11-3390-cv

United States Court of Appeals

for the

Second Circuit

PUERTO 80 PROJECTS, S.L.U.,

Petitioner-Appellant,

– v. –

UNITED STATES OF AMERICA AND DEPARTMENT OF HOMELAND SECURITY, IMMIGRATION AND CUSTOMS ENFORCEMENT,

Respondents-Appellees.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

OPENING BRIEF AND SPECIAL APPENDIX FOR PETITIONER-APPELLANT PUERTO 80 PROJECTS, S.L.U.

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CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 26.1 of the Federal Rules of Appellate Procedure, the undersigned counsel for Petitioner-Appellant Puerto 80 Projects, S.L.U. certifies that it is a corporation organized under the laws of Spain, has no corporate parent and no publicly held corporation owns any of its stock.

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STATEMENT OF JURISDICTION

Jurisdiction is proper in this Court under 28 U.S.C. § 1291 because this is an appeal from a final judgment of the United States District Court for the Southern District of New York that denied the release of the Rojadirecta.com and Rojadirecta.org domain names pursuant to 18 U.S.C. § 983(f) in a forfeiture case in which jurisdiction was proper under 28 U.S.C. §§ 1331, 1346(a)(2), and 1355. Alternatively, jurisdiction is proper under 28 U.S.C. § 1292(a)(1) because the order of the District Court had the same effect as a denial of a preliminary injunction. *See United States v. Undetermined Amount of Currency*, 376 F.3d 260, 263 (4th Cir. 2004) (denial of petition pursuant to 18 U.S.C. § 983(f) immediately appealable under section 1292(a)(1)). The judgment was entered on August 4, 2011 (SPA-6) and the notice of appeal was filed on August 18, 2011 (A-412).

STATEMENT OF ISSUE

1. Does depriving Puerto 80 of its domain name, and thereby restricting access to all content contained on its website, without any judicial determination that such a seizure was consistent with the First Amendment, constitute an illegal prior restraint on speech?

STATEMENT OF THE CASE

On or about February 1, 2011, without any prior notice, Immigration and Customs Enforcement of the U.S. Department of Homeland Security ("ICE") seized two of Puerto 80 Projects, S.L.U.'s ("Puerto 80") domain names (Rojadirecta.com and Rojadirecta.org) which pointed to the "Rojadirecta" website. (A-220 at ¶¶ 19, 20.) The domain names were seized pursuant to warrants issued in the Southern District of New York, and were based on an ICE agent's assertion that probable cause existed to believe that the domain names were being used to commit criminal violations of copyright law. *Id.* Puerto 80 initiated this litigation by filing a petition on June 13, 2011 in district court pursuant to 18 U.S.C. § 983(f), seeking the immediate return of the seized domain names pending the outcome of any forfeiture proceedings, which had not been initiated at that point. (A-6-8.)

The basis for Puerto 80's 983(f) petition was that the government's seizure caused Puerto 80 to incur substantial hardship by, *inter alia*, causing a reduction in traffic to the Rojadirecta site, preventing its users from accessing their accounts, and infringing their First Amendment rights. Since there was no risk that the domain names would be unavailable for any eventual trial, and because there was no risk that Puerto 80 would use the domain names to commit illegal acts of infringement (because hosting links to copyrighted material is not a violation of the

criminal copyright statute), Puerto 80 had met the requirements for securing the immediate return of its property pursuant to 18 U.S.C. § 983(f). Additionally, Puerto 80 argued that the seizure constituted an unlawful prior restraint on speech and infringed (and still is infringing) Puerto 80 and its users' First Amendment rights. (A-8-9 at ¶¶ 14-21, 24.)

On June 17, 2011, the government filed a Verified Complaint seeking forfeiture of the domain names.[1] *See United States v. Rojadirecta.com*, No. 11-cv-4139-PAC (S.D.N.Y.). (A-207.) On August 2, 2011, the district court conducted a pre-motion conference in the government's forfeiture case and heard oral argument on Puerto 80's 983(f) petition. (A-387.) On August 4, 2011, the district court denied Puerto 80's 983(f) petition and entered judgment in favor of the government in that case. (SPA-1-6.) The district court did not find that Puerto 80 was likely to use the domain names to commit illegal acts if they were returned, or that there was any risk that the domain names would be unavailable after trial on the merits. It concluded only that Puerto 80 had not shown sufficient personal hardship to justify return of the domain names. *Id.*

On August 18, 2011, Puerto 80 timely noticed this appeal. (A-412.)

[1] Puerto 80 has moved to dismiss the Complaint in that action.

STATEMENT OF RELEVANT FACTS

I. PUERTO 80 AND ROJADIRECTA

Rojadirecta is owned by Spanish-based Puerto 80 Projects, S.L.U. It hosts forums in which users can discuss and post information about highlights from various sporting events (among other topics), and indexes links to streams of sporting events that can already be found on the Internet. *See* A-213 at ¶ 14 (describing Rojadirecta as a "linking" website). Significantly, following a multi-year legal battle, two Spanish courts specifically held that the website was operating legally and did not infringe copyrights. (A-55-65; Motion for Judicial Notice ("MJN"), Exhibit B at Ex. 1.[2])

The Rojadirecta site has been listed among the 100 most popular sites in Spain in terms of traffic and, according to the Complaint, was just outside the top 100 most popular websites in Spain shortly before the domains were seized. (A-216 at ¶¶ 14(d)-(e).) The site had approximately 865,000 registered users, many of

[2] Puerto 80 respectfully requests that the Court take judicial notice of the briefing on Puerto 80's Motion to Dismiss the government's forfeiture suit. *See* Motion for Judicial Notice, filed contemporaneously herewith. *Accord Int'l Strategies Group, Ltd. v. Ness*, 645 F.3d 178, 180 (2d Cir. 2011) (taking judicial notice of filings in related case); *Scherer v. Equitable Life Assurance Society of U.S.*, 347 F.3d 394, 402 (2d Cir. 2003) ("[w]e are . . . free to take judicial notice of subsequent developments in cases that are a matter of public record and are relevant to the appeal") (quoting *Rothenberg v. Security Mgmt. Co.*, 667 F.2d 958, 961 n. 8 (11th Cir. 1982).)

whom used their accounts to engage in discussions of sports, politics, and a variety of other subjects on Rojadirecta discussion boards. (A-15 at ¶ 12.)

II. THE GOVERNMENT'S SEIZURE OF THE DOMAIN NAMES.

On or about February 1, 2011, ICE seized the subject domain names (Rojadirecta.com and Rojadirecta.org) which pointed to the "Rojadirecta" website. The domain names were seized pursuant to warrants issued in the Southern District of New York, and were based on an ICE agent's assertion that probable cause existed to believe that the domain names were being used to commit criminal violations of copyright law in the United States. (A-88.)

Puerto 80 was not notified of the seizure at the time, and its owner did not find out that the domains had been seized until he visited them shortly after the site was disabled. (A-7 at ¶ 9; A-15 at ¶ 15.) On February 3, 2011, Puerto 80 sent a formal request pursuant to 18 U.S.C. § 983(f)(2)[3] for the immediate return of its property. (A-46 at ¶ 2; A-52.) The government did not formally respond to that request within 15 days, nor did it return the domain names. Nor did it file a civil or

[3] 18 U.S.C. § 983(f)(2) provides that "[a] claimant seeking release of property under this subsection must request possession of the property from the appropriate official, and the request must set forth the basis on which the requirements of paragraph (1) are met." If the government fails to respond to the claimant's request within 15 days, "the claimant may file a petition in the district court in which the complaint has been filed or, if no complaint has been filed, in the district court in which the seizure warrant was issued or in the district court for the district in which the property was seized." 18 U.S.C. § 983(f)(3)(A).

criminal complaint against Puerto 80, or a complaint seeking judicial forfeiture of the domain names. On February 15, 2011, U.S. Customs and Border Patrol issued official seizure notices. On March 22, 2011, Puerto 80 returned its Asset Claim Forms to the government. (A-49 at ¶ 13; A-156.)

III. ROJADIRECTA'S ATTEMPTS TO ENGAGE THE GOVERNMENT IN DISCUSSIONS FOR RETURN OF THE DOMAIN NAMES

Following the government's seizure of the domain names, Puerto 80 undertook substantial efforts to petition for the immediate return of the subject domain names. As set forth in detail below, its initial efforts at engaging the government in a substantive conversation regarding the seizure proved futile until it served notice of its intention to file this action and seek an order from the district court requiring immediate return of the domain names. Counsel for Puerto 80 first contacted the New York Office of ICE and the United States Attorney's Office for the Southern District of New York ("USAO") on February 3, 2011, by faxing a letter to each agency requesting immediate return of the subject domain names. (A-46 at ¶ 2.) Following that letter, counsel for Puerto 80 contacted both offices numerous times, but was repeatedly directed to contact the other office. (A-46-47 at ¶¶ 3-7.) After repeated efforts, counsel for Puerto 80 spoke with Assistant U.S. Attorney Amanda Kramer, who confirmed that Puerto 80's February 3 letter began a 15-day period by which the government had to act on Puerto 80's request for an immediate return of the subject domain names. During this conversation, Ms.

Kramer also stated that the government was unlikely to take any action on Puerto 80's request within 15 days. (A-47 at ¶ 6.)

In a last attempt to reach out to the government before seeking relief in district court, on February 16, 2011, Puerto 80's counsel contacted Sharon Levin, Chief of the Asset Forfeiture Unit in the USAO. (A-162 at ¶ 4.) This contact led to a phone call on February 17 between Puerto 80's counsel and representatives from the USAO. (*Id*. at ¶ 6.) During that conversation, the government attempted to dissuade Puerto 80 from filing anything in district court and indicated that it would aggressively pursue—and possibly expand—its case against Puerto 80. Counsel for Puerto 80 was also informed during this call that the government had issued administrative seizure notices (dated February 15, 2011) for both of the domain names. (A-162 at ¶ 6; A-165.)

Hopeful of the possibility of obtaining quicker relief through negotiations with the government than through the costly and onerous judicial process, Puerto 80 decided to hold off seeking expedited relief in court. Puerto 80's counsel met with attorneys from the USAO in New York on March 14, 2011, and thereafter continued to attempt to engage with the government to discuss options for the return of the domain names. (A-162-163 at ¶¶ 7-8.)

Following weeks of failed negotiations with the government, and with the government still not having filed a civil forfeiture complaint, on June 13, 2011

Puerto 80 filed this action in the District Court for the Southern District of New York under 18 U.S.C. § 983(f) (the "983(f) Petition"), seeking the immediate return of its domain names pending the outcome of any forfeiture proceedings. *See Puerto 80 Projects, S.L.U. v. United States of America*, No. 1:11-cv-03983-PAC (S.D.N.Y.). (A-5.)

On June 17, 2011, after this action was filed, and after it had already been in possession of Puerto 80's domain names for nearly five months, the government finally filed a Verified Complaint (the "Complaint") for forfeiture of the domain names. *See United States v. Rojadirecta.com*, No. 11-cv-4139-PAC (S.D.N.Y.). (A-207.) On August 2, 2011, the district court conducted a pre-motion conference in the government's forfeiture case (case no. 11-cv-4139) and heard oral argument on Puerto 80's 983(f) Petition. (A-387.) At the hearing, the Court heard argument on whether the government's actions violated the First Amendment. (A-394 at lines 5-22; A-194-197.) On August 4, 2011, the district court denied Puerto 80's 983(f) Petition and entered judgment in favor of the government in case no. 11-cv-03983. (SPA-1-6.) The Court's ruling did not reach the merits of the government's forfeiture case, and made no finding that Puerto 80's operation of the Rojadirecta website constituted or facilitated criminal copyright infringement. On August 18, 2011, Puerto 80 timely noticed this appeal. (A-412.)

SUMMARY OF ARGUMENT

The government seized and shut down two Internet domain names—the 21st century equivalent of printing presses. *See Reno v. American Civil Liberties Union*, 521 U.S. 844, 870 (1997) (noting that through use of the Internet, "any person with a phone line can become a town crier with a voice that resonates farther than it could from any soapbox. Through the use of Web pages, mail exploders, and newsgroups, the same individual can become a pamphleteer."). Seizure of that sort is a prior restraint on speech. Prior restraints are "'the most serious and least tolerable infringement' on our freedoms of speech and press." *United States v. Quattrone*, 402 F.3d 304, 309 (2d Cir. 2005) (quoting *Nebraska Press Ass'n v. Stuart*, 427 U.S. 539, 559 (1976)). They can be justified only by scrupulous attention to procedure and an extraordinary showing on the merits. Neither is present here.

The government seized and shut down Puerto 80 and its users' means of communication in an *ex parte* procedure with no notice to Puerto 80 and no adversary hearing of any kind. It held those domain names for more than six months before any court ever considered whether the seizure violated the First Amendment or caused Puerto 80 substantial hardship such that the domain names should be released pending a determination of the merits of the forfeiture case. To date, no court has reached the merits of the government's case. When the district

court did rule, it dismissed the First Amendment concerns in a paragraph, improperly placing the burden on Puerto 80 to show that it suffered substantial hardship from the government's prior restraint. And the government did all this without ever having had to prove to any court that Puerto 80 (or anyone else) was guilty of copyright infringement. Indeed, to this day the government takes the position that it will *never* have to justify its seizure by showing that Puerto 80 violated any law. (MJN, Exhibit D at 1.)

The procedure used by the government flies in the face of First Amendment law. Decades of First Amendment jurisprudence establishes that the government is entitled to seize property used for speech only after notice to the property owner and an adversarial hearing that fully vets the merits of the government's case and concludes that the defendant acted unlawfully. This seizure was conducted with no notice, no hearing of any kind, and was based only on the government's assertion that it had probable cause to believe that criminal infringement occurred because *some* of the content *linked to* by Puerto 80 may be unauthorized. That procedural failure is itself enough to condemn the government's action as an unlawful prior restraint. And it is compounded by the government's substantive failure to show anything more than probable cause to believe that criminal copyright infringement had occurred. The First Amendment requires more than probable cause. It requires a final determination on the merits that Puerto 80's use of the domain

names was unlawful. For both reasons, the government's prior restraint was unlawful and should be lifted.

ARGUMENT

I. STANDARD OF REVIEW

Review of the district court's legal conclusion as to the constitutionality of a prior restraint is *de novo*. *United States v. Stewart*, 590 F.3d 93, 109 (2d Cir. 2009) ("We review *de novo* the district court's legal conclusions, including those interpreting and determining the constitutionality of a statute."). Appellate review of a decision imposing or enforcing a prior restraint, including review of any factual determinations underlying that decision, must be without deference. *See, e.g.*, *Bantam Books, Inc. v. Sullivan*, 372 U.S. 58, 70 (1963) ("Any system of prior restraints of expression comes to this Court bearing a heavy presumption against its constitutional validity."); *see also* Eugene Volokh & Brett McDonnell, *Freedom of Speech and Independent Judgment Review in Copyright Cases*, 107 Yale L.J. 2431 (1997).

II. THE DISTRICT COURT'S RULING VIOLATED THE FIRST AMENDMENT BY SUPPRESSING SPEECH PRIOR TO MAKING ANY DETERMINATION AS TO THE LEGALITY OF THAT SPEECH.

The government's *ex parte* seizure of Puerto 80's domain name constituted a prior restraint on speech. *See Alexander v. United States*, 509 U.S. 544, 550 (1993) ("Temporary restraining orders and permanent injunctions—*i.e.*, court orders that actually forbid speech activities—are classic examples of prior restraints."); *United States v. Salameh*, 992 F.2d 445, 446 (2d Cir. 1993) ("An

order that prohibits the utterance or publication of particular information or commentary imposes a 'prior restraint' on speech.").

It has long been established that prior restraints "constitute 'the most serious and least tolerable infringement' on our freedom of speech and press." *Quattrone*, 402 F.3d at 309 (quoting *Nebraska Press Ass'n v. Stuart*, 427 U.S. 539, 559 (1976)). "Any imposition of a prior restraint, therefore, bears a 'heavy presumption against its constitutional validity.'" *Id*. at 310 (quoting *Bantam Books, Inc. v. Sullivan*, 372 U.S. 58, 70 (1963)). The government's seizure of the Rojadirecta domain names violated the procedural safeguards of the First Amendment in at least two important respects: (1) it did not provide notice or any meaningful adjudication of the merits of the government's basis for seizure prior to authorizing the seizure, and (2) the seizure was effected based on a "probable cause" standard that is plainly insufficient to satisfy the First Amendment. The government cannot show that it is likely that it will ultimately prevail on a theory that Puerto 80 was engaged in any sort of copyright infringement (criminal or otherwise); indeed, since the district court's ruling on the instant motion it has abandoned any attempt to do so. *See* MJN, Exhibit C at 18 ("[T]he Government is not criminally charging Puerto 80 or the operator of the Rojadirecta website with 'indirect copyright infringement.' . . . Nor does it matter that Section 2323 does not

authorize forfeiture based on violations of [conspiracy or aiding and abetting]. The Government is not bringing a civil action against Puerto 80.").

A. The seizure of the Rojadirecta domain names is a prior restraint on speech.

The government's seizure of the subject domain names constitutes an unlawful prior restraint on speech that suppresses Puerto 80's users' and readers' protected First Amendment activities.[4] The hundreds of thousands of registered users of Rojadirecta (A-15 at ¶ 12) cannot access their accounts or participate in forum discussions on the Rojadirecta.com and Rojadirecta.org sites as a result of the seizure. Nor can they post or follow links to other websites. The government's speech restriction affects not just registered users of Rojadirecta, but also any of the millions of other Internet users wishing to visit the website. The First Amendment protects viewers and listeners as well as speakers. *See, e.g., Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 756 (1976) ("[T]he protection afforded is to the communication, to its source and to its

[4] Puerto 80 is in a position to assert the rights of its users just as effectively as they would themselves and thus may raise First Amendment concerns on their behalf. *Virginia v. American Booksellers Assoc.*, 484 U.S. 383, 392-93 (1988) (bookstores may assert First Amendment rights on behalf of book buyers); *Sec'y of State v. Joseph H. Munson Co.*, 467 U.S. 947, 958 (1984) (professional fundraiser may assert First Amendment rights of its client charities); *Dep't of Labor v. Triplett*, 494 U.S. 715, 720 (1990) ("A restriction upon the fees a lawyer may charge that deprives the lawyer's prospective client of a due process right to obtain legal representation falls squarely within this principle."); *Craig v. Boren*, 429 U.S. 190, 194-97 (1976); *Pennell v. City of San Jose*, 485 U.S. 1 (1988) (landlord may raise constitutional challenge to rent control ordinance on behalf of tenants).

recipients both."); *Red Lion Broad. Co. v. FCC*, 395 U.S. 367, 390 (1969) ("It is the right of the public to receive suitable access to social, political, esthetic, moral, and other ideas and experiences . . . . That right may not constitutionally be abridged . . . .").

In *Fort Wayne Books, Inc. v. Indiana*, 489 U.S. 46, 50-51 (1989), state and local officials (respondents) filed a civil action pursuant to Indiana's RICO laws, alleging that the defendant bookstores had engaged in a pattern of racketeering activity by repeatedly violating Indiana's obscenity laws. Prior to trial, respondents petitioned for, and the trial court granted, immediate seizure of the bookstores pursuant to a state law that permitted courts to issue seizure orders "upon a showing of probable cause to believe that a violation of [the State's RICO law] involving the property in question has occurred." *Id*. at 51. On appeal, the Supreme Court held that the pretrial seizure order was unconstitutional, stating that "mere probable cause to believe a legal violation has transpired is not adequate to remove books or films from circulation." *Id*. at 66. As in *Fort Wayne*, the government here has seized an entire business devoted to publishing and effectively suppressed all of the expressive content hosted on it, including political discussions, commentary, and criticism by the site's users, based at most on a showing of probable cause, and without any court ever determining whether the seizure was "actually warranted" under the relevant statutes. *Id*. at 67. *See also*

Pittsburgh Press Co. v. Pittsburgh Comm'n on Human Relations, 413 U.S. 376, 390 (1973) ("The special vice of a prior restraint is that communication will be suppressed . . . before an adequate determination that it is unprotected by the First Amendment."). Accordingly, certain procedural safeguards must be met. As explained below, they have not.

B. The First Amendment requires notice and an opportunity to be heard before expressive content can be seized.

The process by which the government seized the domain names failed to provide notice or an adversarial hearing before the seizure of the domain name was authorized. "[T]he lack of notice or opportunity to be heard normally renders a prior restraint invalid." *Quattrone*, *supra*, 402 F.3d at 312 (citing *Carroll v. President & Comm'rs of Princess Anne*, 393 U.S. 175, 180 (1968)); *see also Astro Cinema Corp. Inc. v. Mackell*, 422 F.2d 293, 296 (2d Cir. 1970) (holding that the "seizure of a film which is to be shown to a large public audience . . . must be preceded by an adversary hearing."). In *Carroll*, county officials applied for, and obtained *ex parte*, an order restraining for ten days a white supremacist organization from holding rallies or meetings "which will tend to disturb and endanger the citizens of the County." 393 U.S. at 177. The Court held that *ex parte* procedure inadequate. It explained that "[t]he participation of both sides is necessary" to enable a court to fashion an order that is "issued in the area of First Amendment rights." *Id*. at 183-84. Notably, the Court rejected the county's

argument that the failure to give notice and an opportunity for hearing did not violate the First Amendment because under state procedure, the organization could have obtained a hearing "on not more than two days' notice." *Id*. at 184.

Similarly, in *Astro Cinema*, this Court considered the *ex parte* seizure of a motion picture film pursuant to a warrant issued alleging that the film violated New York's obscenity statute. Although only one copy of the film was seized, the Court ruled that the seizure was an unlawful prior restraint. Unlike the seizure of a single book, "[a] film," the Court wrote, "is not directed to a single purchaser; it is aimed at all those who would be in the audience on the days that the film is scheduled to be shown." *Id*. 422 F.2d at 295. The Court continued:

> It is no answer to urge, as the State does, that the [movie theater from which the film was seized] might have been able to procure another copy of the film[.] . . . The point . . . is that if the State wishes to interfere substantially with the distribution of films or books, it must first provide, as we have been instructed, an adversary hearing capable of affording a 'reasonable likelihood' that non-obscene films or books will reach the public.

Id. at 295-96 (quoting *Marcus v. Search Warrant*, 367 U.S. 717, 736 (1961).)

The process actually used by the government in this case had none of those safeguards. The government seized the domain names with no notice whatsoever to Puerto 80. Nor did it file a proceeding in court. Instead, it obtained a seizure warrant *ex parte* from a magistrate judge and executed that warrant without ever

raising the speech issues with the magistrate or seeking a hearing, much less an adversarial hearing, at which Puerto 80 could present its side of the case.

When Puerto 80 learned of the seizure—not even by government notice after the fact, but by discovering that it could not access its own website—it immediately gave notice of its intent to challenge that seizure. But for weeks the government could not even identify the proper official or office to whom that notice should be given. It was only when Puerto 80 threatened to file this suit that the government actually responded to Puerto 80's inquiries about the seizure. And even then, the government still had not given official notice of the seizure to Puerto 80.[5] After months of fruitless negotiations in an effort to get the government to return the seized domain names, Puerto 80 finally filed this lawsuit on June 13, 2011. It was only *after* this suit was filed that the government even filed a civil forfeiture proceeding against the domain names, on June 17, 2011. And Puerto 80 was not given a hearing of any sort until August 2, 2011, more than six months after its domain names were seized.[6] In considering the First Amendment arguments, the district court focused on whether *Puerto 80* could prove that it

[5] The notices were eventually delivered via letters dated February 15, 2011. (A-165-179.)

[6] Nor was a decision rendered within 30 days of Puerto 80's filing of its 983(f) Petition, as is required by statute, absent good cause. 18 U.S.C. § 983(f)(5) ("The court shall render a decision on a petition filed under paragraph (3) not later than 30 days after the date of the filing, unless such 30-day limitation is extended by consent of the parties or by the court for good cause shown.").

suffered substantial hardship from the continued seizure of its domain names, not whether the government had demonstrated Puerto 80 had not, or whether the restraint was proper in light of the First Amendment. (SPA-4.)

This procedure is plainly inadequate to protect the First Amendment rights of the hundreds of thousands of users who can no longer access the seized domain names. The fact that the government seized the domain names without notice or an opportunity to be heard, held those domain names for more than six months before any hearing, and that Puerto 80 bore a heavy burden of proof at the ultimate hearing, all fly in the face of the rule against prior restraints. These procedural defects themselves provide sufficient reason to reject the forfeiture and require return of the domain names pending a proper legal proceeding. *Cf. Quattrone*, 402 F.3d at 312 (finding that "the district court erred by failing to give prior notice and by waiting a full day after imposition of the prior restraint before granting a hearing on its merits.").

C. The district court improperly placed the burden on Puerto 80 to show hardship from the prior restraint.

Any imposition of a prior restraint bears "a heavy presumption against its constitutional validity." *Bantam Books*, 372 U.S. at 70; *Salameh*, 992 F.2d at 446-47.

The district court, however, in effect reversed that presumption. In rejecting Puerto 80's First Amendment argument, the court said:

> Although some discussion may take place in the forums, the fact that visitors must now go to other websites to partake in the same discussions is clearly not the kind of substantial hardship that Congress intended to ameliorate in enacting § 983. . . . [T]he First Amendment considerations discussed here certainly do not establish the kind of substantial hardship required to prevail on this petition.

(SPA-4.)

The district court drew that standard from Section 983(f). But something can be an unlawful prior restraint without imposing the "hardship" of the kind Section 983(f) describes. In other words, whether the prior restraint was a "substantial hardship" to Puerto 80 is legally irrelevant to whether it violates the United States Constitution. The question is whether the government has overcome the heavy presumption that its prior restraint on speech is impermissible. It has not.

In finding that Puerto 80 had not met the burden it imposed of showing hardship, the district court stated that many of the users whose speech was restricted or who were denied the opportunity to view the site might find similar content elsewhere. There are two problems with that aspect of the district court's ruling.

First, the district court's statement that "Rojadirecta has a large internet presence and can simply distribute information about the seizure and its new domain names to its customers" (SPA-4) is unsupported by the factual record. The district court did not cite to any evidence in support of this finding, and indeed, the

government did not present any evidence bearing on or even related to the issue. In fact, the undisputed evidence accepted by the district court established that roughly one-third of the registered users of Rojadirecta did not in fact find those alternative avenues of communication. (SPA-3.) The court's finding was therefore in error. *Lavender v. Kurn*, 327 U.S. 645, 653 (1946) (reversible error occurs "when there is a complete absence of probative facts to support the conclusion reached"). *Cf.* Volokh & McDonnell, *supra* (noting that review of facts relating to prior restraints is without deference).

Second, the district court's focus on potential alternative avenues of expression is legally irrelevant. While the "availability of alternative means of communication is relevant to an analysis of 'time, place, and manner' restrictions," it cannot justify a prior restraint. *Bolger v. Youngs Drug Prods. Corp*., 463 U.S. 60, 70 n.18 (1983) (rejecting premise of government's argument that statute did not interfere "significantly" with free speech, even where it applied only to unsolicited mailings and did not bar other channels of communication); *Beal v. Stern*, 184 F.3d 117, 124 (2d Cir. 1999) ("The district court concluded that . . . the challenged regulations were content neutral 'time, place, and manner restriction[s],' and thus did not constitute a 'prior restraint' on speech. We disagree."); *G. & A. Books, Inc. v. Stern*, 604 F. Supp. 898, 912 (S.D.N.Y.), *aff'd*, 770 F.2d 288 (2d Cir. 1985) ("[I]f the [action] amounted to a prior restraint, the

ability of plaintiffs to relocate and continue their speech elsewhere would be legally irrelevant."). *See also Schneider v. State*, 308 U.S. 147, 163 (1939) ("[O]ne is not to have the exercise of his liberty of expression in appropriate places abridged on the plea that it may be exercised in some other place."). Thus, the claim that Puerto 80's discussion forums may be accessible through other domain names, even if it had been proven, does not diminish the First Amendment interest at stake, and is legally irrelevant to the question whether the seizure constituted a prior restraint.

D. The First Amendment requires a greater showing than that under which the seizure warrant was issued in this case.

As explained above, the government's seizure of a major Internet site—the modern-day equivalent of a printing press—was an prior restraint on the speech of hundreds of thousands of registered users of the Rojadirecta domains. Accordingly, the First Amendment requires that the government make a greater showing than mere "probable cause" to justify the seizure. *See Maryland v. Macon*, 472 U.S. 463, 468 (1985) ("[t]he First Amendment imposes special constraints on searches for and seizures of presumptively protected material . . . and requires that the Fourth Amendment be applied with 'scrupulous exactitude' in such circumstances.") (internal citations omitted); *Lo-Ji Sales, Inc. v. New York*, 442 U.S. 319, 326 n.5 (1979) (noting that the First Amendment imposes special constraints on searches for and seizures of presumptively protected materials).

The warrants pursuant to which the seizure of the Rojadirecta domains was effected were based on an *ex parte* showing of probable cause that the domains were subject to forfeiture because *some* of the Internet links posted by *third parties* on the websites hosted on the domains pointed to yet other third party sites that contained allegedly infringing material. This showing is constitutionally deficient, both because it does not actually show probable cause to believe Puerto 80 facilitated or violated copyright law (criminal or otherwise) and because it goes against the long line of cases which "firmly hold that mere probable cause to believe a legal violation has transpired is not adequate to remove books or films from circulation." *Fort Wayne Books*, 489 U.S. at 66 (1989).

In *Fort Wayne*, the state of Indiana and a local prosecutor sought forfeiture of a bookstore's real and personal property. Similar to the statute under which the Rojadirecta domains were seized, the forfeiture in *Fort Wayne* was sought pursuant to a statute that permitted "courts to issue seizure orders 'upon a showing of probable cause to believe that a violation of [the State's RICO law] involving the property in question has occurred.'" *Id.* at 51. The seizure petition in *Fort Wayne* was supported by "an affidavit executed by a local police officer, recounting the 39 criminal convictions involving the defendants, further describing various other books and films available for sale at petitioner's bookstores and believed by affiant to be obscene, and alleging a conspiracy among several of petitioner's employees

and officers who had previous convictions for obscenity offenses." *Id*. at 52. This showing, the Court held, was insufficient to prohibit the dissemination of presumptively protected expressive content:

> [W]hile the general rule under the Fourth Amendment is that any and all contraband, instrumentalities, and evidence of crimes may be seized on probable cause . . . , it is otherwise when materials presumptively protected by the First Amendment are involved . . . Probable cause to believe that there are valid grounds for seizure is insufficient to interrupt the sale of presumptively protected books and films.
>
> Here, there was not-and has not been-any determination that the seized items were 'obscene' or that a RICO violation *has occurred*.

Id. at 63-66 (emphasis in original). *See also Ctr. for Democracy & Tech. v. Pappert*, 337 F. Supp. 2d 606, 657 (E.D. Pa. 2004) (finding that a procedure that permits a judge to make an *ex parte* finding of probable cause that material is child pornography, with no opportunity for the content publisher to receive notice or be heard, violates the First Amendment).[7]

[7] The instant case is distinguishable from *In re Application of Madison*, 687 F. Supp. 2d 103 (E.D.N.Y. 2009), in which the court rejected a First Amendment challenge to property seized pursuant to a search warrant executed in connection with an investigation into alleged violations of federal anti-rioting statutes. In *Madison*, the court held *Fort Wayne* and its progeny inapplicable because the seizure of the property was "not undertaken to stifle any expression"; rather, it was undertaken to "further an investigation into possible violations of the federal anti-rioting statute." *Id*. at 110-11. Here, by contrast, the seizure of the subject domain names *was* for the purpose of "block[ing] [Appellant's] distribution or exhibition" of protected material, which is a "very different matter from seizing a single copy of a film for the *bona fide* purpose of preserving it as evidence in a criminal proceeding." *Id*. at 110 (quoting *Fort Wayne*, 489 U.S. at 63); Mark A. Lemley & Eugene Volokh, *Freedom of Speech and Injunctions in Intellectual Property*

Notably, the question is *not* whether Puerto 80 will ultimately be found to have been in violation of the copyright laws. The question is whether there *was* such a finding on the merits after a hearing and a full record. In this case there was no determination, by the district court or even by the government itself, that Puerto 80 had so much as "facilitated" other parties' alleged criminal copyright infringement, let alone that Puerto 80 itself engaged in criminal copyright infringement. Accordingly, the seizure violated the procedural protections of the First Amendment.

E. The government cannot defend its conduct as an effort to enforce the copyright laws.

The copyright laws are generally considered to comply with the First Amendment. *Eldred v. Ashcroft*, 537 U.S. 186 (2003). But that fact cannot help the government in this case. It could have filed a civil or criminal copyright claim against Puerto 80. If, after a full hearing, it had prevailed on that claim, it might have been entitled to an injunction restricting acts a court had determined to be infringing. Even then, it would have had to satisfy the traditional test for equitable relief before it was entitled to restrict the flow of information over the seized domain names. *Salinger v. Colting*, 607 F.3d 68 (2d Cir. 2010).

Cases, 48 Duke L.J. 185 (1998) (copyright-based prior restraints are motivated by the desire to block the content being expressed). Indeed, the government's seizure of the domain names, far from preserving evidence of what occurred on those sites, if anything actually destroyed that evidence.

But the government did not file any such claim. Instead, it chose to take for itself a remedy it could not have obtained from any court—shutting down the Rojadirecta domains altogether. It did so without notice to Puerto 80 or any kind of hearing. Indeed, it was not until after Puerto 80 filed this action that the government filed suit at all. And when it did, it is notable that the government did not file a complaint alleging criminal copyright infringement (against Puerto 80 or anyone else), but instead sought to invoke a civil forfeiture statute based on allegations that property was used to commit a crime, *without charging any such crime*. And while the government initially took the position that the seizure was based on probable cause to believe that Puerto 80 itself was engaged in criminal copyright infringement, it subsequently reversed its position 180 degrees. Specifically after arguing in its response to Puerto 80's 983(f) petition that "Puerto 80, through the Rojadirecta Domain Names, was engaged in criminal copyright infringement," (A-270-271) the government has since taken the position that it is irrelevant whether Puerto 80 committed any criminal infringement. In its opposition to Puerto 80's motion to dismiss the forfeiture complaint (which is pending in the district court at this writing) the government disavowed any intent to show that Puerto 80 engaged in copyright infringement at all, stating that it is "simply of no import" that 18 U.S.C. § 2323 (the statute pursuant to which the seizure was authorized) doesn't authorize forfeiture based on allegations of

conspiracy or aiding and abetting. (MJN, Exhibit D at 17.) Instead, the government is now arguing that Puerto 80 is "facilitating" criminal copyright infringement committed by unnamed third parties. *See, e.g.*, A-399 at lines 19-20 (stating that Puerto 80 has "facilitated criminal copyright infringement by linking to material that is protected under the United States copyright laws.").[8]

[8] Even if the government's original seizure rested on its new-found theory that Puerto 80 was "facilitating" criminal copyright infringement rather than committing the criminal copyright infringement itself, the seizure would still be unconstitutional. Probable cause to believe that a website operator "facilitated" (but did not commit) a crime would permit the government to shut down a search engine, website, newspaper, and printing press not just prior to a determination of the illegality of the content, but without ever having to show that it was operating unlawfully. It would permit, for instance, the government to shut down an entire printing press and newspaper for running an advertisement that contained allegedly infringing content. Or it would permit the seizure of a search engine because of its indexing allegedly infringing material. Such actions are plainly unconstitutional. *See, e.g.*, *New York Times Co. v. United States*, 403 U.S. 713, 727 (1971) ("Unless and until the Government has clearly made out its case, the First Amendment commands that no injunction may issue."); *Fort Wayne*, 489 U.S. at 66 ("mere probable cause to believe a legal violation has transpired is not adequate to remove books or films from circulation"). *Cf. Alexander*, 509 U.S. at 552 (distinguishing *Fort Wayne* and holding that post-conviction forfeiture of assets related to adult entertainment business did not violate the First Amendment because "government established beyond a reasonable doubt the basis for the forfeiture" after a "full criminal trial on the merits of the obscenity and RICO charges").

Further, the government's new, extra-copyright theory of forfeiture cannot be used as a shield to avoid application of the First Amendment. As the Supreme Court made clear when it declared copyright law substantively constitutional, it was only the "traditional contours" of copyright law that could avoid First Amendment scrutiny. *Eldred*, 537 U.S. at 221. By articulating a new theory of quasi-copyright that goes far beyond those traditional contours, the government has given up any right to claim that its actions need not be assessed under the First Amendment.

The government's failure to bring a copyright action in this case is no accident. For as Puerto 80 has demonstrated in its motion to dismiss below, the conduct the government alleged in its secret seizure warrant does not constitute even civil, much less criminal, copyright infringement.

In order to prove criminal copyright infringement, the government must show (1) willful (2) infringement of a valid copyright (3) "committed—(A) for purposes of commercial advantage or private financial gain; (B) by the reproduction or distribution . . . during any 180-day period, of 1 or more copies . . . of 1 or more copyrighted works, which have a total retail value of more than $1,000; or (C) by the distribution of a work being prepared for commercial distribution . . . if such person knew or should have known that the work was intended for commercial distribution." 17 U.S.C. § 506(a). The Complaint fails to allege facts supporting the inference that at least two of these elements have been met. First, the government acknowledges that Puerto 80 does not copy or display any works itself; it merely hosts links to other websites. Because Puerto 80 did not copy anything, it cannot be found liable for direct infringement by virtue of hosting links to content. This is a firmly established legal proposition that has been

affirmed time and time again by many courts.[9] *See CoStar Group, Inc. v. LoopNet, Inc.*, 373 F.3d 544, 546 (4th Cir. 2004) ("Because LoopNet, as an Internet service provider, is simply the owner and manager of a system used by others who are violating CoStar's copyrights and is not an actual duplicator itself, it is not *directly* liable for copyright infringement.") (emphasis in original). *Accord Perfect 10, Inc. v. Amazon.com, Inc.*, 487 F.3d 701, 717 (9th Cir. 2007) (party from whose site

[9] Those who link to infringing material may sometimes face civil copyright liability for contributory or other indirect copyright infringement. But that cannot help the government here, because there is no federal criminal offense of contributory or indirect copyright infringement. That is because there is no statutory basis for the theory of criminal contributory infringement, and federal crimes "are solely creatures of statute." *Liparota v. United States*, 471 U.S. 419, 424 (1985); *accord United States v. Lanier*, 520 U.S. 259, 267 n.6 (1997) ("Federal crimes are defined by Congress, not the courts . . ."). Secondary liability in civil copyright law is a common law creation that finds no support in the text of the copyright statute. *See Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 434 (1984) ("The Copyright Act does not expressly render anyone liable for infringement committed by another."); *Demetriades v. Kaufmann*, 690 F. Supp. 289, 291-92 (S.D.N.Y. 1988) ("Federal copyright law, unlike patent law, does not expressly create any form of derivative, third-party liability."). Accordingly, the reach of the criminal copyright statute—which is predicated on liability for acts proscribed by the copyright statute—does not extend to contributory infringement. Puerto 80's domain names were not seized based on an allegation of aiding and abetting or conspiracy, and the government did not bring those charges in its forfeiture complaint. Even if it had, those charges would not support forfeiture of the domain names because the forfeiture statute under which the government is proceeding does not permit seizure based on those crimes. *See* 18 U.S.C. § 2323 (permitting seizure based on alleged violations of specific statutes, not including 18 U.S.C. §§ 2 or 371). This is especially significant because other forfeiture provisions, based on other substantive offenses, *do* expressly permit forfeiture based on aiding and abetting, or conspiring to commit, such offenses. *See, e.g.*, 18 U.S.C. § 981(c), which provides for forfeiture of any property constituting or derived from a violation of certain specified criminal offenses "or a conspiracy to commit such offense."

content is actually transmitted and subsequently displayed on the end-user's screen is responsible for display, not search engine that merely links to that content); *Online Policy Group v. Diebold, Inc.*, 337 F. Supp. 2d 1195, 1202 n.12 (N.D. Cal. 2004) ("hyperlinking per se does not constitute direct copyright infringement because there is no copying."); *Arista Records, Inc. v. MP3Board, Inc.*, No. 00 CIV. 4660 (SHS), 2002 WL 1997918, at *4 (S.D.N.Y. Aug. 29, 2002) (linking to content does not implicate distribution right and thus, does not give rise to liability for direct copyright infringement).

Second, willfulness is an essential element of criminal copyright infringement. *See* 17 U.S.C. § 506(a). "Even if civil liability has been established, without the requisite *mens rea* it does not matter how many unauthorized copies or phonorecords have been made or distributed: No criminal violation has occurred." (MJN, Exhibit B at Ex. 5.)

The government appears to overlook this element, as its Complaint is devoid of a single factual allegation supporting the inference that any infringement was done willfully. Without alleging intent, the Complaint fails to support the inference that the property is subject to forfeiture. *See Kaplan v. Jazeera*, No. 10 Civ. 5298, 2011 WL 2314783, at *3, 5 (S.D.N.Y. June 7, 2011) ("[T]he requirement to plead facts rather than legal conclusions applies to allegations of a defendant's intent as well as allegations about a defendant's conduct . . . Plaintiffs'

allegation of Defendant's wrongful intent must be supported by 'sufficient factual matter' in order for Plaintiff to survive Defendant's motion to dismiss.") (quoting *Ashcroft v. Iqbal*, 129 S.Ct. 1937, 1949 (2009)). *See also United States v. Portrait of Wally, A Painting By Egon Schiele*, No. 99 Civ. 9940(MBM), 2002 WL 553532, at *16 (S.D.N.Y. Apr. 12, 2002) (considering whether forfeiture complaint adequately alleged intent under predicate criminal statute).

In short, the government cannot justify its speech restriction as an effort to shut down a website that has allegedly engaged in criminal copyright infringement, both because it has abandoned any effort to do so in opposing Puerto 80's motion to dismiss, and because it could not show that Puerto 80 was engaged in criminal copyright infringement in any event.

F. The government's restriction on speech is substantially overbroad.

The government's prior restraint on speech through the seizure is even more troubling in light of its overbreadth. Even had the government followed constitutional procedure, waiting to hold a full hearing on the merits, and even had it been able to prove at that hearing that Puerto 80 was engaged in criminal copyright infringement, it still should not be entitled to the draconian remedy of seizing and shutting down an Internet domain name altogether. For the remedy the government arrogated to itself in this case is substantially overbroad.

The 865,000 registered users of the Rojadirecta domain names make a variety of uses of the Rojadirecta websites. The government asserts (at least sometimes) that some of those uses amount to copyright infringement. But it cannot deny that the Rojadirecta domain names are also used for other, unquestionably lawful, purposes. As the district court acknowledged, and the government did not dispute, the Rojadirecta site contains discussion boards in which users could post (and visitors could read) discussions about a variety of sporting events. (SPA-4; A-268.) Registered users had accounts at which they could post to discussion boards and message other users. (A-14 at ¶ 6.) By seizing and shutting down the domain name in its entirety, the government has thrown out the baby with the bath water, indiscriminately blocking unquestionably legal speech in its zeal to stop possibly illegal speech.

"The crucial question" in determining whether a regulation is overbroad is whether it "sweeps within its prohibitions what may not be punished under the First and Fourteenth Amendments." *Grayned v. City of Rockford*, 408 U.S. 104, 114-15 (1972). *See also Schad v. Borough of Mount Emphraim*, 452 U.S. 61 (1981) (invaliding city ordinance prohibiting all live entertainment where effect would be to prohibit performances beyond those deemed unprotected by the First Amendment). Given that websites are capable of, and often do, host a wide variety of material, the government's ability to seize an entire website based on probable

cause to believe that the website may be hosting a link or links to infringing material will lead to the suppression of lawful speech in a large number of cases. In Rojadirecta's case, that is exactly what happened: the government disabled access not just to the links that it alleges point to infringing material, but also to the forums, discussion boards, and private user messages that populate the website. Thus, there is a very "realistic danger that the statute itself will significantly compromise recognized First Amendment protections of parties not before the Court[.]" *City Council v. Taxpayers for Vincent*, 466 U.S. 789, 800-01 (1984).

This Court need not decide the overbreadth issue today, because the procedural failings of the government's seizure mandate reversal whether or not the government could ultimately have proven its case had it followed constitutional procedures. But it is worth bearing in mind that the government's violations of the First Amendment in this case are not only procedural, but substantive as well.

CONCLUSION

The government seized the Rojadirecta domain names, shutting down a major source of speech, with no notice to the owner, no opportunity to be heard, and no ruling of any sort on the legality of the domain names. It continues to suppress that speech today, despite its inability to make out (or even to allege) a claim of criminal copyright infringement. This is precisely the sort of prior restraint of speech the prohibition of which is the "chief purpose" of the First

Amendment. *Gannett Co. v. DePasquale*, 443 U.S. 368, 393 n.25 (1979) (quoting *Near v. State of Minnesota ex rel. Olson*, 283 U.S. 697, 713 (1931)). This Court should hold the government's prior restraint unconstitutional and order the immediate return of the Rojadirecta domain names.

Dated: September 16, 2011

DURIE TANGRI LLP

By: */s/ Mark A. Lemley*

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CERTIFICATE OF COMPLIANCE

Pursuant to Federal Rule of Appellate Procedure 32(a)(7)(C), I certify that this brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5)(A), because it is written in 14-pt Times New Roman font, and with the type-volume limitations of Fed. R. App. P. 32(a)(7)(B), because it contains 8,441 words, excluding the portions excluded under Fed. R. App. P. 32(a)(7)(A)(iii). This count is based on the word-count feature of Microsoft Word.

Dated: September 16, 2011

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SPECIAL APPENDIX

SPECIAL APPENDIX
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SPA-1

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

PUERTO 80 PROJECTS, S.L.U.,

Petitioner,

- against -

UNITED STATES OF AMERICA AND, DEPARTMENT OF HOMELAND SECURITY, IMMIGRATION AND CUSTOMS ENFORCEMENT,

Respondents.

11 Civ. 3983 (PAC)

This Order also pertains to:
11 Civ. 4139 (PAC)

ORDER

HONORABLE PAUL A. CROTTY, United States District Judge:

On or about February 1, 2011, Immigration and Customs Enforcement ("ICE") agents enforced a warrant signed by Magistrate Judge Frank Maas authorizing the seizure of two domain names: Rojadirecta.com and Rojadirecta.org (the "domain names"). In signing the warrant, Magistrate Judge Maas found probable cause to believe that the domain names were subject to forfeiture because they had been used to commit criminal violations of copyright law. On June 13, 2011, Plaintiff Puerto 80 Projects, S.L.U. ("Puerto 80") filed the instant petition for the release of the domain names pursuant to 18 U.S.C. § 983(f). On June 17, 2011, the Government filed its Verified Complaint. On August 2, 2011, the Court conducted a conference and heard oral argument on the instant petition. The Court also set a briefing schedule for Puerto 80's motion to dismiss the Verified Complaint.

For the following reasons, Puerto 80's petition for release of the domain names under § 983 is DENIED.

SPA-2

LEGAL STANDARD

Under 18 U.S.C. § 983(f)(1), an individual whose property has been seized is entitled to "immediate release" of the seized property where:

(A) the claimant has a possessory interest in the property;

(B) the claimant has sufficient ties to the community to provide assurance that the property will be available at the time of trial;

(C) the continued possession by the Government pending the final disposition of forfeiture proceedings will cause substantial hardship to the claimant, such as preventing the functioning of the business, preventing an individual from working, or leaving an individual homeless;

(D) the claimant's likely hardship from the continued possession by the Government of the seized property outweighs the risk that the property will be destroyed, damaged, lost, concealed, or transferred if it is returned to the claimant during the pendency of the proceeding; and

(E) none of the conditions set forth in paragraph (8) applies.

Under § 983(f)(8):

This subsection shall not apply if the seized property —

(A) is contraband, currency or other monetary instrument, or electronic funds unless such currency or other monetary instrument or electronic funds constitutes the assets of a legitimate business which has been seized;

(B) is to be used as evidence of a violation of the law;

(C) by reason of design or other characteristic, is particularly suited for use in illegal activities; or

(D) is likely to be used to commit additional criminal acts if returned to the claimant.

DISCUSSION

Rojadirecta.com and Rojadirecta.org were websites that collected and organized links to third-party websites which directed visitors to live athletic events and other pay-per-view

presentations which were subject to copyright law. (Gov't Mem. 4.) The websites displayed three categories of links including "Today on Internet TV," "Download last full matches," and "Last video highlights." (Id.) The website also contained several other links, including one labeled "Forums." (Id.)

The Government argues that the domain names should not be released because (i) Puerto 80 has failed to demonstrate a substantial hardship under §983(f)(1)(C); and (ii) because, under § 983(f)(8)(D), the domain names would afford Puerto 80 the ability to commit additional criminal acts. The Government does not discuss the other elements of § 983(f)(1), and so the Court assumes that the Government agrees that Puerto 80 meets these criteria.

I. Substantial Hardship Under § 938(f)(1)(C)

Puerto 80 argues that if the Government does not immediately release the domain names, Puerto 80 will be caused substantial hardship, "including but not limited to, depriving it of lawful business in the United States and throughout a substantial part of the world." (Pl. Mem. 9.) In addition, "continued seizure of the domain names infringes on Puerto 80's users' and readers' First Amendment rights, thus imposing further hardship." (Id.) In support of their substantial hardship assertion, Puerto 80 notes that Rojadirecta has experienced a 32% reduction in traffic since the seizure and that continued seizure will cause further erosion of goodwill and reduction in visitors. (Id.)

As the Government points out (and as Puerto 80 admits), however, Puerto 80 has, since the seizure, transferred its website to alternative domains which are beyond the jurisdiction of the Government, including www.rojadirecta.me, www.rojadirecta.es, and www.rojadirecta.in. (Gov't Mem. 11, Pl. Mem. 10 n.5.) The United States Government cannot seize these foreign domain names, but United States residents can access them without restriction. Rojadirecta

argues that, because "there is no way to communicate the availability of these alternative sites on the .org or .com domains . . . the vast majority of users will simply stop visiting the sites altogether." (Pl. Mem. 10 n.5.) This argument is unfounded — Rojadirecta has a large internet presence and can simply distribute information about the seizure and its new domain names to its customers. In addition, Puerto 80 does not explain how it generates profit or argue that it is losing a significant amount of revenue as a result of the seizure. Specifically, Puerto 80 states that it does not generate revenue from the content to which it links, and it does not claim to generate revenue from advertising displayed while such content is playing. (Seoane Decl. ¶ 5, 10.) Accordingly, the claimed reduction in visitor traffic does not establish a substantial hardship for the purposes of § 983(f)(1)(C).

Puerto 80's First Amendment argument fails at this juncture as well. Puerto 80 alleges that, in seizing the domain names, the Government has suppressed the content in the "forums" on its websites, which may be accessed by clicking a link in the upper left of the home page. (Pl. Mem. 10.) The main purpose of the Rojadirecta websites, however, is to catalog links to the copyrighted athletic events — any argument to the contrary is clearly disingenuous. Although some discussion may take place in the forums, the fact that visitors must now go to other websites to partake in the same discussions is clearly not the kind of substantial hardship that Congress intended to ameliorate in enacting § 983. See 145 Cong. Rec. H4854-02 (daily ed. June 24, 1999) (statement of Rep. Hyde) ("Individuals lives and livelihoods should not be in peril during the course of a legal challenge to a seizure."). Puerto 80 may certainly argue this First Amendment issue in its upcoming motion to dismiss, but the First Amendment considerations discussed here certainly do not establish the kind of substantial hardship required to prevail on this petition.

Accordingly, it is clear that Puerto 80 does not satisfy the substantial hardship requirement of § 983(f)(1)(C). Indeed, the seizure certainly does not "prevent[] the functioning of the business, prevent[] an individual from working, [] leav[e] an individual homeless," or create any other similar substantial hardship. 18 U.S.C. §983(f)(1)(C); see United States v. $6,786 in U.S. Currency, No. 06-cv-1209, 2007 WL 496747, at *2 (N.D. Ga. Feb. 13, 2007). As Puerto 80 has failed to demonstrate hardship, the balancing test discussed in § 983(f)(1)(D) does not apply.

II. Additional Criminal Acts Under § 983(f)(8)(D)

A discussion regarding whether Puerto 80 would use the domain names to commit additional criminal acts if the Court granted Puerto 80's petition would necessitate the Court's consideration of whether Puerto 80 has committed criminal acts in the first instance. Given the Court's resolution of the substantial hardship issue above, the Court will defer consideration of this question until it considers Puerto 80's motion to dismiss, which is scheduled to be fully briefed on September 2, 2011. Puerto 80 will have another chance to test the validity of the seizure at that time.

CONCLUSION

For the foregoing reasons, Puerto 80's petition is DENIED. The Clerk of Court is directed to close and enter judgment in case number 11 Civ. 3983.

Dated: New York, New York
August 4, 2011

SO ORDERED

PAUL A. CROTTY
United States District Judge

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

PUERTO 80 PROJECTS, S.L.U.,

Petitioner,

-against-

UNITED STATES OF AMERICA AND, DEPARTMENT OF HOMELAND SECURITY, IMMIGRATION AND CUSTOMS ENFORCEMENT,

Respondent.

----------X

11 **CIVIL** 3983 (PAC)

JUDGMENT

Plaintiff Puerto 80 Projects, S.L.U. ("Puerto 80") having moved for the release of domain names pursuant to 18 U.S.C. § 983(f), and the matter having been brought before the Honorable Paul A. Crotty, United States District Judge, and the Court, on August 4, 2011, having issued its Order denying Puerto 80's petition, and directing the Clerk of Court to close and enter judgment in case number 11 civ. 3983, it is,

ORDERED, ADJUDGED AND DECREED: That for the reasons stated in the Court's Order dated August 4, 2011, Puerto 80's petition is denied; accordingly, case number 11 civ. 3983 is closed.

Dated: New York, New York
August 4, 2011

RUBY J. KRAJICK

Clerk of Court

BY:

Deputy Clerk

THIS DOCUMENT WAS ENTERED
ON THE DOCKET ON _____

STATE OF NEW YORK)
) ss.: **AFFIDAVIT OF**
COUNTY OF NEW YORK) **CM/ECF SERVICE**

I, Antoina Coston, being duly sworn, depose and say that deponent is not a party to the action, is over 18 years of age.

On September 16, 2011

deponent served the within: **Brief and Special Appendix for Petitioner-Appellant**

upon:

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via the CM/ECF Case Filing System. All counsel of record in this case are registered CM/ECF users. Filing and service were performed by direction of counsel.

Sworn to before me on September 16, 2011

s/ Maryna Sapyelkina
Maryna Sapyelkina
Notary Public State of New York
No. 01SA6177490
Qualified in Kings County
Commission Expires Nov. 13, 2011

s/ Antoina Coston

Job #237837