

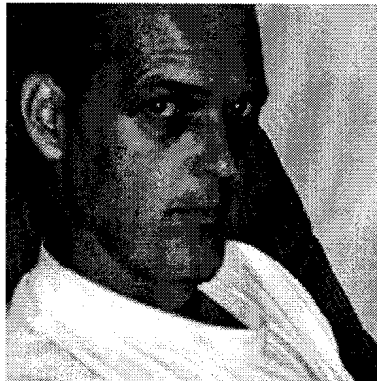
EXHIBIT 1

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Coupon Hacker Faces DMCA Lawsuit

By David Kravets 08.20.07 | 2:00 AM



John Stottlemire is accused of helping consumers get around coupon printing caps in Coupon Inc.'s proprietary software, allegedly in violation of the Digital Millennium Copyright Act.

Photo: Courtesy of John Stottlemire

John Stottlemire is the DVD Jon of coupon-clipping, and it's getting him in trouble.

The California man is on the working end of a federal copyright lawsuit after posting code and instructions that allow shoppers to circumvent copy protection on downloadable, printable coupons -- the type used by General Foods, Colgate, Disney and others to sell everything from soap to breakfast cereal.

The coupons are distributed by Mountain View, California-based Coupons Inc. through ad banners, e-mail and its website, coupons.com. To use them, consumers must install Coupons Inc.'s proprietary software. The software assigns each user's computer a unique identifier, which the company uses to track and control the consumer's coupon-printing practices, usually limiting each user to two coupons per product. Each printed coupon has its own unique serial code.

In a lawsuit filed in U.S. District Court in San Jose, California, last month, Coupons Inc. accuses Stottlemire of creating and giving away a program that erases the unique identifier, allowing consumers to repeatedly download and print as many copies of a particular coupon as they want.

The lawsuit also charges Stottlemire with posting tutorials on bargain-swapping sites DealIdeal.com and thecouponqueen.net on how to manually defeat the print limit, which the complaint alleges "would allow users of that software to print an unlimited number of coupons from the coupons.com website."

Stottlemire, 42, of Fremont, California, insists there was no encryption or hacking involved, and therefore he did not violate the Digital Millennium Copyright Act. "I honestly think there are big problems when you are not allowed to delete files off of your computer," says Stottlemire.

To be sure, Stottlemire's work differs from the generic online copyright battles involving movies, music or even literature: He's accused of liberating something that is already free. But Coupons Inc. argues the coupon hack is no different from cracks like "DVD Jon" Johansen's program DeCSS.

Scores of companies contract with Coupons Inc. to release a limited number of coupons for each product. If somebody cracks the code and downloads hundreds or thousands of them, it's consumers who lose, according to CEO Jeff Weitzman.

"We're protecting copyrighted information that is free to consumers already," says Weitzman. "We're trying to make sure everybody can get their fair share."

Ironically, Stottlemire says his motive was to get a job at Coupons Inc. "My goal was to show Jeff my capabilities and to ask him for employment," he says. But motives aside, Stottlemire says the case now raises bigger issues: How can a computer owner be prohibited from deleting files from his own computer?

"All I did was erase files or registry keys," he says. "Nothing was hacked. Nothing was decoded that was any way, shape or

form in the way the DMCA was written."

Legal experts aren't so sure.

"I think it's a pretty broad statute," says Carl Tobias, a professor at the University of Richmond School of Law. "It may cover this. I think it does give companies a lot of leverage and a lot of power."

Jim Gibson, a University of Virginia School of Law visiting scholar who teaches copyright law, suggests Stottlemire might be swimming in legally murky waters at best.

"He might be in trouble for providing technology that is designed for essentially hacking around copyright protection," Gibson says. "Whether as a matter of public policy there should be a claim against him is a completely different story."

Stottlemire says he's being sued because Coupons Inc. "does not have the technology in place that would limit the number of times that a person could print a coupon."

The 500 brands Coupons Inc. represents also suffer from fraud the old-fashioned way. They fall victim to photocopying of their coupons. Weitzman says the company shuts off coupon-printing access to violators if photocopied coupons with the same serial numbers show up at markets.

That hurts the companies' bottom line, Weitzman says.

"We monitor those things very carefully," he says. "If we do see duplicates coming through, we have ways from keeping people from printing coupons in the future."

The company wants Stottlemire to turn over the names of people he knows downloaded his software, and is seeking damages from the coder that could amount to hundreds of thousands -- or even millions -- of dollars. And it's not offering him 10 percent off.