



Cyberspace Law Sample Answer
Fall 2007
Professor Eric Goldman

OVERVIEW

You were a very engaged and motivated class, which showed both in our in-class discussions and in your exam performances. Thanks for a great class. There were 10 As, 14 Bs and 4 Cs.

QUESTION 1 [mean word count of 1412. Max: 1499. Min: 916]

There were four main topics I wanted you to address: trademarks, copyright, defamation and 47 USC 230.

1. Trademarks. The Ronald McHummer website (RMH) uses multiple third party trademarks, including:

- The phrase “Ronald McHummer,” used as the website title and domain name, is a combination of McDonald’s trademark “Ronald McDonald” and GM’s trademark “Hummer.”
- Terms used in the text, such as “McDonald’s,” “Hummer,” “Happy Meal” and perhaps “supersize” and “over X served.”
- The Ronald McDonald character and the trade dress of the golden arches, the Happy Meal box and the Hummer vehicle.

Note: it’s unclear if EWG is claiming a trademark in the phrase “sign-o-matic” or acknowledging VSG’s trademark claim (see <http://www.vgsonline.com/vgsonline/main/frmTypeSoftware.aspx>).

All these third party trademark uses create a risk of trademark infringement and dilution. The domain name also creates a risk of an ACPA/UDRP claim.

Ownership of Valid Trademarks and Priority. We will assume these.

Use in Commerce. There are two ways to interpret this requirement. If it’s a jurisdictional predicate, then the factor is clearly satisfied. If the factor requires the defendant to use the trademark to as a source designator of its products, then the analysis gets trickier.

First, the domain name acts as an off-site marketing aid for the website. This is why the Lamparello court punted on the “use in commerce” factor.

Second, the RMH website displays a widget for hybridcars.com, a seemingly commercial website. If hybridcars.com paid EWG to display the widget, arguably RMH's website is commercial as well, making its use of third party trademarks "in commerce." (I take issue with this line of reasoning [here](#).)

Third, RMH encourages users to display some of its widgets offsite as promotions for the RMH website, including signs made by users (which prominently feature the golden arches and the word "McDonalds") and other promotional widgets prominently featuring third party trademarks, such as this ambiguous one from <http://www.ewg.org/sites/mchummer/buttons.php>:



[If you weren't online during the exam and didn't see this page, no worries. It did not affect grading.]

Despite the foregoing, the RMH site serves a non-commercial purpose of advocating against the trademark owners. The law should categorically tolerate references to trademarks as part of such advocacy, whether made "in commerce" or not. However, RMH does more with third party trademarks than a typical gripe site—and more than was necessary to convey its message. Therefore, this is more complicated than Lamparello.

Likelihood of Consumer Confusion. We didn't do a multi-factor test in class, so I didn't expect you to do one on the exam. Even without the test, it is relatively clear on casual inspection that the RMH website is a gripe/parody site. The site has disclaimers to that effect (at the top and on the left hand side), although neither was exactly prominent. Even so, the text copy clearly communicated a negative message about the trademark owners, destroying any risk of consumer confusion about product source upon review.

However, consumers could experience initial interest confusion in a few ways. First, the domain name, viewed independently of the site, is confusing because it's a combination mark. Second, when RMH widgets (containing third party trademarks) appear offsite, consumers may not perceive the negative commentary and could investigate the widgets legitimately expecting something other than a parody/gripe site. I would still take the position that such initial interest confusion is irrelevant, and the Lamparello court suggested that the confusion analysis should consider the package of the domain name and the website.

Dilution. I assume some of the third party trademarks are famous (even under the new and more restrictive definition of fame) and were famous prior to RMH's commencement. As discussed above, the use in commerce requirement is cloudy. It seems likely that RMH would satisfy the likelihood to dilute standard. Negative commentary might qualify as tarnishment ("harms reputation"), and at minimum the Ronald McHummer website name/domain name could constitute blurring because it adds a new definition to the combined terms. The drawing

combining the Ronald McDonald character with the Hummer vehicle might create similar blurring.

ACPA/UDRP. McDonald's or Hummer could challenge the ronaldmchummer.com domain name using ACPA or a UDRP proceeding. Because the domain name combines the two marks, some of you argued that it's not substantially similar to either combined mark, but I think it would be considered substantially similar to both. The ACPA claim would be blocked by the apparent lack of a bad faith intent to profit. As discussed earlier, there is no apparent attempt to commercialize the domain name, although we're still uncertain about the hybridcars.com relationship. The UDRP analysis is less certain because of the UDRP's pro-complainant bias. Further, UDRP bad faith might be shown from (1) the combination of EWG making more trademark references than was necessary to make its point, (2) the hybridcars.com relationship and (3) the auto-redirect.

Defenses. Some of the references of descriptive trademarks (such as "supersize" and "happy meal") might qualify for descriptive fair use.

Other trademark references may qualify as nominative use when they refer to the trademark for its referential meaning, such as the textual discussions about McDonald's and Hummer. However, a number of trademark uses will not qualify as nominative use because they were unnecessary, such as the logo of Ronald McDonald sticking his head out of a Hummer or the combination domain name. The use of the golden arches and the McDonald's name in the sign-o-matic might suggest sponsorship/endorsement by their owners, which would also preclude the nominative use defense.

EWG can defend against the dilution claim by claiming that it qualifies as news reporting/commentary. The scope of this exclusion is uncertain. If it contemplates a news organization publishing timely news, I don't think EWG qualifies. If it contemplates a gripe site, then it should qualify.

Contributory Trademark Infringement for User-Submitted Slogans.

Users can submit slogans that reference third party trademarks or, in fact, are trademarked slogans. The "I'm lovin' it" sign is one example; users could also submit a sign like "Eat at Del Taco" that, especially when displayed offsite, could be confusing. Could EWG be at risk for these trademark-related submissions?

As a threshold matter, note that 47 USC 230 does not insulate EWG here. Federal IP claims are outside 230's scope, so we are left to wrestle with other liability principles.

EWG could qualify as a contributory infringer. Arguably they induce infringement by encouraging submissions, although I think that's an overly inclusive interpretation of inducement. More apropos is the Lockheed standard for contributory infringement, which applies when a service provider controls/monitors the instrumentalities used to infringe. EWG hosts the user-created signs and may even do extra promotion of their messages (see, e.g., the

press release page), so it might be deemed to control and monitor those instrumentalities (the sign-creation tool and the web hosting behind it).

The bigger challenge to the contributory infringement claim is that it's not clear how a user is a direct infringer. At minimum, I don't see how any user makes a "use in commerce" of the signs containing their submitted slogans when hosted on the RMH site. The analysis might be different when users repost their signs on their websites, but then the signs are no longer on instrumentalities controlled by EWG.

Even if a user was a direct infringer, EWG might claim the printer/publisher defense that would limit remedies to a future injunction.

2. Copyright. The RMH site contains various photos, including pictures of the Hummer, the Happy Meal and the McDonald's sign. Rights to these photos may have been properly procured. If not, their republication is a prima facie copyright infringement. The site also contains some other graphical elements, such as the drawing of the copyrighted Ronald McDonald character. Republication of these graphical elements also could be a prima facie copyright infringement.

EWG can claim fair use in any of these activities. It's a non-profit site, which weighs in its favor, but arguably there could be licensing markets for most/all of these uses. The fair use analysis is indeterminate, but simply acknowledging its non-profit status isn't enough.

3. Defamation. The RMH site contains a number of assertions that, if false, could support a defamation claim. However, many of the seemingly factual statements are potentially characterized as opinions, not facts. Further, even if there are false statements of fact, the site generally concerns public figures and matters of public concerns, so First Amendment defenses would limit EWG's liability unless they had the requisite scienter.

4. 47 USC 230. Users could use the sign-o-meter to submit other harmful content, such as defamatory statements. Some examples you gave in your exams:

- "McDonald's uses baby meat in its burgers" (an obviously false statement. We all know that McDonald's hamburgers *don't actually contain any meat of any type*)
- "McDonald's uses child labor" (actually not defamatory because it's true. It's a little known fact that I worked at McDonald's when I was 15. I became a vegetarian when I was 16. You can draw your own causality inferences).

In general, 47 USC 230 should protect EWG from liability for all user-submitted content. Websites qualify as providers of ICSs; publisher/speaker claims are anything other than federal IP, federal criminal and ECPA claims; and the slogans is submitted by third parties. EWG might be weakest on the last point. The "wrapping" around the slogan—the sign—is "provided by" EWG, and the sign is an integral part of the message. Thus, arguably EWG partially contributes to the message. Even so, I think EWG's responsibility should not extend to the user-submitted slogans themselves.

5. Other Issues.

Jurisdiction. By obtaining geographic information in the letter submission form, EWG increases the risks that it will be jurisdictionally responsible in all geographies it interacts with, both because the site becomes interactive under the Zippo test and because EWG learns the geography of its readers.

COPPA. Some RMH site elements seemingly could appeal to kids, such as pictures of Happy Meals or the waving outside the Hummer. However, I think it's a big stretch to say that this site appeals to kids.

Spam/Privacy. If EWG emails the letter to McDonald's president, arguably it could be considered a spammer. However, these emails aren't likely to trigger CAN-SPAM because they lack the requisite commerciality. They might constitute trespass to chattels in the wrong circumstances. EWG is also getting email newsletter sign-ups via an opt-out checkbox. An opt-out is hardly ideal, although it might be subject to a confirmatory email. I'm more troubled by the prospect that EWG might hand off email addresses to hybridcars.com and, worse, that hybridcars.com might actually treat those users as having signed up to its email newsletters. That would be a backhanded way of obtaining consent.

A Few Reminders (Comments on Student Answers)

- Some of you applied the copyright fair use factors to trademark fair use. Keep your tests straight! (*Especially* on a take-home exam).
- Always remember to keep the analysis of legally distinct parties separate.
- There is no secondary infringement unless/until you've identified a direct infringer.
- Failure to demand a retraction is a defense to defamation only when required by statute.

QUESTION 2 [mean word count of 1298. Max: 1499. Min: 895]

There are three main topics to address: copyright, contract and trespass to chattels.

1. Copyright.

Data flows as follows: Vacuum sends robots to the Target Websites' (TW) web pages, making a complete copy of each page. Vacuum stores a copy of some/all of those pages. We don't know if this storage is temporary or permanent. Vacuum forwards a copy to Moosh, and Moosh stores a copy (we don't know if it's temporary or permanent) in its database. Moosh may make additional copies as part of its manipulation, but we know they don't republish the copies.

This description leads to two lines of inquiry: Moosh's direct liability for the copies it makes, and Moosh's secondary liability for copies made by Vacuum.

Moosh's Direct Liability

Moosh makes copies as part of receiving and manipulating the TW data. So long as the TW pages contain any copyrighted material, Moosh's copies presumptively create a prima facie copyright infringement. Most web pages contain at least some copyrightable material, even if the main substance of the page is unprotectable data.

Any implied license that the TWs might have created by posting the data publicly to the web isn't likely to extend as far as Moosh' internal manipulation of the data. Therefore, Moosh's most likely defense is fair use. In Moosh's favor, it doesn't republish the data at all—therefore, it's not a transformative use, it's a non-use. If so, perhaps Moosh can benefit from the doctrine that says if a use is fair, all intermediate copying is excused. However, assuming Moosh is a for-profit enterprise, it's building its business on fair use, and this is always dicey. Not only that, Moosh is willing to pay Vacuum for the data, suggesting that there is or could be a licensing market for it. Finally, Moosh is bypassing the TWs' fairly clear intent. To the extent fair use is evaluated equitably, this probably won't point in Moosh's favor. All told, this looks like a weak case for fair use, although it's not completely implausible.

Moosh's Secondary Liability for Vacuum's Activities

To discuss Moosh's secondary liability, we first have to establish if Vacuum directly infringes.

Vacuum's data-gathering process makes a lot of copies—like other automated activity such as search engine data collection. It's always uncomfortable characterizing this activity as direct copyright infringement, but it satisfies the prima facie case. The *Field* case suggested one escape valve by deeming copies not volitional. In this case, Vacuum similarly grabs content from TWs without discretion; Moosh provides the applicable instructions. But if Vacuum's actions aren't volitional, then presumably Moosh is providing the requisite volition—meaning that Moosh isn't avoiding liability. Then again, the *Field* case seemed to suggest that no one was acting volitionally (i.e., neither Google nor its users), as if these copies appeared magically without anyone asking for them.

Vacuum can claim that its copies are subject to an implied license, especially since the TWs have not blocked Vacuum's robots. Unfortunately, some TWs expressly disclaim any right to gather data automatically, and these statements may destroy any implied license.

Vacuum goes one step further than a typical search engine robot by delivering a complete copy of its gathered material to Moosh. This is a prima facie violation of the reproduction and distribution rights. Unlike the automated data collection done by search engines, this wholesale redistribution is unlikely to be covered by any implied license.

Vacuum can claim that its activities are covered by fair use. While this argument might be possible with the data gathering (see the *Perfect 10 v. Amazon* case), I think it would be difficult to qualify the redistribution to Moosh as fair use. Vacuum is running a commercial business to a paying licensee (Moosh), and this undercuts means almost every fair use factor points against Vacuum.

Vacuum can try to claim the 512 safe harbors for its redelivery. 512(c) is inapplicable because there's no evidence that Vacuum is hosting the data itself. 512(a) might be possible as Vacuum acts as a data pass-through entity. 512(b) could be possible per *Field v. Google* if Vacuum constantly flushes its data. Obviously, Vacuum would need to comply with the many 512 formalities to preserve its eligibility for the defense. But even if Vacuum qualifies for 512 defenses, thereby eliminating its liability for third party activity, this should just redirect the liability analysis back to the third party—in this case, Moosh.

Assuming that Vacuum is directly liable for its activities, Moosh could be contributorily or vicariously liable.

Contributory Infringement: Although it's a different set of facts than *Grokster*, this might be a good example of "inducement": Moosh induces (through compensation) Vacuum to engage in infringing behavior that it isn't willing to do itself.

Vicarious Infringement: Moosh appears to have a direct financial interest in the infringement by compensating Vacuum for the behavior. The only question is whether Moosh has the right and ability to supervise the infringement. Many of you assumed Moosh and Vacuum had an agency relationship. A typical vendor-customer contract does not create an agency, but if this situation were characterized as an agency, then Moosh is automatically liable for its agent's acts within the agency scope. But even without an actual agency relationship, Moosh still provides significant input to Vacuum by specifying which sites to scrape and when, and this may satisfy the vicarious copyright infringement "right and ability to supervise" standard.

A number of you argued that 1201 could apply to Moosh here. The argument is that the robots.txt page is a technological protection measure and Vacuum/Moosh collectively circumvent that TPM. This argument is logically sound but untested, and my suspicion is that it wouldn't work. (For example, the statute requires that the method be "effective," and this doesn't easily describe robots.txt).

2. Contracts.

Some TWs display terms that are contract-like and that Vacuum appears to be violating. There are two limitations on these terms applying to Moosh.

First, do the terms bind anyone? They are not presented as a mandatory non-leaky clickthrough, so (per Specht) they may fail due to the lack of unambiguous manifestation of assent.

Second, assuming the terms are binding, do they reach Moosh? After all, Vacuum interacts with the TWs, not Moosh, so Moosh seemingly lacks privity with the TWs. Nevertheless, the terms could bind Moosh in one of two ways. (A) If Vacuum agrees to the terms and is Moosh's agent, then Vacuum binds Moosh to the terms under standard agency law. (B) Ignoring Vacuum for a moment, Moosh could be caught under *Register.com/Restatements* 69 given that it continues to take the benefits (the gathered data) knowing the applicable terms (don't scrape). The

Register.com rationale could seemingly bridge the lack of privity in a case like this where Moosh deliberately outsources the data collection to avoid the terms.

As a general proposition, it remains to be seen what courts will do with ridiculous anti-scraping provisions like this that are selectively enforced. At some point, equitable considerations could limit courts' willingness to enforce terms that the contracting party didn't appear to intend.

3. Trespass to Chattels and Related Doctrines.

Vacuum could trigger the various trespass to chattels doctrines, including common law trespass to chattels (TTC), CFAA and the state computer crime laws such as Penal Code 502. There's no evidence of significant server usage or any problems experienced by a TW, and in fact the specified facts suggest that Vacuum's robots have a relatively low footprint on TWs (they only come once a day, although they do grab everything when they come). Furthermore, although Vacuum is abusing the fact that its robots have not been explicitly blocked in the robots.txt page, Vacuum itself has not received any notice indicating that its robots are unwelcome. Thus, although it may be possible to establish a trespass to chattels style claim against Vacuum, this seems unlikely. If in fact Vacuum is committing TTC or a related tort/crime, Moosh could be liable under a principal/agency theory or perhaps directly depending on the exact wording of the applicable statute/doctrine.

But what about Moosh's decision to outsource the data collection to Vacuum in the first place? This is a classic workaround that TTC putatively inhibits—if a party is technologically blocked, it's wasteful and disingenuous if they can just find cleaner IP addresses to do the same thing. Cf. Bidder's Edge (which we didn't really discuss in class) but compare Intel v. Hamidi, where Hamidi routed around Intel's blocks and the court seemed to tolerate this arms race. So arguably Moosh commits the TTC tort when, knowing it's been blocked, it simply routes around this block in any manner—even by outsourcing to a more tolerated party who does not commit TTC itself.