New Wine, Old Wineskins: Application of Intellectual Property Law to Web-Based Activity

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NEW WINE, OLD WINESKINS: APPLICATION OF INTELLECTUAL PROPERTY LAW TO WEB-BASED ACTIVITY

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I. COPYRIGHT BASICS

A copyrighted work is an original work of authorship fixed in any tangible medium of expression now known or later developed, from which the work can be perceived, reproduced, or otherwise communicated either directly or with the aid of a machine. Copyrighted works include: literary works, musical works, including any accompanying words, dramatic works, choreographic or pantomime works, pictorial, graphic and sculptural works, motion picture and other audiovisual works, sound recordings and architectural works. Ideas, processes, systems, and method of operations cannot be copyrighted works.

A. Copyright: The Bundle of Rights

A copyright owner has the exclusive rights to do and to authorize any of the following: (1) reproduce the copyrighted work; (2) prepare derivative works (a work based upon a preexisting work(s), "such as a translation, musical arrangement, dramatization, fictionalization, condensation, or any other form in which a work may be recast, transformed, or adapted." 17 U.S.C. § 101 (2000)); (3) distribute copies to the public by sale or other transfer of ownership, or by rental, lease, or lending; (4) perform the copyrighted work publicly (if it is a literary, musical, dramatic, or a choreographic work, motion picture, or pantomime); (5) display publicly (if it is a literary, dramatic, choreographic, pictorial, graphic, or sculptural work, a pantomime, or the individual images of a motion picture or other audiovisual work). 17 U.S.C. § 106 (2000).

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1. Examples

Computer functions that fall within these categories of exclusive rights include creating a website, downloading and uploading, linking and framing. Text, art works, and computer software language are copyrightable works. Loading software into a computer constitutes creation of a copy under the Copyright Act. A copy is made when a computer program is transferred from a permanent storage device to a computer's random access memory (that is, when a computer is turned on, when a document is viewed, when a computer user double-clicks on a hypertext link) or the read only memory (“ROM”) as explained in MAI Systems Corp. v. Peak Computer, Inc., 991 F.2d 511, 518 (9th Cir. 1993), cert. denied, 510 U. S. 1033 (1994).

2. Music

Several rights within the “bundle of rights” which comprise a copyright are at issue when a website includes music.

Public Performance Right: The composer of a musical composition controls the public performance of his composition. A public performance is defined at 17 U.S.C. § 101 (2000) as a performance at a “place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances,” or a transmission or other communication of a performance of a work to a public place or to the public by means of a device. Licenses for public performance are most often obtained through clearinghouses: the American Society of Composers Authors & Publishers (“ASCAP”), Broadcast Music, Inc. (“BMI”), or SESAC are authorized by composers to issue licenses.

Synchronization Right: If the musical composition is synchronized with visual images (that is, used as a soundtrack to a motion picture or television program), a synchronization license is required. Synchronization fees are usually split between the music publisher and the composer. Synchronization licenses can be obtained from the Harry Fox Agency.

Master Recording License: If the website operation uses a particular sound recording of a song, he must obtain permission to use that recording (a “master recording license”). Usually, the record company owns the copyright in the sound recording.
B. Who holds the copyright in a work?

1. A copyrighted work is created when it is fixed in a tangible medium. The creator of the work is the copyright owner, unless the work is a work made for hire.

2. What is a work made for hire? The Copyright Act defines a work made for hire as either: (1) a work prepared by an employee within the scope of his employment, or (2) a work specially ordered or commissioned for use as a contribution to (a) a collective work, (b) part of a motion picture or other audiovisual work, (constitution) a translation, (defendant) a supplementary work, (e) a compilation, (f) an instructional text, (g) a test, (h) an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. 17 U. S. C. § 101 (2000).

Therefore, for a work created by a non-employee to be a work made for hire owned by the entity which commissioned it, (1) the work must fall into one of the categories listed in the Act, (2) there must be a writing signed by both parties (not an e-mail) before the work commenced (because copyright is created when a tangible work is created), and (3) the writing must state clearly that the work is a work made for hire.

This definition of a work made for hire gives rise to a critically important principal of copyright law: an independent contractor owns his copyrighted work, even if he has been paid by the contracting entity, unless there is a writing, executed before the contractor creates the work, which states that the contracting entity will own the copyright. To ensure that the commissioning entity will hold the copyright, additional language should be included in the agreement between commissioning entity and contractor, stating that if the work is not considered a work for hire, the contractor grants the copyright to the commissioning entity.

Thus, if a non-employee is hired to create a web page, make changes in web pages, or other similar website creation activity, to ensure ownership of that work, the owner of the website should sign an agreement with the contractor granting copyright in the contractor’s work to the website owner.

For purposes of works for hire, the definition of an employee is clear. The Supreme Court of the United States has defined employment according to the rules of agency: does the commissioning party have the right to control (a) the manner
and means by which the product is created, (b) the contractor's future work, i.e. can it assign additional projects, (constitution) the location of the work, (defendant) the work hours, the duration of the relationship, (e) the method of payment, (f) the hiring and payment of assistants; does the contractor own his tools, does the commissioning entity pay employee benefits, including the payment of taxes, is the work part of the commissioning entities regular work, is the commissioning entity a business?

C. Infringement

A direct infringement occurs when a person or entity (not the copyright owner), exercises one or more of the exclusive rights of the copyright owner without permission and when the exercise is not a fair use (see below for definition of fair use). One who violates any of the copyright owner's exclusive rights bears the burden of establishing that the violation is not an infringement of copyright, punishable by fines and incarceration, but rather falls within one of the narrow exceptions to the Act's prohibitions against infringement. The most often used exception is fair use. Fair use of a copyrighted work is defined in section 107 of the Copyright Act as a reproduction of a copyrighted work for purposes such as criticism, comment, news reporting, teaching (including multiple copies of classroom use), scholarship, or research. 17 U.S.C. § 107 (2000). A fair use is not an infringement of copyright.

The Copyright Act's fair use definition does not include a precisely defined list of categories of uses deemed "fair" uses. Rather, Congress intended that the statutory definition of fair use restate the judicial doctrine of fair use. The legislative history of section 107 states that a determination of whether a particular use is a fair use is to be determined on a case-by-case basis. Four factors set forth at 17 U.S.C. § 107 (2000) must be used to make an individual determination of whether copying a copyrighted work is a fair use: "(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work."
It is vital to recognize that fair use is not a blanket exception to the copyright laws for not-for-profit entities such as Catholic schools and parishes.

1. Vicarious Liability for Infringement

Vicarious liability for copyright infringement is imposed if defendant (1) has the right and the ability to supervise the infringing activity; and (2) has a direct financial interest in such activities. See Hard Rock Café Licensing Corp. v. Concession Services, Inc. 955 F.2d 1143, 1150 (7th Cir. 1992). Vicarious liability is based on the tort concept of respondeat superior, which raises considerations of benefit and control.

2. Contributory Infringement

Liability for contributory infringement is imposed when defendant, (1) with knowledge of the infringing activity, (2) induces, causes or materially contributes to the infringing conduct of another. See Gershwin Publishing Corp. v. Columbia Artists Management, Inc., 443 F.2d 1159, 1162 (2d Cir. 1971). Contributory liability is based on the concept of enterprise liability, which entails knowledge and participation.

3. Case Law

Religious Technology Center v. Netcom On-Line Communication Services, Inc., 907 F. Supp. 1361 (N.D. Cal. 1995). Plaintiffs, Religious Technology Center ("RTC"), held copyrights in the works of L. Ron Hubbard, the founder of the Church of Scientology. Defendant Erlich was a former Scientology minister turned critic of the church, who created an on-line forum for discussion and criticism of the church on a Usenet newsgroup (Usenet is a collection of electronic bulletin board services ("BBS")). Erlich posted portions of Hubbard's works, in violation of RTC's copyrights. RTC contacted Erlich to stop posting the material, then contacted the BBS operator who provided Erlich with Internet access and Netcom On-Line Communications (the owner of computer facilities which provided the BBS operator with Internet access) to refuse Erlich Internet access. After all refused, RTC sued all of these entities, including Netcom, for copyright infringement. The court held that RTC had raised a genuine issue of material fact as to Netcom's liability for contributory infringement. The court
determined that Netcom may, by virtue of its receipt of RTC's complaint against Erlich, have had knowledge of the copyright infringement, but it may also not known enough to determine if Erlich had a fair use defense. Further, a question of fact existed as to whether Netcom should have examined Erlich's postings to view RTC's copyright notice or other indicia of RTC's ownership. A further question of fact was raised as to whether Netcom was able to take simple measures, following RTC's notice, to remove Erlich's postings.

The court further held that RTC also raised a genuine issue of material fact regarding vicarious infringement. Netcom may have the right and ability to control its subscribers' activities. Netcom's terms and conditions, to which subscribers must agree, provide that Netcom has the right to take remedial action if a user violates copyright law. Netcom had in fact suspended the accounts of users on many occasions, and Netcom may have had to ability to make easy modifications to its existing software to identify the contents of users' postings. When the defendant rents space or provides services on a fixed fee, which does not depend on the lessee's activity or income, courts will usually find no vicarious liability. Here, the court held that Netcom charged a fixed fee, and the court could find no evidence that Netcom benefitted from Erlich's infringement. Plaintiff's claim that Netcom should be held vicariously liable, therefore, failed.

Marobie-Fl v. National Ass'n of Fire Equip. Dist., 983 F. Supp. 1167 (N.D. Ill. 1997). Defendant National Association of Fire Equipment Districts posted plaintiff's copyrighted clip art on its web page. Marobie sued both NAFED and its Internet provider, Northwest. The court noted that the degree to which Northwest controlled or monitored the contents of the web page was unclear, but since NAFED paid a one-time set up fee and a flat fee thereafter, and Northwest never stood to gain financially based on the contents of NAFED's web page or the amount of hits it received, Northwest could not be held vicariously liable. Although Northwest did not directly infringe upon Marobie's works, it still could be held liable for contributory infringement if it had knowledge and it assisted in the relevant infringement. The facts were unclear concerning Northwest's knowledge that the material on NAFED's web page was copyrighted, thereby precluding a summary judgment in favor of either party on that issue.
Intellectual Reserve, Inc. v. Utah Lighthouse Ministry, Inc., 75 F. Supp. 2d 1290 (Utah 1999). Defendants ULM posted plaintiff's copyrighted Church Handbook of Instructions ("Handbook") on their website. After defendants were ordered to remove the Handbook, they placed a notice on their website indicating three other website addresses containing the same Handbook. They also posted e-mails encouraging others to visit those websites, print the Handbook from them, and pass it on to others. The plaintiffs sued for injunctive relief.

The court concluded that the defendants would not be held contributorily liable for the actions of the operators of the three websites because defendants did not provide them with the infringing material, nor did the defendants receive any compensation from them. Because the only connection between them was the defendant's posted information on its website, the court found that the plaintiff had not shown that ULM induced, caused, or materially contributed to the infringement of the website operators.

The court did find, however, a substantial likelihood that the plaintiffs would prove the defendants were contributorily liable for the infringement of those who browse the three websites, whether or not they print out copies of the Handbook. Those who browse the material on the websites infringe the Church's copyright by virtue of the fact that the random access memory of the computer makes a transitory copy to permit viewing of the material. Because the defendants had strongly encouraged others to view and copy the Handbook, send it to the media, and post it on other websites, the court held that there was a substantial likelihood that the plaintiffs would succeed in proving that ULM had induced, caused, or materially contributed to the infringement.

A&M Records, Inc. v. Napster, 239 F.3d 1004 (9th Cir. 2001). Napster used and controlled more sophisticated computer functions than mere postings, references, or even links to use copyrighted materials. Napster created and controlled computer systems specifically designed to register its users, allow users (1) to compile and store lists of other account holders' user names, (2) compile, play, and store copyrighted audio files, and (3) distribute to others copyrighted audio files.

Virtually all Napster users download or upload copyrighted music, without the permission of, or payment of license fees to,
the copyright owners. Almost 90% of the music contained in the Napster computer system was copyrighted. Thus, Napster users engage in direct copyright infringement. Napster executives actually knew that their system was being used to infringe music copyright, and encouraged that use (numerous memos from the executives stated that they knew that music was pirated, and that they should encourage additional demand for that music; the Recording Industry Association of America notified Napster by letter that more than 12,000 copies of copyrighted music existed in Napster's system).

Napster contributed to the direct infringement by specifically designing software, search engines, servers and connections among users so that users can copy and distribute copyrighted music. These systems do far more than mere links—they are designed for the purpose of copying and distributing copyrighted music.

Napster was enjoined from engaging in, or facilitating others in copying, downloading, uploading, transmitting, or distributing copyrighted music, which was deemed by the district court to constitute contributory copyright infringement. Napster (1) had actual knowledge of direct infringement of copyrighted music by Napster users, and (2) materially contributed to its users' direct infringement. To prove contributory infringement, a plaintiff need not even show actual knowledge; a showing that the defendant had reason to know would suffice. Further, the knowledge element is also satisfied when, as here, Napster knew generally that third parties were violating copyright holders' rights, even if it did not know at any given time precisely which copyrighted work was being infringed by which specific user.

Napster was enjoined also from vicariously infringing copyrighted materials; the district court held that Napster had the right and ability to supervise users' infringing activity and had a direct financial interest in that activity. Napster essentially admitted that it has the ability to supervise the infringing activity by describing in detail its methods of blocking users about whose activities copyright owners complain. Further, even though Napster never made a profit, it did have a direct financial interest in the infringing activity. Its own memos state that it intended to build a larger and larger loyal base of users through no-fee services so that it could later engage in revenue-generating business with those users.
D. Penalties for Copyright Infringement


(a) The copyright owner may elect to collect actual damages suffered as a result of the infringement and any profits acquired by the infringer as a result of the infringement. To collect profits, a copyright owner need only show that the infringer had gross revenue. The burden then is on the infringer to prove which of those revenues are attributable only to the copyrighted work and which are not, and to identify any expenses which reduce the profits to be disgorged. 17 U.S.C. § 504(b) (2000).

(b) The copyright owner may elect to collect statutory damages, instead of actual damages and any profits. These are set by a court, but may not be less than $500 or more than $30,000. 17 U.S.C. § 504.

(c) Statutory damages for willful infringement can be set by a court at $150,000 or less. To collect statutory damages or attorney fees, the copyright owner must register the work.

(d) If the infringer proves that it was not aware and had no reason to believe that his acts constituted an infringement, the court in its discretion may reduce the statutory damages to $200.


6. Criminal Penalties. The government may seek criminal penalties if an infringer's acts were both willful and for commercial advantage or private financial gain. The penalties are imposition of a fine of $10,000 or less and imprisonment for one year or less (except that the penalty for infringement of a motion picture is a $25,000 or less fine and one-year...
imprisonment, and a $50,000 fine and two-year imprisonment for any subsequent offense). Further, all infringing copies must be seized, and may be destroyed.

7. Civil actions have a three year statute of limitations; criminal actions have a five year statute of limitation. 17 U.S.C. §507 (2000).

E. Digital Millennium Copyright Act: Online Copyright Liability Limitation

The Digital Millennium Copyright Act ("DMCA"), 17 U.S.C. §512 (2000), was intended by Congress to provide greater certainty as to standards of liability for copyright infringement which occur on the facilities of an online services provider. The DMCA immunizes online service providers under certain circumstances from copyright infringement actions. It defines an online service provider ("OSP") as an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by the user, of material of the user's choosing, without modifying the content of that material (17 U.S.C. §512 (2000)), that is, a company which is paid to primarily to provide access to the Internet. The limits on liability offered to OSPs are that the OSP is not liable for any monetary damages and is only subject to an injunction requiring the OSP to terminate the account of an identified subscriber who is infringing, or to block access to a specific online location outside the United States.

To qualify for the liability limitations of the DMCA, an OSP must adopt and reasonably implement a policy of terminating in appropriate circumstances the accounts of subscribers who are repeat infringers and inform its subscribers and account holders of this policy, and must not interfere with standard technical measures used by copyright owners to identify or protect copyrighted works. Further, the OSP's limited liability applies where (1) the transmission of the infringing material is initiated by someone other than the OSP, (2) the transmission is carried out by an automatic technical process without selection by the OSP, (3) the OSP does not select the material's recipients, (4) the transmission is not generally accessible to anyone other than the intended recipients, and (5) the material is not modified by the OSP. Nor will the OSP be liable for copyright infringement through linking if (1) the OSP does not have actual knowledge
nor is it aware of facts from which infringement is apparent, (2) the OSP receives no direct financial benefit from the infringement, and (3) upon notice of a claimed infringing activity, the OSP acts expeditiously to remove or disable the link to the infringing activity.

The Ninth Circuit, in *Napster*, applied the DMCA to the facts in that case by holding that plaintiff music copyright owners raised serious questions regarding Napster's ability to qualify for immunity under the DMCA. Specifically, these questions are whether Napster is an OSP, the nature of the notice of copyright infringement required to establish Napster's knowledge of infringing activity, and whether Napster created a copyright compliance policy in a timely fashion. If the DMCA had been in effect when *Netcom* was decided, Netcom would likely have been able to take advantage of its protections if it had complied with the removal requirements.

II. TRADEMARK BASICS.

A. Definitions

A trademark is "any word, name, symbol, or device, or any combination thereof (used or intended to be used by a person) to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods..." 15 U.S.C. § 1127 (2000). A trademark is protected against confusingly similar use in connection with the sale of goods or services by others, and any false implied endorsement of another's goods or services by the trademark holder. 15 U.S.C. § 1125(a) (2000).

In determining whether a likelihood of confusion exists, courts may take into account (1) the degree of similarity between the owner's mark and the alleged infringing mark; (2) the strength of owner's mark; (3) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase; (4) the length of time the defendant has used the mark without evidence of actual confusion arising; (5) the intent of the defendant in adopting the mark; (6) the evidence of actual confusion; (7) whether the goods, though not competing, are marketed through the same channels of trade and advertised through the same media; (8) the extent to which the targets of the parties' sale efforts are the same; (9)
the relationship of the goods in the minds of the public because of the similarity of function; (10) other facts suggesting that the consuming public might expect the prior owner to manufacture a product in the defendant's market. See also sections on Federal Trademark Dilution Act and frequently asked questions about trademarks on the United States Patent and Trademark Office website at www.uspto.gov.

B. Case Law

Playboy Enterprises v. Universal Tel-A-Talk, 1998 W.L. 767440 (E.D. Pa. 1998). Playboy Enterprises ("PEI") holds trademark registrations for the Playboy mark and the rabbit head design, and has used those marks in commerce throughout the United States and in fifty other countries, including two of its websites. Universal Tel-A-Talk operates a website which offers a hardcore pornography subscription service. Universal identifies its services as "Playboy's Private Collection," has the Playboy trademark on every printed web page on its site and its e-mail address, and has a link to PEI's website. PEI successfully sued Universal for trademark infringement and trademark dilution. The district court held that the public was likely to confuse Universal's products with Playboy's, and awarded statutory damages and attorney fees to PEI.

Mattel v. Jcom, 48 U.S.P.Q.2d (BNA) 1467 (S.D.N.Y. 1998). Jcom operated a website, which sold sexually explicit entertainment services, using the name "Barbie's Playhouse." Jcom used a typeface and pink background color with the phrase "Barbie's Playhouse" which was almost identical to the trademark "Barbie" owned by Mattel, and displayed a doll-like figure on the bottom of the website, which resembled a Barbie doll. Mattel has held numerous trademark registrations for "Barbie" since 1958. Mattel successfully sued for trademark dilution, showing that it owned a famous mark and that Jcom diluted it by tarnishment (association with an unwholesome product). Jcom was permanently enjoined from diluting Mattel's trademarks and ordered to disgorge its gross profits from the website.

Christian Science Board of Directors v. Robinson, 123 F. Supp. 2d 965 (W.D.N.C. 2000). David Nolan headed an organization, the Christian Science University, which established a website through a webmaster located in North
Carolina. The Christian Science Board of Directors of the First Church of Christ Scientist successfully obtained a judgment against Nolan for trademark infringement under the Lanham Act. Nolan appealed and sought a motion for stay of the injunction against him. Nolan argued that the North Carolina long-arm statute should not have been applied to him and that his speech was religious and noncommercial and therefore the Lanham Act did not apply to it. The district court rejected both arguments.

The Lanham Act, stated the court, would not be triggered by the use of a domain name that promotes or preaches social, religious, or political beliefs unless there is some provision of services or a commercial aspect to the website. The Lanham Act prohibits the use “in commerce” of any reproduction or colorable imitation of a registered mark in connection with the sale, distribution, or advertising of any goods or services in connection with which such use is likely to cause confusion or deceive. There is no profit requirement in the Lanham Act. Nolan’s website attempted to convince readers that his version of Christian Science was the “true” version. His site used the Christian Science name and its Cross and Crown registered marks and advertised live chat rooms, weekly lectures, a campus book store, and solicited contributions. Thus, the court concluded, Nolan offered his own set of services and his use of plaintiff’s mark is in connection with the distribution of his services over the Internet. His infringing use of plaintiff’s mark was therefore “in commerce.” The court also rejected Nolan’s argument that his use of plaintiff’s mark is protected under the First Amendment. The Christian Science Board of Directors has not attempted to restrain Nolan’s speech on any subject; it merely sought to stop Nolan from using the Board’s trademarks. Nolan used plaintiff’s marks not to convey information about the Board, but to mislead the public as to the source of Nolan’s services.

Gucci America, Inc. v. Hall & Associates, 135 F. Supp. 2d 409 (S.D.N.Y. 2001). Mindspring, an Internet Service Provider (“ISP”), provided web page hosting services, and Hall & Associates used Mindspring to host its website. Gucci, the holder of numerous trademark registrations for the mark “Gucci” on wearing apparel, jewelry fashion accessories, and related services, notified Mindspring twice that Hall was infringing
Gucci’s trademarks on Hall’s website, and that Mindspring was directly and contributorily infringing by hosting Hall’s website. Mindspring defended by arguing that section 230 of the Communications Decency Act of 1996, 47 U.S.C. § 230 (2000), (“No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.”), immunizes Mindspring against such claims. The District Court for the Southern District of New York rejected that defense. The court held that the CDA did not immunize Mindspring because it also provides, at § 230(e)(2), that it shall not be construed to limit or expand any law pertaining to intellectual property. Nor, the court held, does the Digital Millennium Copyright Act (passed two years after the CDA; see section on DMCA above) immunize Mindspring against a claim of trademark infringement. The DMCA pertains only to immunity from copyright infringement claims.

III. POTENTIAL LIABILITY FOR LINKING

Hypertext linking and framing are two ways websites can connect the Internet user with other websites. Links are highlighted text, pictures, or logos which the user can click on in order to access another website. A link can either take the user to the homepage of another website (linking), or to a site “below” the homepage or several levels into the linked site (“deep linking”). Framing, on the other hand, allows the user to view the contents of another website (the “framed” website) within the borders of “framing” website. Thus, the contents of the framed website are surrounded by the pictures and advertising of the framing website.

Whether and to what extent links or deep links raise valid copyright, trademark, and/or unfair competition claims is somewhat unsettled. In general, a simple hyper-text link on one website to another by itself does not give rise to a claim of copyright, trademark, or unfair competition violation. It is possible, however, to create the link with language or use of trademarks which confuse the customer as to the source of goods or services provided by the website operator and the linked-to site. Further, state law defamation, false light, or similar claims could be made depending on the language used on a website to
describe a link to a website.

A photographer claimed that multiple links from one website to a site containing his copyrighted photographs without his permission constituted copyright infringement. That theory was rejected by the district court. Mere linking cannot constitute direct infringement because the computer server of the linking website does not make a copy of the linked-to website. See Bernstein v. JC Penney, Inc., 50 U.S.P.Q.2d (BNA) 1063 (C.D. Cal. 1998).

In a case not involving linking to material infringing copyright, but a related copyright wrong, anti-circumvention, the District Court for the Southern District of New York enjoined a website operation from linking to other websites which posted software which descrambled copyrighted digital versatile disks (DVDs). See Universal City Studios, Inc. v. Reimerdes, 111 F. Supp. 2d 294 (S.D.N.Y. 2000). DVDs contain copyrighted motion pictures and are protected against copying by an encryption system called CSS. Computer hackers, including the defendant, invented a computer program called DeCSS, which circumvents the CSS system and permits the CSS-protected movies to be copied and played. The Digital Millennium Copyright Act (DMCA) (see section on the DMCA above) prohibits the circumvention of a technological protection measure put in place by a copyright owner to control access to a copyrighted work and the creation of and making available technologies developed to defeat technological protections against unauthorized access to a copyrighted work. "An essential ingredient... [in violating the DMCA] is a desire to bring about the dissemination." See Universal City Studios, Inc., 111 F. Supp. 2d at 341.

Defendants posted DeCSS on their websites, and the district court enjoined that posting as a violation of the DMCA's prohibition on making available to the public an anti-circumvention technology. Further, the court also enjoined defendants from linking to other websites that post DeCSS. The defendants actively encouraged other sites to post DeCSS. Some of defendants links transfer a user to a website which contains a variety of information, and which, on one of its pages, links to another page on the same site which posts DeCSS. Other links take a user directly to another website's pages which post DeCSS. Other links directly transfer the user to a file on a website, which immediately commences downloading DeCSS.
The court held that, even in the case of the link to a website which contains among its many pages a posting of DeCSS, all of these links violated the DMCA. Specifically, these links provided or trafficked in anti-circumvention technology within the meaning of the DMCA. Defendants encouraged other sites to post the offending material, checked those sites to ensure that they indeed posted it, and informed the public on their own websites that the material was available on those websites.

Online service providers which link to websites or other online resources containing material which infringe copyrights may avail themselves of the safe harbor from copyright infringement liability created by the Digital Millennium Copyright Act, 17 U.S.C. § 512 (2000). (See previous copyright section).

Deep linking is problematic, however, because the linking website can connect the user directly to the best or most interesting contents of the website, thus reducing the amount of time spent at the linked website. In deep linking, a link bypasses the home page of a website with its copyright notice, disclaimers and identifiers, and links instead to internal pages. This also reduces the amount of "hits" which the linked site receives, in turn decreasing the value of advertising on, and therefore the revenue of, the linked site. Deep linking has given rise to legal action. Total News is a "metasite" which linked to other news sites, surrounding the content from the other sites with the Total News logo and its own advertisers. The Washington Post and other news organizations sued Total News for trademark infringement and dilution. In the settlement agreement, Total News agreed to cease linking and framing to defendants' sites in a way that suggested endorsement or sponsorship. See Washington Post Co. v. Total News, Inc., No. 97 Civ. 1190 (S.D.N.Y. complaint filed Feb. 20, 1997), dismissed upon settlement, (June 5, 1997).

Ticketmaster has twice sued (and settled in its favor) two website operators for creating deep links to Ticketmaster's website. Microsoft linked to a page within Ticketmaster's site, which contained no advertising and Ticketmaster sued, charging Microsoft with trademark dilution and unfair competition. Microsoft settled and agreed to link only to Ticketmaster's home page. See Ticketmaster Corp. v. Microsoft Corp., No. 97 Civ. 3055 (C.D. Cal., filed Apr. 28, 1997).
In another dispute, Tickets.com created deep links to Ticketmaster's internal website pages and Ticketmaster sued. The court held that hyper linking does not itself involve a violation of the Copyright Act since no copying is involved. The customer is transferred to web pages of the original author. The district court dismissed Ticketmaster's breach of contract claim, holding that the "Terms and Conditions" posted on Ticketmaster's website (which stated that deep linking was prohibited) were not prominently displayed (they were at the bottom of the page) and Ticketmaster did not require site visitors to click onto the "Agree" button next to the "Terms and Conditions." The court, however, granted Ticketmaster leave to amend its complaint to claim that Tickets knew about the "Terms and Conditions" and impliedly agree to them. The court held that creating a link to interior pages, without other actions attempting to confuse web users as to the source of the goods and services discussed on the interior pages, does not constitute a sufficient showing of unfair competition. See Ticketmaster Corp. v. Tickets.com, Inc., 2000 WL 525, 390 (C.D. Cal. March 27, 2000).


Section 230 of the Communications Decency Act ("CDA") provides relief for providers of interactive computer services from tort liability due to the actions of information content providers (defined as any person or entity that is responsible in whole or in part for the creation or development of information provided through the Internet or other interactive computer service). 47 U.S.C. § 230 (2000). It does not limit or expand intellectual property laws, and so does not provide immunity for copyright or trademark violations.

The CDA immunized America Online from defamation liability for the material published online by Matt Drudge, a gossip columnist. See Blumenthal v. Drudge, 992 F. Supp. 44 (D.D.C. 1998). AOL licensed Drudge's electronic publication, Drudge Report, for distribution to AOL's members. Under the terms of that license, AOL had the right to remove content from the Drudge Report, which it deems in violation of its terms of
service. The \textit{Drudge Report} published a story accusing a Presidential assistant, Sidney Blumenthal, of wife-beating, and following a letter from the assistant’s attorney, published a retraction. AOL removed the original story from its electronic archive. Blumenthal sued AOL for defamation; the district court held that the CDA protected AOL from defamation liability. “AOL was nothing more than a provider of an interactive computer service on which the \textit{Drudge Report} was carried, and Congress has said quite clearly that such a provider shall not be treated as a ‘publisher or speaker’ and therefore may not be held liable in tort. See 47 U.S.C. § 230(1) (2000). Because it has the right to exercise editorial control over those with whom it contracts and whose words it disseminates, it would seem only fair to hold AOL to the liability standards applied to a publisher or, at least… to a distributor. But Congress has made a different policy choice by providing immunity even where the interactive service provider has an active, even aggressive role in making available content prepared by others.” \textit{Id.} at 50–52.

V. \textbf{DOMAIN NAME DISPUTES}

\textbf{A. Federal Trademark Dilution Act}

If a domain name includes a famous trademark, and a similar domain name uses that mark, the Federal Trademark Dilution Act (“FTDA”), 15 U.S.C. § 1125 (2000), may offer a remedy. The FTDA makes actionable the use of a \textit{famous} trademark commercially to dilute the distinctive quality of the famous mark. Unlike the showing required to prove trademark infringement, proving dilution does not require proof that the wrongdoer competes with the mark owner, nor that there is a likelihood of consumer confusion. Dilution requires only a showing that the commercial use of a famous mark has lessened the mark’s capacity to distinguish it from marks on dissimilar goods or goods of poor quality, or by associating the mark with an unwholesome or disparaging message.

Whether a mark is famous and distinctive and is protected by the FTDA is determined by reference to the following factors: (1) the degree of inherent or acquired distinctiveness of the mark; (2) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (3) the duration and extent of advertising and publicity of
the mark; (4) the geographical extent of the trading area in which the mark is used; (5) the channels of trade for the goods or services with which the mark is used; (6) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought; (7) the nature and extent of use of the same or similar marks by third parties; and (8) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

Remedies for dilution of a famous mark are an injunction, or, if the dilution is willful, disgorgement of profits, payment of damages and litigation costs, and destruction of goods bearing the mark.

Fair use, noncommercial use, and news reporting use of a mark that would otherwise dilute a famous mark are exempt.

B. Anti-Cybersquatting Consumer Protection Act

A broader remedy against a domain name wrongdoer is the new prohibition against "Cybersquatting," the Anti-Cybersquatting Consumer Protection Act ("ACPA"). This provides a statutory cause of action against persons who, in bad faith, register domain names incorporating the trademarks of others. Specifically, ACPA, 15 U.S.C. § 1125 (2000), provides remedies against persons who, in bad faith, register, traffic in, or use a domain name that is identical or confusingly similar to a distinctive or famous mark or which dilutes a famous mark or is a trademark owned by another. Bad faith is determined by examining factors such as: (1) whether the alleged squatter has a trademark or other intellectual property claim to the domain name; (2) whether the domain name is the legal name of the alleged squatter; (3) any prior use of the domain name by the alleged squatter; (4) whether the squatter makes a noncommercial or fair use of the mark in the website identified by the domain name; (5) the squatter's intent to divert consumers from the website connected to the mark to the squatter's site to harm the goodwill associated with the mark with the intent of tarnishing or disparaging the mark, or of creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the website; (6) the alleged squatter's offer to transfer the domain name to anyone for financial gain without actually using the name; (7) the alleged
squatter's providing false contact information when applying for domain name registration; (8) the squatter's registration of multiple domain names that he knows are identical or confusingly similar to distinctive marks or are dilution of famous marks; and (9) the extent to which the mark is not distinctive or famous. Remedies for cybersquatting are forfeiture or cancellation of the domain name or transfer of the domain name to the mark owner.

C. ICANN Dispute Resolution Process

To reduce litigation and time associated with civil actions under the Trademark Act, the Federal Trademark Dilution Act, and the Anti-Cybersquatting Consumer Protection Act, the Internet Corporation for Assigned Names and Numbers ("ICANN") established a dispute resolution process for domain name disputes. See www.icann.org/udrp/Udrp-policy-24-oct99.htm. ICANN was established as a non-profit corporation to assume the United States government's domain name management functions. ICANN accredited four arbitration forums to hear Internet domain name arbitration disputes: the WIPO Arbitration and Mediation Center, a unit of the International Bureau of the World Intellectual Property Organization (based in Geneva, Switzerland), the National Arbitration Forum (in Minneapolis, Minnesota), eResolution (in Quebec); and CPR Institute for Dispute Resolution (New York).

The Uniform Domain Name Dispute Resolution Policy ("UDNDP") is based on the Federal Trademark Dilution Act. UDNDP's sole remedies are transfer of a domain name or cancellation of a domain name; no monetary damages are available. The arbitration process is usually completed within weeks and costs much less than trademark litigation. Use of the UDNDP procedure does not preclude a complainant or the domain name holder from filing suit in any court based on federal law. A complainant will prevail in a dispute if it can show that a domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights, the domain name registrant has no right or legitimate interests in the domain name, and the registrant is using the domain name in bad faith. Evidence of bad faith includes showing that (1) a domain name registrant has acquired a domain name for the purpose of selling it for more than out-of-pocket expenses to
the complainant who owns the trade or service mark; (2) the registrant registered the domain name to prevent a trademark owner from registering the mark as domain name and the registrant has a pattern of this behavior; (3) the registrant registered the domain name to disrupt a competitor's business; or (4) registrant uses the domain name to intentionally confuse the public as to the affiliation of the website and draw web users to the registrant's site for commercial gain. See the ICANN website at www.icann.org.

VI. CHILDREN'S ONLINE PRIVACY PROTECTION ACT

The Children's Online Privacy Protection Act ("COPPA") applies to any website that is directed at children or which actually knows it is collecting or maintaining personal information from a child (an email address and first and last name are personal information). See 15 U.S.C. §§ 6501-6505 (2000) (Children's Privacy Protection Rules, 16 C.F.R. §§ 312.1-312.12). COPPA prohibits such website operators from collecting personal information without (1) providing notice on its website about what information it collects from children and its disclosure practices; (2) obtaining verifiable parental consent prior to collecting or disclosing personal information; (3) providing a reasonable means for a parent to review the personal information collected from a child and to refuse to permit its further use or maintenance; (4) not conditioning a child's participation in an activity on the child's disclosing more personal information than is reasonably necessary to participate in that activity; and (5) establishing and maintaining reasonable procedures to protect the confidentiality, security, and integrity of personal information collected from children.

Collecting information means gathering of any personal information from a child by any means. Examples cited in the regulations are (1) enabling children to make personal information available publicly through a message board or chat room, except where the operator deletes all identifiable information from children's postings before they are made public, and (2) linking personal information to an individual through a cookie. See How to Comply with the Children’s Online Privacy Protection Rule available at www.ftc.gov/bcp/online/pubs/buspubs/coppa.pdf.
VII. RIGHT OF PUBLICITY

The right of publicity, grounded in privacy law, is protected in some states by common law, and in others by state law. Fundamentally, it protects an individual against unauthorized commercial exploitation. The basic elements of the right of privacy are set forth in the Restatement of Unfair Competition: (1) the appropriation without consent (2) of the commercial value of a person's identity (3) by use of the person's name, likeness, or other indicia of identity (4) for purposes of trade. Restatement of Unfair Competition, § 46 (1995). The use of sound-alike voices or appearances in commercial uses also violates the right of publicity. See Waits v. Frito-Lay, 978 F.2d 1093 (9th Cir. 1992), cert. denied, 503 U.S. 951 (1992); Midler v. Ford Motor Co., 849 F.2d 460 (9th Cir. 1988), cert. denied, 503 U.S. 951 (1992).

Even in states protecting the right of publicity, common exceptions exist. These exceptions are (1) the right of publicity ends at death (notable exceptions are California, Indiana, and Tennessee); (2) protection exists only against commercial advertising, not entertainment (even for-profit) uses; and (3) preemption of the right by the Copyright Act. Generally, most state laws (as well as common law) seek to balance the right of publicity with the First Amendment rights inherent in news and creative works (including entertainment works).

Even as news and entertainment merge, news uses of a person's identity in a manner which otherwise would violate publicity rights is protected. An electronic subscriber-based bulletin board service devoted to news, games, and discussion groups use of a photograph of Howard Stern, notorious radio personality, to advertise its bulletin board service discussing Stern's candidacy for governor of New York, fell within the state right of publicity law's exception for news uses: “Although only paid subscribers may access Delphi's on-line information services from their computers or terminals, this service is analogous to that of a news vendor or bookstore, or a letters-to-the-editor column of a newspaper, which require purchase of their materials for the public to actually gain access to the information.

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1 States with laws including right of publicity elements are: California, Florida, Kentucky, Massachusetts, Nebraska, Nevada, New York, Oklahoma, Rhode Island, Tennessee, Texas, Virginia, and Wisconsin.
The use by a magazine of a still photo of an actress, taken from a motion picture in which she was featured, to illustrate a story about actresses who have appeared nude, was not a commercial exploitation of her image but was a news-type use. See Ann-Margaret v. High Society Magazine, Inc., 498 F. Supp. 401 (S.D.N.Y.1980).