

Selected Liability Issues – Social Networks and Blogs

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Hiaring,
www.hiaringlaw.com
San Rafael, California

Definition of Blog:

“A **blog** (an abridgment of the term **web log**) is a website, usually maintained by an individual, with regular entries of commentary, descriptions of events, or other material such as graphics or video. Entries are commonly displayed in reverse chronological order. "Blog" can also be used as a verb, meaning *to maintain or add content to a blog*.

Many blogs provide commentary or news on a particular subject; others function as more personal online diaries. A typical blog combines text, images, and links to other blogs, web pages, and other media related to its topic. The ability for readers to leave comments in an interactive format is an important part of many blogs. Most blogs are primarily textual, although some focus on art (artlog), photographs (photoblog), sketchblog, videos (vlog), music (MP3 blog), audio (podcasting) are part of a wider network of social media. Micro-blogging is another type of blogging which consists of blogs with very short posts. As of December 2007, blog search engine Technorati was tracking more than 112 million blogs. With the advent of video blogging, the word *blog* has taken on an even looser meaning of any bit of media wherein the subject expresses his opinion or simply talks about something.”

Definition of Social Network Service:

A social network service focuses on building online communities of people who share interests and activities, or who are interested in exploring the interests and activities of others. Most social network services are web based and provide a variety of ways for users to interact, such as e-mail and instant messaging services.

Social networking has revolutionized the way we communicate and share information with one another in today's society. Various social networking websites are being used by millions of people everyday on a regular basis and it now seems that social networking is a part of everyday life. The main types of social networking services are those which contain directories of some categories (such as former classmates), means to connect with friends (usually with self-description pages), and recommender systems linked to trust. Popular methods now combine many of these, with MySpace and Facebook being the most widely used in North America; Bebo, MySpace, Skyrock Blog, Facebook and Hi5 in parts of Europe; Orkut and Hi5 in South America and Central America; and Friendster and Orkut in Asia and the Pacific Islands.”

Wikipedia, July 8, 2008

I. INTRODUCTION

What once was a world where the content owner was 100% in charge of how content was experienced, acquired and stored by a consumer is now a world where the consumer wants access on his terms, through a myriad of devices, 24/7. Not only that, the consumer wants to use the content in his own expressions, and share those expressions with people

around the world, through postings to his own blog, his Facebook page, to YouTube, whatever. Wikipedia notes that over 112 million blogs are tracked by Technorati. Wikipedia states: “[s]ocial networking has revolutionized the way we communicate and share information with one another in today's society. Various social networking websites are being used by millions of people everyday on a regular basis and *it now seems that social networking is a part of everyday life.*” (Italics added)

The reality of Web 2.0 means that user-generated content and user-generated distribution combines third party copyrightable works and trademarks with self-written and published works that are available for download and further distribution. Everyone can acquire or create content and post it. When we consider “blogging” or “social networking” we are thinking about what generally is an individual’s effort, sitting down at a computer, to communicate to others. My computer guy who blogs about his two children and his dog, or my teenage daughter who “social networks” on Facebook are not engaged in commercial enterprises. The contents of their blogs or Facebook walls are the equivalent of letter-writing or diary-keeping. Neither my computer guy nor my daughter does their blogging or social networking for profit, or to make their living. No one pays them to post one thing or another.

Both blogging and social networking are engaged in by tens of millions of people around the world. Lawrence Lessig and others remind us that we really need to rethink seriously whether all such activity should be painted with the same brush of “copyright infringement” or “trademark infringement”. Is a kid who collages a funny Campbell Soup can on a Facebook Wall a trademark infringer or diluter – or just a kid fooling around? Is the same kid a copyright infringer when he shares his latest find of an esoteric new music group with his peers, or on his Facebook Wall by posting the music? Or what about the budding artists and music fans among us? Should we be prohibited from sending funny notes to our cousins, or favorite polka music to our aging aunts?

In today’s legal environment such activities are infringement – and taken as seriously in litigation as if these activities were commercial. Note the case of a Mom who posted a video of her son’s first steps to music by Prince, which was the subject of a takedown notice based on infringing use of the music.¹ Perhaps worse, the technology that makes this kind of sharing of ideas and information possible – the YouTube’s and Facebooks of the world – are involved in litigation that may result in the hobbling of the

¹ The Electronic Frontier Foundation sued Universal Music Publishing Group for a declaration of non-infringement in the Northern District of California in July, 2007.

very technology that enables so much communication and information sharing. Is this right? We need to think about this larger question, and not lose sight of it. Unfortunately – this most interesting question is not what this paper or my comments are about. For that discussion do refer to the websites of the Electronic Frontier Foundation, Chilling Effects by Samuelson Clinic at Berkeley Law School, Stanford’s Fair Use Project, The Fair Use Network and the writings of Yochai Benkler, “The Wealth of Networks” and Lawrence Lessig, among others.

This paper and my discussion is about the easier issues. We all know that most uses on websites are commercial, or at the very least that the businesses that make information sharing possible – the Facebooks, the Googles, the YouTubes – are making money from placing advertisements on their sites or in other ways exploiting their sites. Most social networking sites feature paid advertisements or links to sites offering goods and services, or at the very least, sell their “subscriber lists” to third parties for advertising purposes (think of LinkedIn, which markets its users to employment agencies, for example.) The content of the blog or website, like t.v. programs in the Fifties, is merely the vehicle to make money by paid advertising, or links to purveyor’s sites or various other business arrangements.

Such commercial uses, or the means to use or distribute content through such commercial services is a huge focus of current litigation.² The following is not a comprehensive discussion of all issues relating to use of third party content on blogs and social networks, but focuses on two areas. The primary concern is generally copyright infringement. The current state of the law for copyright liability given possible “fair use” exemptions within the copyright scheme and the current legal standard on “transformative use”, as well as the current legal standard on direct, vicarious and contributory liability are presented in other papers focusing on Google v. Perfect 10 and their precedents and progeny. This is outside the scope of this paper

² This is not to say that such services arguably should not be completely protected under principals of fair use, or under specific statutory exemption. Just as telephone companies are not liable for the slanderous comments that may be uttered over the lines, Internet service providers arguably should not be liable at all for what their sites are used for. Furthermore, it is well established that the fact that a use involves remuneration does not take it outside of fair use. As the Supreme Court stated in Campbell v. Acuff-Rose Music, Inc. ___ U.S. ___, 15(1994): “If, indeed, commerciality carried presumptive force against a finding of fairness, the presumption would swallow nearly all of the illustrative uses listed in the preamble paragraphs of 107, including news reporting, comment, criticism, teaching, scholarship, and research, since these activities “are generally conducted for profit in this country.”, citing Harper & Row, Publishers, v. Nation Enterprises, 471 U.S. 539, 562 (1985), Brennan, J. dissenting). Congress could not have intended such a rule, which certainly is not inferable from the common law cases, arising as they did from the world of letters in which Samuel Johnson could pronounce that “[n]o man but a blockhead ever wrote except for money.” 3 Boswell’s Life of Johnson 19 (G. Hill ed. 1934).”

Like fair use, which assumes copyright liability, but excuses it, certain statutes provide complete exemption from liability for copyright infringement, but also other liability. The first half of this paper discusses the exemptions from copyright liability under the Digital Millennium Copyright Act (“DMCA”) and the exemptions from tort liability that Communications Decency Act (“CDA”) provide. The second half of this paper discusses how circuit courts have interpreted the ability to “use” others’ trademarks on Internet sites.

II. THE DMCA

The Digital Millennium Copyright Act (“DMCA”), 17 U.S.C. Section 512, provides limitations on copyright liability for Internet service providers for material on sites they provide online. There are three types of activities that Section 512 shields: transitory digital transmissions (Section 512(a)) system caching (Section 512(b)) and storing information on systems or networks at the direction of users (Section 512(c)). Any entity, including an individual operating his own blog, can take advantage of these exceptions.

The first exemption is similar to that provided to telephone companies: if a service provider merely transmits or routes information without selection of the material, or selection of the recipients, makes no copy and does not

modify the content, there is no monetary liability and limited exposure to injunctive relief. The second exemption also precludes monetary liability and limited exposure to injunctive relief for system caching, where someone else puts the material online, it is transmitted without any input by the service provider and the storage is an automatic technical process.

The last section, 512 (c), is the “notice and takedown” procedure. To qualify, an ISP may:

(A)(i) *“not have actual knowledge that the material or an activity using the material on the system or network is infringing; (ii) in the absence of such actual knowledge [may] not [be] aware of facts or circumstances from which infringing activity is apparent; or (iii) upon obtaining such knowledge or awareness, acts expeditiously to remove, or disable access to, the material;*

(B) *not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity; and*

(C) upon notification of claimed infringement. [must] respond[] expeditiously to remove, or disable access to, the material that is claimed to be infringing “ (Italics added)

A service provider must provide an agent to receive notifications of claimed infringement by making available on its website and providing to the Copyright Office the identity

and location of the agent, and other material the Copyright Office may require. (512 (c) (2)).

Any interested copyright owner (the notice and takedown provisions are available only for alleged copyright violations, not violations of other rights such as rights of publicity or trademark violations) can notify the ISP of a claimed infringement, but must follow the statutory provisions. The notification must be in writing with a physical or electronic signature, identification of the work infringed, identification of the material that is claimed to be infringing, enough information for the ISP to contact the infringing party, a statement of good faith belief that the use of the material is unauthorized and a statement under penalty of perjury that the notice is accurate and made with the permission of the copyright owner. False notice creates liability for damages, including attorney's fees.

Upon receipt of the notice, the ISP contacts the subscriber who is alleged to have posted the infringing material, and, if there is no counter notification, the ISP takes down, or disables the content. The ISP is shielded from liability for good faith disabling of material.

The affected party can "counter" the notice, in which case the ISP must restore the disabled material within no more than 14 days, unless the copyright owner sues the subscriber. Counter notice bears a price: the subscriber must agree to submit to federal court jurisdiction. Section 512 also

provides extensive subpoena power to a copyright owner to obtain the identity of subscribers from service providers. Section 512 (h).

The difficulty with these notice and takedown procedures is that they are only available if the ISP does “*not have actual knowledge that the material or an activity using the material on the system or network is infringing . . . or is not aware of facts or circumstances from which infringing activity is apparent.*” This standard is arguably extremely tough to meet when the baseline claim is that all non-authorized use is infringing use, and that the circumstances of “infringement” are clear from the most cursory view of just about any Facebook page, YouTube video and most personal blogs. Only the slender reed of “fair use” stands between ISPs and complete inability to benefit from the notice and takedown provisions.

Similarly, to use the notice and takedown shield, the ISP may “*not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity.*” It is hard to imagine how any website or blogger could meet these standards: if you post your own blog, you “have the right and ability to control” your activity. If you are an ISP, by definition you make money by hosting – so is all hosting a “financial benefit directly attributable to the infringing activity”, or just hosting where the ISP has additional charges

for allowing the posting of infringing activity? The latter is unlikely – who would be so bold – and the question is wholly unsettled.

Recent cases suggest that the vicarious/contributory liability theories as applied in copyright law will not be applied in DMCA cases. See, e.g. *Tur v. YouTube Inc.*, 2007 WL 1893635 (C.D. CA 2007) (no knowledge or ability to control; denial of summary judgment motion) and *Perfect 10 v. CC Bill*, 481 F.3d 751 (9th Cir. 2007) (infringing activity not a “draw” to use the service, but an incidental benefit, also “no direct financial benefit” from infringing activity (suit against credit cards who facilitated services that arguably enabled copyright infringement)).

To conclude, however, the best course is to register a designated agent for whatever type of service you are providing – even a personal blog – to be able to take advantage of Section 512’s shield.

Note that the need for exemption from liability provided to ISPs under Section 512 is only necessary if infringement is found. Courts have concluded that the DMCA can provide an exemption from liability under theories of direct, as well as contributory or vicarious liability. *Perfect 10 v. Amazon.com* ___ F.3d ___ 5767, footnote 4 (9th Cir 2007); *A & M Records, Inc. v. Napster, Inc.* 239 F.3d 1004, 1095 (9th Cir. 2001).

Note further that at least one court has rejected the notion of applying the DMCA standard to the question of copyright liability. These are separate tests; first the issue of copyright liability is determined and then exemption from it under the DMCA safe harbor provisions. See Perfect 10, *ibid*.

III. CDA

The Communications Decency Act, 47 U.S.C. Section 230 (c) creates another defense to any service provider relating to content posted by others. These provisions are a counterpart to the DMCA – they relate to claims other than intellectual property law claims. Section 230 (e). The provisions are intended to shield from liability ISPs who may post obscene or slanderous material, but can apply to a broad range of torts.

Section 230(c) provides that “no provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another . . .” An ISP who restricts access, or makes the means of restricting access available to material the ISP considers “obscene, lewd lascivious, filthy, excessively violent, harassing or otherwise objectionable” shall not be liable, even if the material is constitutionally protected. This shields both the ISP which itself may censor material, or which may

provide the means of censoring to parents or other interested parties (such as the PRC?).

Two recent rulings, in March and April, 2008, Chicago Lawyer's Committee for Civil rights Under Law, Inc. v. Craigslist, Inc. ___ F. 3d ___, 2008 WL 681 168 (7th Cir 2008), and Fair Housing Council of San Fernando Valley v. Roomates.com, LLC, ___ F.3d ___, WL 879293(9th Cir 2008) refine some of the issues. In Craigslist, the 7th Circuit found the on-line selling service Craigslist “not a speaker or publisher of information provided by someone else” and therefore not liable for violations of the Fair Housing Act. The Court created uncertainties, however, by suggesting that Section 230 does not create blanket immunity, but may, like the alleged copyright infringer Grokster, be held liable for contributory infringement. See footnote 4, citing Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd. 545 U.S. 913 (2005).

Roommates.com, a website devoted to finding room mates, was held not to fall within the exemption because it did not merely passively display content provided by third parties, but created itself the profiles which arguably led to discrimination in housing based on race, sex, age or sexual preference.

Reading these two rulings together, it is clear that an ISP who creates any unlawful content itself, or even questionnaires which contribute to unlawful behaviors, such

as discrimination based on race, will not be exempt under the CDA. Furthermore, any activity such as editing must be limited strictly to matters such as spelling, length of submission, deletion of obscenity or like activities which do not shape the content – otherwise, the ISP may be treated as the “publisher or speaker” and held liable.

IV. Use of Trademarks on Blogs and Websites: Metatags, Key Words and Banner Advertisements

Dozens of cases over the last decade or so have addressed the question of whether “using” a third party trademark on a website constitutes trademark infringement. This “use” can be in meta tags, pop-up ads, banner ads, in text of advertisements, and so forth.

Meta tags are words imbedded in the background of a website that are recognized by search engines and result in locating a website when the meta tags are searched. In an early, and well-known case, Playboy Enterprises, Inc. v. Welles, 78 F. Supp. 1066 (S.D. Ca 1999), aff’d 279 F. 3d 796 (9th Cir. 2002), a former Playboy Playmate used the words “playmate” and “playboy” as meta tags in her website. She truthfully could call herself a “Playboy Playmate” and thus uses of each term were legitimate fair use of the marks. Whether or not use of a meta tag is a “fair use” is one of the most undecided and unpredictable areas of the law, decided on a case-by-case basis. See, e.g. Tdata Inc. v. Aircraft

Technical Publishers, 411 F. Supp. 2d 901 (S.D.Ohio 2006) (use of competitor's mark in meta tag not a fair use; initial interest confusion supports likelihood of confusion); Edina Realty, Inc. v. TheMLonline.com, 80 USPQ 2d 1039 (D. Minn. 2006) (use of mark in meta tag not a nominative fair use; purchase of key words a "use in commerce".)

Key words are used similarly to optimize traffic to a site. Website owners can purchase key words, so that their site can be ranked higher during searches and thus attract more customers. See, as example, a list of keywords offered by eBay, which include generics as well as brand names – e.g. . . . “lace, Lacoste, lacrosse, Lady and the Tramp, ladybug, Lalique... a partial list of keywords under the letter “L”. When I enter “Levi’s” and “jeans” in Google Adwords, I get a list which includes blue jeans, wrangler jeans, and diesel jeans, among others. Google’s site says: “You are responsible for the keywords you select and for ensuring that your use of the keywords does not violate any applicable laws.”

Banner and pop-up advertisements appear on a computer screen when a computer user is engaged in an Internet search. These typically are purchased and are triggered by a number of mechanisms. Some are random displays, the more optimized are keyed to the content of a user’s search, using keywords.

Policy considerations have been only haphazardly

addressed. The conflict is generally between the right to use a trademark fairly in its ordinary sense, and the right of the trademark owner to police use of its mark. Internet search engines such as Google also claim a right to subsidize their free searching with the sale of keywords.³ To date, no legislation addresses these problems, the issues are outside domain name regulation and search engines are largely self-policing. At some point, Yahoo and MSN reportedly allowed trademark owners to block competitive keyword buys (presumably at a cost).

One particularly interesting aspect of these cases is that, unlike most domain name disputes, these cases are often brought against the entities that enable the infringing conduct, not the infringer. The defendants are allegedly contributory or vicarious infringers, not direct infringers, and theories of liability familiar now from Grokster and Napster in the copyright context are being applied in the case of trademark infringement.

Rather than provide a comprehensive review, this paper will focus on the three leading circuit court cases in the 9th 2d and 11th Circuits that address third party liability for key words linked to banner advertising, pop-up ads and metatags, Playboy Enterprises, Inc. v. Netscape Communications Corp., 354 F. 3d 1020 (9th Cir 2004); 1-800

³ See brief of Amicus Google, Inc. in I-800 Contacts, Inc. v. WhenU.com, 2204 U.S. 2nd Cir. Briefs 26; 2004 U.S. 2d Cir Briefs

Contacts, Inc. v. WhenU.Com, Inc. 414 F. 3d 400 (2d. Cir. 2005); and North American Medical Corp. v. Axiom Worldwide, Inc., ___ F. 3d ___ WL _____ (April 7, 2008).

A. The Ninth Circuit 2004: Playboy Enterprises v. Netscape

Defendant Netscape generated income by selling key words to advertisers. When computer users searched the key words, advertisers' banner ads appeared on the screen. Netscape created a list of 400 terms for advertisers in the sex product and adult-entertainment category. Advertisers had to use all of the words in the list, two of which were "playboy" and "playmate", registered marks of plaintiff. Netscape used click rate statistics to convince advertisers to renew keyword contracts. The higher the click rate, the more successful a banner ad, and presumably, the higher the cost. Netscape refused to remove these keywords from its bundled list, even when advertisers requested them to do so. Plaintiff sued Netscape claiming that this practice created secondary liability for trademark infringement.

On cross-motions for summary judgment, the Court held the following. First, without analysis, the Court concluded that Netscape was either vicariously or

LEXIS 23, 2004).

contributorily liable. Second, also without analysis, the Court held that Netscape “used” the marks in commerce. Third, the Court followed its earlier ruling in Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F. 3d 1036 (9th Cir. 1999) and found that “initial interest confusion”, where a computer user is diverted from one site to another via the banner ad is actionable and would be enough to prove likelihood of confusion.

In moving on to apply the traditional 8-factor Sleekcraft⁴ test, the court emphasized that “actual confusion” was shown by an expert’s report supporting “initial interest confusion”. The Court also drew on the strength of the PLAYBOY and PLAYMATE marks. With respect to relatedness of the goods and marketing channels, the Court found that they were identical, since the use was on the Internet.

The defeat of Netscape’s position was complete when the Court found intentional infringement on Netscape’s part when it would not eliminate the search terms “playboy” and “playmate” even when advertisers requested they do so.

The Court was equally unsolicitous of Netscape’s fair use defenses and reversed the summary judgment holdings on these issues. The Court found no “fair use” because it found likelihood of confusion, concluding: “A fair use may not be a confusing use.” The Court found no “nominative fair

use” because the products and services of the advertisers could be identified without use of plaintiff’s marks – indeed, the list of keywords totaled 400 terms. The use was not “nominative” because it did not identify Playboy products, but consumers who are interested in adult-oriented products other than those of Playboy. Finally the Court found no “functional use” because the words were not part of a product design, (apparently an application of the doctrine of “descriptiveness” of marks) and the plaintiff did not have to use the term “playboy” or “playmate” as the name for its products.

A concurring opinion by Judge Berzon took issue with the majority’s broad application of the “initial interest” confusion test of Brookfield. Judge Berzon noted that clear labeling of banner ads or identification of the process for computer users could mitigate the “initial interest” confusion by the search engine itself. This would prevent even “initial interest” confusion, since the computer user would know that the triggered ad was not part of the user’s inquiry.

Judge Berzon drew a distinction between undifferentiated “diversion”, and “distraction” of a computer user, in which a banner or other ad could “distract” but not “divert” a consumer to another site. The consumer, however, could “choose” to follow the “distraction” and review the new site.

⁴ AMF v. Sleekcraft Boats, 599 F. 2d, 341, 348-49 (9th Cir. 1979)

Judge Berzon related this to the situation in a grocery store, where competing products are placed side by side, or a customer is diverted in a department store from looking for a particular product when a competing product is displayed on the way:

“ . . . suppose a customer walks into a bookstore and asks for a Playboy magazine and is then directed to the adult magazine section, where he or she sees Penthouse or Hustler up front on the rack while that Playboy is buried in back. One would not say that Penthouse or Hustler had violated Playboy’s trademarks. This conclusion hold true even if Hustler paid the store owner to put its magazines in front of Playboy’s.” 354 F. 3d 1020.

Judge Berzon gave clear guidance: label or identify your banner advertisements, or advise users of your search engine how banner advertising works.

B. The 2d Circuit 2005: 1-800 Contacts, Inc. v. WhenU.Com, Inc.

1-800 Contacts is another case “higher on the food chain”, attempting to find secondary liability for trademark infringement. In this case, the defendant was not a search engine, but an internet marketing company that used its

“SaveNow” software to monitor a computer user’s internet activity in order to provide the user with advertising in the form of pop-up ads. The case was one of a series against WhenU, and generated a lot of attention, since it was before the Second Circuit. Amicus briefs were filed on behalf of defendants by Google Inc. and the Electronic Frontier Foundation, urging reversal of the District Court holding of liability (following the 9th Circuit in Netscape). Appearing in support of plaintiffs were amici curiae Hertz, L.L. Bean, Lending Tree and Inter-Continental Hotels, among others.

When a computer user was on the 1-800 Contacts website, WhenU’s software caused pop-up ads of 1-800’s Contacts’ competitors to appear on the desktop. The District Court entered a preliminary injunction in 1-800’s favor. The Second Circuit found as a matter of law that WhenU did not “use” the trademarks of 1-800 Contacts when it (1) included the website address almost identical to the trademark in an unpublished directory of terms that trigger delivery of advertising or (2) caused separate, branded pop-up ads to appear on the user’s computer screen above, below or along the bottom edge of the 1-800 website window. The Court dismissed all trademark claims with prejudice.

The Second Circuit focused on the elements of a trademark infringement claim in Sections 1114 and 1125(2)(1) of the Lanham Act that create a cause of action for using a trademark “in commerce . . . in connection with

the sale or advertising of goods or services... in connection with which such use is likely to cause confusion . . .” The Lanham Act defines “use in commerce” on goods as placing the mark on the goods and selling or transporting them in commerce or on services as using or displaying the mark in the sale or advertising of services that are rendered in commerce. 15 U.S.C. Section 1127.

The Court found that WhenU’s placing of trademarks on a list of proprietary keywords was not a “use” within the meaning of the Lanham Act because it was a “machine-linking” function. The court concluded that WhenU did not “place” the 1-800 mark on goods or services, cause the mark to appear, or reproduce or display 1-800’s trademarks at all, drawing a fine distinction that only 1-800’s website address, www.1800contacts.com was displayed (a distinction, perhaps, without a difference). Characterizing the website address as only a “public key” to 1-800’s website, the Court dismissed the notion that the 1-800 trademark was part of that web address (are we back at square one with respect to domain name infringement?).

The Court tailored its reasoning to the specific circumstance of the case – that the website address appeared only in its directory, which is inaccessible to the user and the general public. The *trademark* is not on the list, only the website address – and that, not the *trademark*, triggers the pop-up, in the Court’s view. A company’s internal utilization

of a trademark in a way that does not communicate it to the public is analogous to a individual's private thoughts about a trademark", the Court opined, also finding it important that WhenU did not allow clients to request or purchase specified keywords, and that 1-800 Contacts itself bought keywords and website addresses of competitors for its own pop-up advertising with Yahoo and other search engines.

Moving on to the pop-up advertisements themselves, the courts found that the placement of pop-up ads on a computer user's screen contemporaneously with either a competitor's website or a list of search results is not a "use" in commerce.

The District Court had found that by "causing pop-up advertisements for Vision Direct to appear when users have specifically attempted to access 1-800's website was the "display" of 1-800's mark in the advertising of Vision Direct's services. The 2d Circuit dismissed this rather obvious conclusion, finding that when: "WhenU pop-up ads appear in a separate window that is prominently branded with the WhenU mark, they have absolutely no tangible effect on the appearance or functionality of the 1-800 website". The Court found it a "happenstance" that the website address is "close" to its mark and that it puts its trademark on its website.

The Second Circuit zeroed in on its rationale, following Judge Berzon's concurring opinion in Netscape. In

the Court's view, pop-up advertising was no more than product placement in retail stores. The WhenU pop-up advertising is therefore merely a way to inform customers of other choices that may be available to them. The Court found that the 1-800 website was not altered or affected in any way, and the pop-up ads did not "divert" customers to other sites.

Alternatively, the Court found no "use" even though survey evidence showed customer confusion about the source of the pop-up ads and ignorance of having "chosen" to install pop-up ad features to begin with. Without trademark use, the Court found, there was no actionable confusion.

C. The 11th Circuit 2008: North American Medical Corp v. Axiom

The 11th Circuit decision involves "direct" infringement, defendant's use of third party trademarks as meta-tags in its website. The parties make traction devices for treating spines. Defendant Axiom used two of the plaintiff's registered trademarks, ACCU-SPINA and IDD THERAPY on its website within metatags. When a searcher entered these marks into a search engine, defendant's website was displayed as the second most relevant search result.

Google also provided the searcher with a brief description of Axiom's website, and the description included these terms and highlighted them (apparently a sponsored ad).

The 11th Circuit found that the use of the marks in metatags was a "use in commerce", noting that the Lanham Act defines "commerce" broadly for jurisdictional purposes as "all commerce which may lawfully be regulated by Congress", citing Bosely Medical, *ibid.*, 403 F. 3d 672, 677 (9th Cir. 2005). The 11th Circuit avoided the contorted reasoning of the 2d Circuit, finding that the plain meaning of the statute revealed that plaintiffs had made a prima facie case: 1) possession of a valid trademark 2) use of the mark by defendant 3) use of the mark "in commerce" and 4) in connection with the sale or advertising of any goods., 15 U.S.C. Section 1114(1)(a). The Court directly criticized the Second Circuit's opinion, finding that Court's conclusion that plaintiff's mark was not "used" because it wasn't "displayed" "questionable".

The 11th Circuit also found a likelihood of confusion, not just "initial interest" confusion because defendant's competing website was displayed, as well as a brief description of defendant's website with plaintiff's trademarks highlighted. The 11th Circuit found the facts analogous to the Netscape facts where banner ads of competitors were triggered by entering trademarks. The Court also noted Judge Berzon's views that the triggering of a competitor's website

was only “product placement” which allowed a consumer to comparative shop. The case before the 11th Circuit, the opinion noted, was quite different, because of the prominence of defendant’s website (second ranked) and the use of plaintiff’s trademarks in the description of defendant’s site, without any explanation whatsoever.

Accordingly, the 11th Circuit affirmed the District Court’s finding of likelihood of success on the merits of the trademark infringement claim.

V. CONCLUSION

With respect to copyright infringement, we seem to be entering into a thick forest of liability which fails to see “fair use” because of the trees. It would appear that courts are straining ever harder to find direct, contributory or vicarious infringement for any use whatsoever of copyrightable subject matter. A step back is needed to see the forest for the trees, we must not lose sight of the principles of copyright, which are to promote the progress of the useful arts and sciences.

Courts cannot be afraid of finding “fair use” of works even of tremendous commercial value when the uses further expression, or are de minimus. The recent opinion

finding the use of part of Lennon's "Imagine" song in a documentary about science and religion a fair use is heartening.⁵

Even exculpatory statutes such as the DMCA "safe harbor" favor the copyright holder and threaten to be eviscerated based on an ISP's "knowledge" of infringement. Similarly, the CDA should uniformly be applied to exempt ISP's from liability for "carrying" matter posted by third parties – even if a tort is created by that content.

Three Circuits in the country have weighed in on "use" of trademarks on the Internet and the test of "confusion". The 11th Circuit follows the 9th that "use in commerce" within the meaning of the Lanham Act is found by "using" a trademark for internet searching – in metatags and by extension, in banner ads or pop-ups.

From these cases, it is clear that any third party offering keywords should inform users of its policies, or require its banner or pop-up advertisers to prominently identify themselves. Such ads should not "interfere" with the functionality of the website that is subject to the banner or pop-up ad. Keywords used in such ads should not be required to be used, and advertisers should have the ability to "opt out" of using certain keywords.

It is also clear that any use that simply directs traffic

⁵ Yoko Ono Lennon, et al v. Premise Media Corp., ___ F. Supp. ___ (S.D.N.Y. June 2, 2008)

to a competitor's site, without any identification, is likely now, after the 11th Circuit opinion, to lead to a finding of liability.

The consumer allegedly wants free use of trademarks to conduct searches of interest on the Internet, to find the products ⁶or services of such trademark owners, or those of others.

The policies underlying trademark law serve the public and the trademark owner. Consumers are served by protecting trademarks so that they are not confused when making their purchases. Enabling trademark owners to stop unauthorized use of their marks by competitors preserves the property rights of trademark owners. Neither the rights of the public nor trademark owners are served when banner or pop-up or ads confuse consumers, or when computer screens are so peppered with extraneous information that the screen is unusable. Court decisions to date have shed more heat than light on the subject.

The question of whether a trademark use is a "fair use", such as sculpture featuring the trademark BARBIE doll in questionable postures, or whether a "Barbie Girl" song lampooning a material girl is an infringement or not, is a

⁶ See brief of Amicus Electronic Frontier Foundation, in 1-800 Contacts, Inc. v. WhenU.com 2204 WL 3760624 (2004)

discussion for another day.⁷

⁷ See, e.g. Mattel Inc. v. Walking Mountain Productions [353 F.3d 792 \(9th Cir. 2003\)](#); Mattel Inc. v. MCA Records Inc., ___ F. Supp. ___ (9th Cir. July 25, 2002). In a victory for the First Amendment, the court found that the public interest in free expression outweighs Mattel's trademark rights. It affirmed the District Court's ruling that the song "Barbie Girl" neither infringed nor diluted the BARBIE mark.