

Word count of answer: 2997

ANSWER BELOW

Graver's liability

Direct Copyright Infringement. The photo of Cornette's face was fixed in a tangible form of expression upon its taking, and photos constitute original works of authorship even if they depict factual information. Cornette has ownership of all rights to the photo. Graver violated these exclusive rights by uploading/reproducing it, photoshopping it to a clown/preparing derivative works of and displaying it publicly on the store. A prima facie case of copyright infringement is established. Without registration, Cornette won't qualify for statutory damages and attorneys' fees.

Fair use defense:

- Nature of Use: Due to the e-commerce store, Graver's use is likely commercial. However, the use is transformative because the photo was altered with new expression, meaning and message by photoshopping Cornette's face and adding the "Clownette" writing, making it a parody of the original. This weighs heavily towards a fair use finding (*Campbell*).
- Nature of Work: A photo is a factual work. Because Cornette sells t-shirts featuring the same photo, it was published. Both aspects weigh in favor of fair use.
- Amount of Portion Taken: Graver took the entire photo, which weighs against fair use.
- Market Effect: Cornette sells many t-shirts featuring this photo, meaning there is a current market. Even though they are both selling t-shirts, the "Clownette" version makes a mockery of the original and probably only fans of Graver would buy it, who are unlikely to buy any Cornette shirt and vice versa.

Graver's use is likely fair.

Trademark Infringement.

- Ownership of a valid trademark: Jim Cornette owns a valid trademark in his name.
- Priority: Cornette's use came first.

- “Use in commerce”: The use of a mark in a domain name, even if the website doesn’t sell any goods, can constitute use in commerce (*PETA*). A fortiori, the t-shirt selling website TattooJimCornette.com uses the “Jim Cornette” trademark in commerce. Advertising constitutes use in commerce, but I’m unsure whether the twitter hashtag #TattooJimCornette is a product source designator or merely a type of index term. The trademark use in the store name is commercial because it’s used in connection with the sale of t-shirts.
- Likelihood of consumer confusion: Graver uses the mark to promote the same goods as Cornette (t-shirts), whose buyers aren’t sophisticated. Graver’s intent is to profit from Cornette’s haters, not from his fans. The modest sales despite the high traffic suggest that there were many opportunities, but hardly any instances of actual confusion. This factor however indicates that there may have been initial interest confusion. Perhaps Cornette fans were baited to the website and then switched to the jimcornette.com site. The domain name itself cannot create initial interest confusion and must be considered in conjunction with the content of the website (*Lamparello*). The content on the website (the “Clownette” shirt and the messages) is hostile towards Cornette and gives the overall impression that he isn’t the owner. But the store name with the trademark appeared in the title tag of search engines, which may increase consumer confusion. The trademark in the keyword metatags can create initial interest confusion, but only if it’s used to deceive customers (*Promatek*). Apart from the fact that metatags are invisible to users and ignored by search engines anyways, Graver probably didn’t know the store name automatically appeared in the metatags and has no intention to deceive. Since *Network Automation*, the initial interest confusion doctrine is fading.

Though not unequivocal, I believe there is no likelihood of consumer confusion.

Even if there was, Graver’s use might be nominative. His conduct clearly doesn’t suggest that Cornette endorses or sponsors the shop. The “Clownette” parody only works if there is some reference to the Jim Cornette trademark. However, the parody could have also worked by only using the “Cornette” part of the trademark, so I’m torn.

Trademark Dilution. Evidenced by the amount of twitter followers, t-shirts sold and podcast listeners, Cornette’s trademark is well known. But recognition among the wrestling community doesn’t make it a famous mark that is “widely recognized by the general consuming public of the United States”. Graver’s use doesn’t add another definition to the trademark to constitute blurring. The implied mockery of Cornette’s own shirts could constitute tarnishment.

UDRP.

- Domain name confusingly similar (or identical) to a third-party's trademark: By adding "Tattoo", the domain name isn't confusingly similar to "Jim Cornette".
- Registrant has no legitimate interests in the name: There is no bona fide offering of goods. The t-shirts are offered in bad faith with the intent to disparage Cornette, not to pursue a serious business. Graver also made some commercial gain from his store.
- Name is being used in bad faith: This element is broader than the ACPA bad faith intent to profit. The domain name probably didn't create a likelihood of confusion (see above) and Graver didn't acquire it for profitable resale. I think a panel might be inclined to find bad faith because the domain name, in connection with the message on the store page, incites violence.

Cornette cannot procure the domain name via UDRP.

ACPA.

- Registrant registers a domain name containing a third-party trademark: "TattooJimCornette.com" contains the "Jim Cornette" trademark.
- Bad faith intent to profit: The domain name contains Cornette's real name and trademark. Unlike the gripe site in *Lamparello*, Graver didn't only criticize the markholder via the "Clownette" shirts, but also made some commercial use by selling them. Nevertheless, Graver didn't register multiple domain names or tried to gain financially by reselling it.
- As established above, the domain name isn't confusingly similar and there is no dilution.

Graver didn't engage in cybersquatting.

State Domain Name Laws. Graver may have violated state domain name laws.

Publicity rights. It's a publicity rights violation to use someone's name/likeness for commercial advantage. Is a "non-promoted" tweet an ad copy? I'm confused. Graver tweeted the domain name and the hashtag to promote his store, which both contained Cornette's name. His name also appeared in the store pages' tag line. Graver may have violated Cornette's publicity rights.

18 U.S.C. §875(c): Graver may be criminally liable for communicating a threat to injure another person in commerce through his message on the store page. While he didn't threaten to injure Cornette himself, he incited his fans to tattoo a clownface on Jim Cornette, preferably with a rusty tattoo needle (presumptively to cause a serious infection). Considering Graver's

“deathmatch” wrestler career, it’s sufficiently credible that he or some of his die-hard fans are willing to do physical harm to Cornette. Because the feud is ongoing, the threat is also imminent enough to overcome a First Amendment defense.

Defamation. Wrongly claiming that Cornette steals money from his employer to fund his podcast is a false statement of fact. Even though Graver explicitly referred to “Clownette”, it can be implied from the context on the store pages that he meant Cornette. By posting the message, Graver published the statement to any third parties visiting his store. Much of Cornette’s reputation comes from his popular podcast. Claiming that he funds it through delinquent actions is injurious to his reputation.

A wrestling celebrity like Cornette stealing from his employer would likely be a matter of public concern and be investigated by the authorities. However, Graver likely knew that his allegation is false and thus acted with the requisite malice to overcome a First Amendment defense (*Sullivan*).

Intentional Infliction of Emotional Distress (IIED). Cornette may be in emotional distress due to the messages.

Shopify’s liability

Section 230 Defense.

- Provider or user of an interactive computer service: Like all websites, Shopify qualifies as a provider of interactive computer services.
- Publisher/speaker claims: This covers any claims not statutorily excluded by section 230.
 - In this case, the claims against Graver for defamation and IIED are preempted.
 - The claims against Graver for copyright and trademark infringement are statutorily excluded as federal IP claims. They will be discussed below.
 - Due to a lack of contributory doctrines, Shopify cannot be held liable for any ACPA and dilution claims.
 - The publicity rights claim is immunized per *CCBill*, assuming the case is in the Ninth Circuit.
 - §875(c) is a federal crime and thus falls under the statutory exclusion of federal criminal prosecutions. Shopify may be liable if it aided or abetted in the crime, though the facts don’t suggest this. Any civil claims based on this crime are

nevertheless preempted (*Doe v. Backpage*). Any state criminal prosecutions are preempted.

- Third-party content: the content on the store pages is created by third party merchants who upload artwork to Shopify.

Shopify meets the prima facie elements for a section 230 defense. Its decision to terminate Graver's account is further protected by both 230(c)(1) and 230(c)(2).

Do any common law exceptions to section 230 apply?

Online Marketplace Transactions. Shopify keeps the minimum price of each item sold for itself, processes all payments, and prints and ships the items. Just like AirBnB and Amazon, Shopify may be liable as the "seller" in these transactions. It appears section 230 doesn't protect "print-on-demand" vendors like Shopify (*Atari v. Sunfrog*).

Promissory Estoppel (Barnes v. Yahoo). Cornette could argue that Shopify failed to deliver on its promise to terminate Graver's account for good, because Graver could just create a new one. However, it's unclear whether Shopify really made a promise and plaintiffs rarely are able to show detrimental reliance resulting in a substantial change in position.

Roommates.com. Did Shopify encourage illegal content or design its website to require users to input illegal content? While some of the artwork and other content on the site may be illegal, this doesn't imply encouragement. At the very least it can be said that Shopify doesn't *only* encourage illegal content. Any "partial development" by Shopify happens offline, not on the site.

Direct copyright infringement.

If the photo on the shirt is infringing, Shopify may be directly liable if it had volition. Unlike Cablevision, Shopify doesn't resemble "a store proprietor who charges customers to use a photocopier on his premises". Shopify prints the artwork on the items itself (reproduce) and ships them to the buyer (distribute copies). Shopify isn't merely a passive technology provider.

Indirect copyright infringement.

- Contributory infringement: Shopify materially contributes to the infringing activity by printing the "Clownette" image and shipping the t-shirts. However, Shopify doesn't have specific knowledge that it is infringing. General knowledge that its services are

used for infringement isn't enough (*Veoh*). The earliest it could have known is when Cornette contacted Shopify, but we don't know whether he referred to copyright.

- Inducement: There are no signs that suggest Shopify offers its services with the object of promoting its use to infringe copyright.
- Vicarious infringement: As the host of the store and all of its associated electronic files, Shopify probably has the technical ability to supervise the infringer's acts (but doesn't every UGC website have that?). One could argue that Shopify has a direct financial interest in these acts by keeping the minimum price of each transaction, but it also takes the same amount for non-infringing items. Unlike in *Grokster*, there is no evidence of any widespread infringing activity on Shopify.

The fair use analysis for Shopify's direct and indirect infringement would be similar to Grave's above. Shopify derives revenue from infringing activity by keeping the minimum price for each transaction and may be a commercial user. But it does that with every non-infringing item too.

DMCA 512 defense. 512(c) is a complete defense against direct, contributory and vicarious liability. Shopify is a service provider and stores Graver's "Clownette" image at his direction. We know that Shopify has adopted and communicated a repeat infringer policy in its TOS, but because Graver could simply re-implement the store after it was taken down, I doubt that it's reasonably implemented. Shopify could have at least IP address blocked Graver. It's unclear whether Shopify accommodates "standard technical measures" for copyright owners, but no court has designated any standard technology yet. The facts mention that Shopify designated an agent at the Copyright Office to receive takedown notices. While putting the agent's contact information in the TOS is confusing IMO, it meets the 512 standard because the TOS are accessible on the website.

Shopify doesn't have any disqualifying knowledge. There is no evidence of any 512(c)(3) takedown notices which conferred actual knowledge. Informal notices of infringement from a third-party could create "red flags" (*Veoh*), but here Cornette himself as the copyright owner asked Shopify to remove Graver's store. There is nothing to suggest inducement nor "willful blindness" (whatever that means).

While the direct financial interest element was discussed above, *Veoh* suggests that the right/ability to control infringement for purposes of 512(c) requires "something more". There have to be specific known instances of infringement, which requires that the service

provider “exerts substantial influence on the activities of users” (again: every UGC site does this). Shopify doesn’t tell users what to upload (*Motherless*), but do Shopify’s offline printing and shipping activities constitute control over the user’s activities? I don’t know. This would create a dichotomy, because Shopify could qualify for 512(c) for any uploaded images, but not for those same images printed on physical objects.

There is a decent chance that Shopify doesn’t qualify for 512(c).

Indirect Trademark infringement.

- Contributory infringement: Shopify didn’t induce infringement. I doubt Shopify controls the “instrumentalities used to infringe”, because merchants choose the domain and store name on their own. Even though Shopify caused the store name to show up in the title tag and keyword metatags, it does so automatically with any other store name and thus lacks knowledge.
- Vicarious infringement: there is no agency relationship between Graver and Shopify.
- Defense: Shopify could argue that it’s an “innocent printer” (1114(2)(A)) and avoid liability for damages. However, this defense rarely works.

Shopify’s claims against Graver

Contract.

Formation.

- Clear Call-to-Action: The wording is ambiguous, because the if/then statement (“by proceeding, you agree...”) doesn’t match the user action (“Create an account”). To make sure that there is “unambiguous manifestation of assent” to the terms (*Meyer*), Shopify should re-word it to “By clicking on “Create an account”, you agree...”. A mandatory checkbox, though not legally required, would be desirable. Shopify should work to eliminate the “Terms” of the CAPTCHA on the screen, because it’s unclear to which terms a user is agreeing.
- Call-to-Action Prominence: The font is similar in size as the rest, but it should be darker. The CAPTCHA impedes the placement immediately above the desired user action, which might cut it off in some displays. There is no defensible white space around it either. Even though the text isn’t underlined as in *Meyer*, a reasonably

prudent user will know that a text highlighted in blue is a hyperlink to another webpage (“reasonably conspicuous notice”).

- Contract visibility: While not legally required, it would be best practice to make the TOS visible on the same page.
- No leaks: There was no way for any merchant to create an account without this screen.
- Alternative: Shopify could argue that Graver came back to create a new account while knowing that the terms apply, making them binding (*Verio*).

Despite some flaws, courts will regard this mandatory non-leaky clickthrough agreement as validly formed.

Amendment. Shopify reserves the power to unilaterally amend the terms at any time, simply by posting the amended version on the website. This provision may render the whole contract illusory due to lack of consideration (*Blockbuster*). Shopify should use reasonable means to provide notice of the amendment. Asking the users to not continue the use of the service if they reject the amendments is fine if there are no penalties.

Breach. Graver breached the express contract term prohibiting any use for illegal purposes or illegal conduct on Shopify. He also breached the provision prohibiting the creation of a new account after it has been terminated.

Trespass to Chattels (TTC) Doctrines.

Because Graver’s account creation despite being terminated is the cause of the 1 million visitors in 24 hours, I assume the applicable legal doctrines will hold him liable for that usage spike.

System Use. For the TTC doctrines, Graver’s creation of a new account constitutes interference with Shopify’s servers (chattel).

Lack of Authorization. There is no evidence of a C&D, which would make revoked authorization apparent (*Power Ventures*). Shopify also didn’t block the IP address of Graver (but this wouldn’t be sufficient). The TOS prohibit the creation of a new account after termination of the previous one, but TOS can’t delimit authorization for CFAA purposes (*Nosal*). However, Shopify emailed Graver an express warning not to set up another account, making the use unauthorized.

Common Law TTC. Under the majority rule, Shopify would have to show some harm, such as an impairment of the condition/quality/value or harm to a legally protected interest. There is no

evidence of the former, but Shopify received over 500 complaints over the contents of Graver's store and thus Shopify's goodwill with customers as a legally protected interest was harmed. But Shopify probably didn't exercise self-help. As mentioned above, it should have implemented some technical restrictions to prevent Graver from restoring his store.

The CA rule only recognizes harm to Shopify's independent possessory interest in the chattel (server). Did the visitor spike cause or threaten to cause measurable loss to computer system resources (*Hamidi*)? Very few of the million visitors got a "server too busy" error. While the loss is arguably negligible, the *Hamidi* standard just says that it must be measurable. Here we can measure that for 30 minutes the spike caused a loss to the server for every 1 out of 1000 visitors.

CFAA. Shopify would have to show that Graver caused sufficient legally recognizable damage. In particular, both 1030(a)(5)(A) and 1030(A)(5)(B)&(C) require a "loss" (1030(3)(11)) of 5k\$/year. Shopify might scrap this together via the costs of responding to the over 500 complaints. Also, to measure the loss above, they had to conduct damage assessment.

CA Penal Code 502. As discussed above, Graver knowingly without permission accessed/used Shopify's servers. Because this provision covers any damage or loss (including verification expenses), simply verifying that Graver created a new account and any efforts to correct his conduct should be sufficient harm.