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Netcom, Scientologists Settle Suit Over Internet Postings

■ **Courts:** Online firm agrees to set up protocol for handling copyright disagreements.

From Bloomberg Business News

SAN JOSE—Netcom On-Line Communications Services Inc. has settled a copyright lawsuit by the Church of Scientology that threatened to set new boundaries for speech on the free-wheeling Internet.

The Scientologists sued Netcom after the Internet access provider refused to remove church writings posted to its computer network by a former Scientologist minister.

In a closely watched decision six months ago, a federal judge in California ruled that Netcom could be sued for aiding in the alleged copyright violation, although only if the Scientologists proved that Netcom knew it was violating the law.

Netcom settled the lawsuit Friday by establishing a new protocol for handling such disagreements, including a system for removing suspect materials while it investigates whether a copyright violation has occurred.

Netcom also posted a warning to subscribers on its World Wide Web site.

"Before you post that funny monologue of Dave Barry's or that wonderful Dilbert cartoon or use that image of Kermit the Frog on your Web page, please remember that these materials are very likely to be proprietary and cannot be distributed without permission," Netcom

said.

Neither Netcom nor the Scientologists would discuss further aspects of the settlement.

The settlement leaves in place the November ruling by U.S. District Judge Ronald M. Whyte in San Jose, which chipped away at the legal defenses of Netcom and other Internet access providers such as America Online Inc. Those companies say they are no more liable for material on their networks than a telephone company is for conversations carried over its phone lines.

But the settlement of the case against Netcom means it will not result in a potentially precedent-setting trial or appeal.

In its lawsuit, the church accused Netcom and Tom Klemesrud, the operator of a North Hollywood-based bulletin board service, of helping former Scientology official Dennis Erlich of Glendale distribute copyrighted materials. Klemesrud and Erlich are not party to the settlement.

The Scientologists have taken an aggressive legal stance against critics who use the Internet to post the unpublished writings of Scientology founder L. Ron Hubbard. Critics say the church is seeking to keep the writings out of the public eye because they illuminate some of the church's unusual practices.