595 (Summer 2010) ("[C]ourts have worked to harmonize Congress's 'two sometimes contradictory purposes' in enacting the Act: to promote competition and reduce regulation in order to accelerate the deployment of telecommunications technology while also preserving state and local control over land use matters.").

⁴⁵ See *AT&T Wireless PCS, Inc. v. City Council of City of Virginia Beach*, 979 F.Supp. 416, 426 (E.D. Va. 1997) *aff'd in part, rev'd in part sub nom. AT&T Wireless PCS, Inc. v. City Council of City of Virginia Beach*, 155 F.3d 423 (4th Cir. 1998).

⁴⁶ 47 U.S.C. § 332(c)(7)(B)(i)(II).

⁴⁷ See *MetroPCS*, 400 F.3d at 731; see also *T-Mobile Cent., LLC v. Charter Tp. of West Bloomfield*, 691 F.3d 794, 806 (6th Cir. 2012). See generally Robert B. Foster, *The Better Part of Valor is Co-Location: Recent Developments in Judicial Review of Land Use Regulation of Cellular Telecommunications Facilities under the Telecommunications Act of 1996*, 42 URB. LAW. 595, 595 (2010).

A. Showing a “Significant Gap” in Coverage

The first portion of the analysis concerns whether there is a significant gap in coverage in the area. Because the TCA does not define “significant gap,” the courts have wrestled with its meaning.⁴⁸ Two distinct judicial standards have emerged for evaluating coverage gaps in the context of effective prohibition: the “one-provider rule” and the “multiple-provider rule.”

1. The “One-Provider Rule”

Under the one-provider rule, if at least one company provides coverage for an area, there is no significant gap in coverage and a state or local government may preclude other companies from providing coverage in that area.⁴⁹ In *AT&T*, the City Council of Virginia Beach denied AT&T’s application to construct two new towers on a church in a wooded area where signals were weak.⁵⁰ The district court evaluated legislative history and determined that the TCA provision grants local governments the authority to decline applications even if doing so excludes competitors.⁵¹ On appeal, the Fourth Circuit looked to the plain meaning of the

⁴⁸ See, e.g., *Second Generation Props., L.P. v. Town of Pelham*, 313 F.3d 620, 631 (1st Cir. 2002) (distinguishing between a geographic gap that is not served by any carrier and a dead spot that is statutorily permissible because even reliable coverage will have areas of weakness, and acknowledging that parties are using the definition of significant gap to address a “qualitatively different and much more complex set of problems”); see also *360 degrees Communications Co. of Charlottesville v. Bd. of Sup’rs of Albemarle County*, 211 F.3d 79, 87 (4th Cir. 2000) (finding the varying definitions of “significant gap” divined by various circuit courts are unhelpful in determining whether the TCA has been violated).

⁴⁹ See *MetroPCS*, 400 F.3d at 731 (barring other violations, e.g., of zoning laws and of other provisions of the TCA).

⁵⁰ *AT&T Wireless PCS, Inc. v. City Council of City of Virginia Beach*, 979 F.Supp. 416, 420 (E.D. Va. 1997).

⁵¹ *Id.* at 426 (granting the City Council summary judgment because Congress only intended to prohibit general bans and AT&T failed to demonstrate that denial of its application was a general ban) (citing H.R. Conf. Rep. No 104-458, 104th Conf., 2d Sess. 208 (1996), 1996 U.S.C.C.A.N. 10, 124, 222).

phrase “significant gap” and arrived at the same conclusion.⁵² The Fourth Circuit was joined by the Second and Third circuits in adopting the one-provider rule.⁵³ Some courts reasoned that the one-provider rule promotes the regulatory efforts of the TCA to establish nationwide cellular coverage.⁵⁴

2. The “Multiple-Provider Rule”

The First Circuit, in *Second Generation*; the Ninth Circuit, in *MetroPCS*; and the Sixth Circuit, in *T-Mobile Central*, rejected a narrow reading of the TCA and held that a state or local government that denies one provider’s application effectively prohibits personal wireless services generally.⁵⁵

In *Second Generation*, the provider planned to build a tower on

⁵² *AT&T Wireless*, 155 F.3d at 424 (recognizing that even without beginning with a legislative history statutory analysis as the lower court did, the statute clearly reads that blanket bans on all providers constitute effective prohibition and such a reading follows the TCA’s goal of promoting competition).

⁵³ See *Omnipoint Commc’n Enter., L.P. v. Zoning Hearing Bd. of Easttown Twp.*, 331 F.3d 386, 398 (3d Cir. 2003); *Nextel W. Corp. v. Unity Twp.*, 282 F.3d 257, 265 (3d Cir. 2002) (requiring that for a provider to demonstrate a significant gap, the gap must be “from a user’s perspective, rather than a particular provider’s perspective”); *Sprint Spectrum, L.P. v. Willoth*, 176 F.3d 630, 640-1 (2d Cir. 1999) (“[c]onstruing subsection B(i)(II) to apply only to general bans would lead to the conclusion that in the absence of an explicit anti-tower policy, a court would have to wait for a series of denied applications before it could step in and force a local government to end its illegal boycott of personal wireless services”); *APT Pittsburgh LTD v. Penn Twp. Butler Cnty of Pa.*, 196 F.3d 469, 478 (3d Cir. 1999) (“Interpreting the TCA’s ‘effect of prohibiting’ clause to encompass every individual zoning denial simply because it has the effect of precluding a specific provider from providing wireless services, however, would give the TCA preemptive effect well beyond what Congress intended.”).

⁵⁴ See *Omnipoint*, 331 F.3d at 400 (reasoning that when one provider enters an area of service, the provisions of the TCA “work together to promote the expansion of wireless telecommunications networks”) (citing *Unity Township*, 282 F.3d at 264 n.6).

⁵⁵ See *T-Mobile Cent., LLC v. Charter Twp. Of West Bloomfield*, 691 F.3d at 808-09; *MetroPCS*, 400 F.3d at 733; *Second Generation Props., L.P. v. Town of Pelham*, 313 F.3d 620, 634 (1st Cir. 2002) (“The fact that some carrier provides some service to some consumers does not in itself mean that the town has not effectively prohibited services to other consumers.”).

its ninety acres of land situated atop a heavily wooded area along a highway in New Hampshire.⁵⁶ After the township denied the Second Generation's application twice, the company filed suit alleging that the local authorities were violating the TCA by effectively prohibiting personal wireless services.⁵⁷ Similarly, in *MetroPCS*, the San Francisco planning commission denied the provider's application to install six panels above a garage to ameliorate allegedly poor service in the area.⁵⁸ The courts in both cases reasoned that the denial of one application could qualify as effective prohibition when a significant gap in coverage exists and alternative solutions to resolving the gap have been exhausted.⁵⁹

In *MetroPCS*, the Ninth Circuit interpreted the language of the TCA with a more discriminating inquiry.⁶⁰ The court determined that MetroPCS had not sufficiently demonstrated the need for a new tower.⁶¹ Meanwhile, the *T-Mobile* court noted that a party need not show a significant gap in coverage by gathering complaints from customers, but could instead provide the court with technical evidence.⁶²

In *Second Generation*, the First Circuit reasoned that if a local law or regulation prevented a wireless provider from resolving a significant gap in its own service, then it was effectively prohibiting wireless services.⁶³ The court argued that a multiple-provider approach serves both the interests of consumers and the TCA's underlying regulatory goal "to secure lower prices and

⁵⁶ *Second Generation*, 313 F.3d at 624.

⁵⁷ *Id.* at 624–5.

⁵⁸ *MetroPCS*, 400 F.3d at 718–9.

⁵⁹ *Id.* at 731; *Second Generation*, 313 F.3d at 634.

⁶⁰ *See MetroPCS*, 400 F.3d at 731 (considering not only whether the TCA was meant to prohibit general bans, but also whether a locality can violate the TCA's "effective prohibition" provision if it denies a wireless provider with the means for closing a "significant gap" in its *own* coverage).

⁶¹ *Id.* at 733 ("[T]he record is replete with contradictory allegations as to MetroPCS's need for the Geary site.")

⁶² *T-Mobile*, 2012 WL 3570666, at *11 (assessing that "RF propagation maps and drive test data, along with a report by an RF engineer" are suitable for providing evidence of a significant gap).

⁶³ *Second Generation*, 313 F.3d 620, 634 (1st Cir. 2002) (highlighting that Congress used "services" not "service" in its construction of section 332(c)(7)(B), thus insinuating that Congress considered multiple carriers, not one carrier, to serve a particular area).

better service for consumers by opening all telecommunications markets to competition.”⁶⁴

Nonetheless, courts in both the one-provider and multiple-provider camps agree that “significant gap” refers to gaps that are truly significant,⁶⁵ and federal regulations confirm this understanding.⁶⁶ In 2009, the FCC issued a declaratory ruling endorsing the multiple-provider rule and seemingly resolving the significant gap conflict.⁶⁷ However, the split over the second prong of the test, which requires providers to demonstrate the necessity and feasibility of alternative locations, remains unresolved.

B. Showing Necessity

Once a wireless provider successfully demonstrates that a significant gap exists, the provider must establish the necessity of closing the particular gap and the degree of intrusiveness of the

⁶⁴ H.R. Rep. No. 104 204, Purpose and Summary (1995), *reprinted in* 1 Federal Telecommunications Law, at 47–50 (determining the absence of effective prohibition from the mere fact that one service provider is in an area would allow a locality to deny as many providers as it wishes, which fails to serve the consumer’s interest, and establishes the foundation for not only sporadic coverage, but also for promoting a one provider industry contrary to the Act that Congress enacted to promote competition).

⁶⁵ See *MetroPCS*, 400 F.3d at 733–4 (clarifying that the TCA does not guarantee wireless providers with the right to cover every city block within a covered area, making this inquiry fact specific); *Sprint Spectrum, L.P., v. Willoth*, 176 F.3d 630, 643–4 (recognizing that there will inevitably be certain areas within a building, for example, that will not have service, but because this lack of service is de minimis, denying a provider from constructing an additional tower to meet this demand does not constitute effective prohibition).

⁶⁶ See 47 C.F.R. § 22.99 (2001) (defining areas with significant gaps in coverage as “[s]mall areas within a service area where the field strength is lower than the minimum level for reliable service”).

⁶⁷ See *In re Petition for Declaratory Ruling to Clarify Provisions of Section 332(c)(7)(B)*, 24 F.C.C.R. 13994, ¶ 56–7 (2009) available at <http://www.ct.gov/csc/lib/csc/fcc/fcc-09-99a1.pdf> (“We conclude that State or local government that denies an application for personal wireless service facilities citing solely because ‘one or more carriers serve a given geographic market’ has engaged in unlawful regulation . . . any other interpretation of this provision would be inconsistent with the Telecommunications Act’s pro-competitive purpose . . .”).

proposed means.⁶⁸ The Second, Third, Sixth, and Ninth circuits have adopted a standard that requires a showing that the proposal is the “least intrusive” means.⁶⁹ The First and Seventh circuits require instead that the provider show there are no other viable alternatives to the proposed plan.⁷⁰

1. The “Least Intrusive” Standard

In *MetroPCS*, the Ninth Circuit recognized the competing methods that other circuits have utilized to determine the requisite showing.⁷¹ The court reasoned that considering the most acceptable option would be too subjective, while requiring there be no other options was unrealistically stringent.⁷² Thus, the court concluded the “least intrusive” standard was best for both the local ordinances as well as for the providers.⁷³ Similarly, in *T-Mobile*

⁶⁸ See *MetroPCS*, 400 F.3d at 734.

⁶⁹ See *T-Mobile Cent., LLC*, 691 F.3d at 808; *MetroPCS*, 400 F.3d at 734; *Willoth*, 176 F.3d at 643; *APT Pittsburgh LTD v. Penn Twp. Butler Cnty of Pa.*, 196 F.3d 469, 480 (3d Cir. 1999).

⁷⁰ See *Voicestream Minneapolis, Inc. v. St. Croix Cnty*, 342 F.3d 818, 834–5 (7th Cir. 2003); *Second Generation Props., L.P. v. Town of Pelham*, 313 F.3d 620, 635 (1st Cir. 2002)

⁷¹ *MetroPCS*, 400 F.3d at 734 (finding that “the district court attempted to reconcile competing interpretations of the intrusiveness inquiry by creating its own ‘fact-based test that requires the provider to demonstrate that its proposed solution is the most acceptable option for the community in question’” (citing *MetroPCS, Inc. v. City of San Francisco*, 259 F. Supp. 2d 1004 (N.D. Cal. 2003) *aff’d in part, rev’d in part and remanded sub nom. MetroPCS, Inc. v. City & County of San Francisco*, 400 F.3d 715 (9th Cir. 2005))). Compare *Penn Twp.* 196 F.3d at 480 (requiring the provider to show that “the manner in which it proposes to fill the significant gap in service is the least intrusive on the values that the denial sought to serve.”), with *Second Generation*, 313 F.3d at 635 (requiring providers to show there are “no alternative sites which would solve the problem.”).

⁷² *MetroPCS*, 400 F.3d at 734 (comparing that the district court’s “most acceptable option” was counterintuitive because providers would not be able to overcome this subjective standard, especially when a proposal had already been denied for that location, while the “only viable option” standard would ultimately prevent any facility from being built since no one spot would ever be the “only” option available, thus wasting the time and resources of both wireless companies and local governments).

⁷³ *Id.* at 734–5 (positing that the least intrusive standard encourages providers to select the least intrusive site in their first application, “and it

the Sixth Circuit adopted the least intrusive standard for its flexibility, and held that T-Mobile had made the requisite showing of necessity and alternate options because it made good faith attempts at identifying alternative locations.⁷⁴

2. The “No Viable Alternatives” Standard

In *Second Generation*, the First Circuit reasoned the provider failed to meet its burden of showing the significant gap in coverage could not be resolved by other means because Second Generation had not yet determined whether other possible solutions were infeasible.⁷⁵ Similarly, in *VoiceStream Minneapolis, Inc. v. St. Croix County*, the Seventh Circuit held that to meet the second prong of the two-part test, the wireless provider must show “there are no other potential solutions to the purported problem.”⁷⁶ The court did not find that VoiceStream’s efforts met its heavy burden to demonstrate that its proposal was “the only feasible plan for closing the gap” because it did not thoroughly pursue alternative arrangements.⁷⁷

promises to ultimately identify the best solution for the community, not merely the last one remaining after a series of application denials.”).

⁷⁴ *T-Mobile*, 691 F.3d at 808 (explaining that with a “no viable alternatives” standard, wireless providers could “endlessly have to search for different, marginally better alternatives,” whereas the least intrusive standard is “straightforward”) (citing *Omnipoint*, 331 F.3d at 398 (noting the least intrusive standard “will require a showing that good faith effort has been made to identify and evaluate less intrusive alternative system designs, alternative tower designs, placement of antennae on existing structures, etc.”)).

⁷⁵ *Second Generation*, 313 F.3d at 635 (finding Second Generation “failed to show that a taller tower . . . could not be built in the Overlay Zone to remedy the alleged gap. Nor did it show that no other feasible sites existed outside of the Overlay Zone . . . also failed to explore whether existing towers in nearby jurisdictions . . . could provide other carriers with coverage in the purported gap.”).

⁷⁶ *VoiceStream Minneapolis, Inc. v. St. Croix Cnty*, 342 F.3d 818, 834 (citing *Second Generation*, 313 F.3d at 629) (concluding that, “so long as the service provider has not investigated thoroughly the possibility of other viable alternatives, the denial of an individual permit does not ‘prohibit or have the effect of prohibiting the provision of personal wireless services.’”).

⁷⁷ *Id.* at 836 (“Although VoiceStream provided extensive maps, diagrams, environmental assessments and historic assessments for the Somerset site, VoiceStream provided no maps, diagrams, or any type of assessment on

III. THE STAKES

Each standard puts significantly different burdens on wireless providers, which has important implications for both consumers and providers. Wireless companies must provide services nationwide, as the twenty-first-century society is so mobile. A standard that varies by circuit, then, ultimately affects coverage among the circuits' territory.

Because providers have increased revenue in the mobile market by meeting this data-driven demand rather than by expanding traditional voice service, it is paramount that wireless providers keep up with consumer demands for ubiquitous high-speed wireless service.⁷⁸ The current circuit split serves as an impediment to consumer access in certain areas of the country, while also affecting wireless service providers' potential for growth.

More generally, the telecommunications sector is a vital organ of the United States' infrastructure, critical to national security and economic growth.⁷⁹ For example, after the attacks of September 11, 2001, wireless phones were central to national emergency planning.⁸⁰

The Chairman and CEO of AT&T urged the federal government to make wireless services a national priority and create a national model so that providers have a uniform standard to implement wireless infrastructure.⁸¹ President Obama's 2013

multiple-tower configurations as alternative sites . . . conclusory statements by the applicant, without more, are insufficient to establish that the applicant has exhausted thoroughly the possibility of other viable alternatives.”).

⁷⁸ See *Rushton*, *supra* note 78, (defining 4G as the fourth generation of mobile services that provides the fastest Internet speeds to date—speeds that are ten times faster than the previous 3G network).

⁷⁹ See *Eagle*, *supra* note 27, at 446.

⁸⁰ See Laura H. Phillips & Jason E. Friedrich, *Wireless: Can Regulatory “Business as Usual” Continue?*, COMM. LAW., (Fall 2002) at 12 (noting that on September 11, 2001 wireless phones were instrumental in reestablishing communication, consequently emphasizing for the government, companies, and families, the advantages of reliable, ubiquitous wireless coverage).

⁸¹ Stephenson, *supra* note 7, at A3 (“Establish a national model for the local approval process that’s required when wireless carriers need to build new mobile infrastructure. The process needs to balance community concerns with the significant public benefit of adding new antennas and improving wireless

Budget Plan is premised on building an enduring economy atop a twenty-first century infrastructure, and this includes extending next-generation, wireless broadband to all parts of the country.⁸² Just as roads and electricity helped build local economies and businesses decades ago, the ability for communities today to innovate and compete in the global economy is dependent on building the country's wireless infrastructure.⁸³ Because high-speed wireless access is so widely relied upon, decisions to grant or deny proposals to construct or modify wireless towers have the potential for substantial impact.⁸⁴

CONCLUSION

In the developed world, where people increasingly depend on mobile devices to fulfill some of the most mundane tasks, telecommunications companies are faced with a growing challenge to meet this demand. Society has a contradictory request: provide high-speed, ubiquitous coverage at all times, but keep unsightly and potentially dangerous facilities away. As a result, local governments often deny providers' applications to build or modify facilities because of significant pushback from community

coverage in local markets. Building our nation's railroads and interstate highway system was made easier because Congress declared their construction a national priority and provided the policy framework to build them quickly. Our wireless infrastructure is every bit as critical to economic expansion.").

⁸² Office of Mgmt. & Budget, Exec. Office Of The President, *An Economy Built to Last and a 21st Century Infrastructure* (2013), <http://www.whitehouse.gov/omb/factsheet/an-economy-built-to-last-and-a-21st-century-infrastructure> (last visited March 15, 2013) (stating that high speed, wireless broadband is a critical element to a growing, innovative economy).

⁸³ Justin Thiltgen, *Wireless Broadband the Critical Infrastructure of the 21st Century*, *Telegraph Herald*, Aug. 21, 2011, at A15, available at http://www.thonline.com/news/opinion/article_d864cafd-7fde-5383-9d05-19708ad8e459.html?mode=image&photo=0 ("Farming is a competitive industry, just like any other, and farmers and ranchers need to have access to real-time updates to markets, prices and relevant news. They need to remotely monitor conditions and even use video for real-time observation. And because most farmers are out working in the field - not tied to an office - wireless broadband allows them to stay connected and do business from anywhere on their property.").

⁸⁴ *See id.*

members.

Under § 332(c)(7)(B), the TCA allows state or local authorities to deny a provider's application to build, modify, or construct a wireless facility so long as it does not prohibit or have the effect of prohibiting wireless services. Because of the ambiguous nature of the provision, the circuits have split on how to interpret and apply the provision.

The only way to resolve this split is to create a national standard so all national mobile providers have a uniform means for approaching the growing demand and local authorities have a standard to meet when reviewing new applications. Without such a standard, the TCA is being implemented incongruently, affecting both consumers and providers, and ultimately affecting the critical infrastructure that so many Americans rely upon for business, national security, innovation, and daily convenience. Because Congress created a relatively ambiguous provision, the courts have confronted it unevenly on a case-by-case basis. The better solution would be for Congress or the FCC to amend the standard to provide clearer guidance in this crucial sector.