

Legal Concerns in the Online World



BY GREG SATER

Despite the struggling U.S. economy, it has been reported that online sales are booming and likely will set a record this year at over \$200 billion. Some believe that, if anything, high gas prices are favoring online sales because more and more consumers are deciding to shop from home, rather than drive to a store, or simply are deciding to spend more time at home, leading them to spend more time on their computer—and thus, leading them to visit more shopping, social networking and other websites populated with ads.

As marketers increasingly turn their attention to the online world in order to take advantage of this trend, it is vital for them to be aware of the legal issues that can arise as a result of their online activities. Two such issues that seem to come up a lot these days are (1) whether they can be held liable for trademark infringement or unfair competition if, as a part of their online advertising campaign, they bid on their *competitor's* trademark as a keyword search term on Google or another search engine; and (2) whether they can be held liable for copyright infringement, libel or other torts if they allow third parties to post text, images or other content (known as “user-generated content”) on their websites and, in the

process, the third parties post something that violates someone else's rights.

TRADEMARK INFRINGEMENT IN SEARCH

On a search engine, one can find almost anything. Someone looking for fitness equipment can type in “fitness equipment” or, for example, if they want the Bowflex product they saw on TV, they can type in “Bowflex.” In the latter case, the consumer then would see links selling Bowflex, but also might see, in the list of “Sponsored Results,” links from competitors that are advertising their own fitness products or programs. Those competitors got there by bidding on “Bowflex” as a keyword search term. Is that trademark infringement? Right now, the answer is *it depends*. Not only does it depend on the facts of each case but, because different courts currently view this practice in different ways, it also depends on what court you are in.

Offline, trademark infringement occurs when a competitor uses an owner's trademark on a product, on a package or in an ad. It is a “use in commerce” that is *seen* by the consumer. But online, when a competitor bids on another's trademark as a keyword, the competitor has *not* used the trademark in a way that anyone actually sees. Indeed, it is the consumer doing the search, not the competitor, who has typed in the mark as a search term, and therefore, “used” it. Some courts say that, on these facts, there can be no trademark infringement because there is no “use in commerce.” *See, e.g., RescueComcorp v. Google, Inc.*, 456 F.Supp.2d 393 (N.D. N.Y. 2006). Other courts disagree and say it is. Those courts find that, depending on the content of the link that comes up in response to the search term, this practice can cause confusion, and therefore, can constitute trademark infringement. *See e.g., Google, Inc., vs. American Blind & Wallpaper Favorty, Inc.*, 2007 WL 1159950



(N.D. Cal. 2007). For these courts, the key issue is whether the consumer is likely to be confused by the link that comes up. If the link uses its own name or trademark, not the plaintiff's, these courts tend to conclude that confusion is *not* likely. (It should be noted, however, that even if a defendant has bid on a plaintiff's mark and used it *in* the sponsored link itself, its conduct still could be held lawful if it is found to be a "fair use," e.g., if the link is a non-misleading *comparative* ad).

USER-GENERATED CONTENT LIABILITY

Websites featuring user-generated content are all the rage—from eBay and other auction sites to social networking sites like MySpace and YouTube. People who post content for other people dominate the web. Some of that content, however, is copyrighted, and some of it may constitute libel or otherwise cause harm to someone.

If a company operates a website that includes user-generated content, can it be held liable for what those users have posted? The answer is: Congress has passed two statutes that immunize companies from some forms of liability for user-generated content, but many legal issues remain unresolved.

First, the Communications Decency Act ("CDA"), 47 U.S.C. §230, provides: "No provider of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider." Thus, the CDA insulates website operators from liability for libel posted by a user. Indeed, the statute provides immunity from *any* wrong, so long as the wrong arises from online content posted *by a user*, rather than by the website operator. This even has been applied to user-generated content posted by a sexual predator, which resulted in actual harm to a child. *Doe v. MySpace, Inc.*, 474 F.Supp.2d 843 (W.D. Tex. 2007).

Importantly, the CDA provides no

immunity if the website operator also is deemed to be a *provider* of the content. This raises several questions. What if, for example, the website operator does not author the content but edits it, or adds to it? The answer is: the CDA allows website operators to edit user-generated content while still retaining immunity if they do the

editing "in good faith to restrict access...to obscene, lewd, lascivious, filthy, excessively violent, harassing, or other objectionable content." However, that can be a trap for the unwary, as website operators can lose their immunity if they take an action that does not fall within this safe harbor, or, if they add their own content

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such as headings, notes or comments.

The issue is, depending on the website, it will not always be easy to determine whether the website operator is a content provider, along with the user, and, thus, is not shielded by the CDA.

This is well illustrated by the recent case of *Fair Housing Council of San Fernando Valley v. Roommates.com, LLC*, 521 F.3d 1157 (9th Cir. 2008), where the court considered whether the CDA should shield the operator of Roommates.com from liability for violations of the Fair Housing Act (FHA), a statute that prohibits discrimination in housing.


Roommates.com was an online matching service for people looking for roommates. The operator of the site had a questionnaire users would fill in to provide information about their preferences in the kind of person they were looking for as a roommate. Some

of the questions were about sexual orientation; others were about race, religion or familial status. As a result, for example, the user-generated content *could* be: "I only will consider renting to a roommate who is white, heterosexual and with no kids" (a housing preference that violates the FHA).

The court held that, as the author of the questionnaire, the website operator was a content provider and was not protected by the CDA. Having "contributed materially" to the FHA violation, it was too involved in the content to receive immunity.

The second federal statute that protects website owners and operators against certain claims based on user-generated content is the Digital Millennium Copyright Act (DMCA), 17 U.S.C. §512. Under certain conditions, the Act provides websites with immunity from liability for copy-

right infringement (note: not trademark infringement). Those conditions include the reasonable implementation of policies that provide for the taking in of claims submitted by copyright owners who complain of infringement, the taking down of infringing content in response to such claims, and the termination of users who are repeat infringers.

There are numerous exceptions to DMCA and the case law is only now beginning to flesh out the open questions. Whenever marketing online or operating any commercial website, it is advisable to obtain legal counsel in order to stay out of trouble. 

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