

## Converging Standards of Protection from Secondary Liability for Trademark and Copyright Infringement Online

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### INTRODUCTION

Secondary liability remains perhaps the only meaningful remedy for rights owners when it comes to the widespread copyright and trademark infringement on the Internet. It is often extremely difficult and costly to reach the direct infringers. Right holders thus seek, under various theories of indirect liability, to hold liable those who provide the means that enable the violations.<sup>1</sup>

While trademark and copyright doctrines of secondary liability stem from the same roots in common law, they have evolved separately.<sup>2</sup> Courts have applied secondary liability differently depending on whether the infringement pertains to copyright or trademark, with secondary liability construed more narrowly in trademark than in copyright.<sup>3</sup> In addition, the safe harbors enacted in the Digital Millennium Copyright Act (DMCA) grant Internet service providers liability limitations for monetary and injunctive relief. These safe harbors apply to certain types of intermediary activities—namely, mere conduit, caching, hosting and linking.<sup>4</sup> While the DMCA's safe harbors scheme has been successful in shielding intermediaries from liability (and thus allowing new services to flourish), the statute lacks clarity and coherence, which sometimes makes the outcomes difficult to predict. Moreover, the statute's lack of clarity may lead to unintended

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1. See, e.g., *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 US 913, 929–30 (2005) (noting that when infringement is committed using “a widely shared service or product,” enforcing rights against direct infringers “may be impossible,” with “the only practical alternative being to go against the distributor of the copying device for secondary liability on a theory of contributory or vicarious liability”).

2. See Mark Bartholomew & John Tehranian, *The Secret Life of Legal Doctrine: The Divergent Evolution of Secondary Liability in Trademark and Copyright Law*, 21 *BERKELEY TECH. L.J.* 1364, 1397 (2006).

3. See *Hard Rock Café Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1150 (7th Cir. 1992) (“[T]he Supreme Court tells us that secondary liability for trademark infringement should, in any event, be more narrowly drawn than secondary liability for copyright infringement.”) (citing *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 439 n.19 (1984)).

4. See 17 U.S.C. § 512(a)–(d) (2012) (defining limits for service provider liability).

consequences, particularly in connection with potential abuses of the “notice and takedown” procedure. On the other hand, activities that fail to qualify for safe harbors are analyzed under the ordinary rules of secondary liability, which continue to evolve in courts.

Trademark law, by contrast, has no equivalent statutory scheme limiting liability.<sup>5</sup> Instead, secondary liability of Internet service providers is assessed under the common law rules. Arguably, the law in this area is even less clear than it is in copyright. On the one hand, only a limited number of cases have dealt with issues of secondary liability in the trademark context, which makes the law, as the Second Circuit observed, “ill-defined.”<sup>6</sup> On the other hand, courts have followed different approaches when applying the test enunciated in the leading case *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.* to the provision on Internet services.<sup>7</sup>

The debate on secondary liability for Internet intermediaries, both in copyright and trademark law, reflects a strong underlying disagreement between rights holders and Internet service providers as to who should—and to what extent they should—bear the burden of policing the Internet to detect and prevent infringements. Should this duty fall exclusively to rights owners, or should it be shared by intermediaries? Should intermediaries have an obligation to monitor their platforms for potential infringements? Should the law require intermediaries to be proactive, instead of simply reacting to notices of claimed infringements? Should intermediaries make sure that infringements are prevented from occurring within their services? Or, at least, should they make sure that particular infringing content which has already been taken down as a result of a right holder’s notice *stays* down, and does not reappear in the future?

Rights owners argue that Internet service providers could reduce widespread infringement at a lower cost through the use of filtering mechanisms and other tools. They contend that if the dramatic increase in infringement is due (at least in

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5. To be sure, the Lanham Act provides a much more limited “innocent infringer” defense, which applies to an infringement or violation that “is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication.” 15 U.S.C. § 1114(2)(B) (2012). Under this defense, the remedies “against the publisher or distributor of such newspaper, magazine, or other similar periodical or electronic communication shall be limited to an injunction against the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodicals or in future transmissions of such electronic communications.” *Id.* In *Tiffany v. eBay*, the district court denied this defense to eBay, holding that eBay exerted “sufficient control over the listings on its website such that it cannot qualify as a mere online version of a newspaper or a magazine that publishes classified ads,” and as a result, the innocent infringer defense did not apply. *Tiffany (NJ) Inc. v. eBay Inc.*, 576 F. Supp. 2d 463, 507 n.33 (S.D.N.Y. 2008). For a comparison with the DMCA safe harbors, see Mark A. Lemley, *Rationalizing Internet Safe Harbors*, 6 J. TELECOMM. & HIGH TECH. L. 101, 102–07 (2007).

6. See *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 102 (2d Cir. 2010) (“The limited case law leaves the law of contributory trademark infringement ill-defined.”).

7. See *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 853 (1982) (holding a manufacturer or distributor “contributorily responsible” if it “intentionally induces another to infringe a trademark” or “if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement”); see also Rebecca Dunlevy, *Internet Immunity: The Limits of Contributory Trademark Infringement Against Online Service Providers*, 22 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 927, 940–41 (2012) (discussing *Inwood*).

part) to the nature of the services provided by, and generating profit for, the intermediaries, then it is only natural that the burden of enforcement is at least shared in part with those providers. Intermediaries, by contrast, argue that an obligation to actively monitor their platforms would be too costly, if not simply impossible to fulfill. Moreover, they have expressed concern about deciding what constitutes infringement and what does not, a task for which they lack the necessary expertise.

The policy debate on the contours of secondary liability extends beyond those of rights holders and intermediaries; it also involves the interests of users and of society as a whole. This includes: (1) concerns about freedom of expression; (2) free access to information; (3) protecting the legitimate uses of copyrighted works and of someone else's trademarks and (4) fostering the development of new technologies, including those capable of both infringing and noninfringing uses. These and other elements must be taken into account in reaching a balanced legal standard.

After briefly reviewing the standards of secondary liability for copyright and trademark infringement, this Article will consider the extent to which the liability of Internet service providers would change if a DMCA-like safe harbor scheme were applied in cases of secondary trademark infringement. It concludes that courts addressing trademark secondary infringement claims are already granting Internet service providers a level of protection that is in many respects equivalent to that in the DMCA, with the possible exception of the reach of the willful blindness doctrine. Ultimately, the outcomes appear to turn, in large part, on whether or not the court perceives the defendant to be a good faith operator.

## I. COMMON LAW DOCTRINES OF SECONDARY LIABILITY

There are two different forms of secondary liability in the common law: vicarious liability and contributory infringement. The standards for these two branches of indirect liability differ depending on whether they refer to copyright or to trademark rights.

### A. VICARIOUS LIABILITY

In copyright, the common law standard for vicarious liability requires that: (1) the defendant has “the right and ability to supervise” the primary infringer's conduct and (2) “an obvious and direct financial interest in the exploitation of copyrighted materials—even in the absence of actual knowledge that the copyright monopoly is being impaired.”<sup>8</sup> Although this type of liability stems from the agency doctrine of *respondeat superior*, courts do not require a principal-agent relationship.<sup>9</sup> Vicarious liability in trademark, by contrast, “requires a finding that

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8. Shapiro, Bernstein & Co. v. H.L. Green Co., 316 F.2d 304, 307 (2d Cir. 1963).

9. See *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971) (abandoning the requirement of an agency relationship for copyright cases).

the defendant and the infringer have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.”<sup>10</sup> This results in a markedly narrower rule.<sup>11</sup>

## B. CONTRIBUTORY LIABILITY

As for contributory liability, the common law rule for copyright holds that “one who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a ‘contributory’ infringer.”<sup>12</sup> The knowledge prong may be satisfied either by actual or constructive knowledge; thus, a defendant may be held liable if he knew or *should have known* about the infringement.<sup>13</sup> In cases where the defendant distributes a device or technology which allows both infringing and noninfringing uses, he may benefit from the safe harbor established by the Supreme Court in *Sony Corp. of America v. Universal City Studios, Inc.*<sup>14</sup> That case involved the secondary liability of Sony for the copyright infringements made possible by its Betamax videocassette recorder. Importing the patent law’s traditional staple article of commerce doctrine, the Court held that “the sale of copying equipment, like the sale of other articles of commerce, does not constitute contributory infringement if the product is . . . capable of substantial noninfringing uses.”<sup>15</sup>

This safe harbor does not, however, exclude contributory liability when the defendant *induces* the infringement. In *Metro-Goldwyn-Meyer Studios Inc. v. Grokster Ltd.*, the Supreme Court considered the liability of a distributor of peer-to-peer software—a technology capable of substantial noninfringing uses—and noted that the *Sony* rule “was never meant to foreclose rules of fault-based liability derived from the common law.”<sup>16</sup> The *Grokster* court held that “one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties.”<sup>17</sup> It further stated that “mere knowledge of infringing potential or of actual infringing uses would not be enough . . . [for] liability,” and that “[t]he inducement rule, instead, premises

10. *Hard Rock Café Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1150 (7th Cir. 1992).

11. *See* Bartholomew & Tehranian, *supra* note 2, at 1370 (“[C]ourts have increasingly required a stronger connection for vicarious trademark liability.”).

12. *Gershwin*, 443 F.2d at 1162.

13. This has been widely accepted by courts. *See id.* (noting examples in which defendants could have been held liable if the defendants “were shown to have knowledge, or reason to know, of the infringing nature” of an item); *see, e.g.*, *Religious Tech. Ctr. v. Netcom On-Line Comm’n Servs., Inc.*, 907 F. Supp. 1361, 1374 (N.D. Cal. 1995) (discussing whether a defendant knew or *should have known* of infringing activities).

14. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 442 (1984) (establishing a safe harbor for works that are “capable of substantial noninfringing uses”).

15. *Id.* at 442.

16. *Metro-Goldwyn-Mayer Studios Inc. v. Grokster Ltd.*, 545 U.S. 913, 934–35 (2005).

17. *Id.* at 936–37.

liability on purposeful, culpable expression and conduct.”<sup>18</sup>

In trademark law, the common law standard for contributory liability is again narrower than in copyright.<sup>19</sup> In *Inwood*, the Supreme Court held that a manufacturer or distributor is contributorily responsible for harm that results when “a manufacturer or distributor intentionally induces another to infringe a trademark, or . . . continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement.”<sup>20</sup> In *Sony*, the Supreme Court interpreted the *Inwood* standard as requiring the defendant to have either: (1) induced its customers to infringe or (2) supplied its products “to *identified individuals known* by it to be engaging in continuing infringement.”<sup>21</sup> The Court acknowledged that this was a narrower standard than the one applicable to copyright and justified the distinction under “the fundamental differences between copyright law and trademark law.”<sup>22</sup>

Some courts have raised the threshold for contributory trademark infringement under the *Inwood* test. In *Inwood*, the defendant was a manufacturer of a generic drug. In applying the *Inwood* test to situations where the defendant is not supplying a product but providing a service—such as an Internet service provider—the Ninth Circuit has required a showing of “[d]irect control and monitoring of the instrumentality used by a third party to infringe the plaintiff’s mark.”<sup>23</sup>

## II. THE DMCA AS A PRIVILEGED STATUTE FOR SERVICE PROVIDERS

As noted above, those providing online intermediary services may benefit from the liability limitations for copyright infringement set forth in the DMCA. While this statutory development largely reflects the common law standards for vicarious and contributory liability in copyright, there is no perfect match between those two doctrines and the DMCA.<sup>24</sup> In fact, the safe harbors offer a higher protection, in the sense that some defendants who would have been liable under the ordinary rules of indirect liability would nonetheless be protected under the DMCA.<sup>25</sup>

18. *Id.* at 937.

19. See Mark Bartholomew, *Copyright, Trademark and Secondary Liability After Grokster*, 32 COLUM. J.L. & ARTS 445, 465–66 (2009) (exploring why courts treat contributory copyright liability as “more worthy of moral opprobrium” than contributory trademark liability).

20. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982).

21. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 439 n.19 (1984) (emphasis added).

22. *Id.*

23. See *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 984 (9th Cir. 1999). With this requirement, the Ninth Circuit sets a threshold that is arguably too high. It should be clarified whether this standard requires actual control or just the ability to control. On the other hand, it is not clear that other circuits are adopting the requirement of direct control and monitoring. See generally *Rosetta Stone, Ltd. v. Google, Inc.*, 676 F.3d 144 (4th Cir. 2012); *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93 (2d Cir. 2010).

24. See R. Anthony Reese, *The Relationship Between the ISP Safe Harbors and the Ordinary Rules of Copyright Liability*, 32 COLUM. J.L. & ARTS 427, 428 (2009).

25. See *id.*; see also *Columbia Pictures Indus., Inc. v. Fung*, 710 F.3d 1020, 1039 (9th Cir. 2013)

This is partly due to the language and structure of this complicated statute, and partly due to the way courts have construed the provisions. In particular, it may be easier to satisfy the knowledge requirement under the common law rules of contributory liability for copyright infringement than to show the degree of knowledge that disqualifies a defendant from the hosting and linking safe harbors.<sup>26</sup> In the same vein, while the hosting and linking safe harbors require that the service provider “does not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has *the right and ability to control* such activity,”<sup>27</sup> the statute’s structure has led courts to conclude that this ability to control must be higher than that required under the common law standard of copyright vicarious liability.<sup>28</sup> Even with regard to liability for inducement, a defendant that might have incurred liability for inducement under a broad reading of *Grokster* would nonetheless be sheltered by the DMCA if the defendant meets the statutory safe harbors requirements.<sup>29</sup>

Thus the DMCA safe harbors—at least as construed by courts—establish a privileged status for Internet service providers regarding copyright infringements by their users.

### III. WOULD A DMCA-LIKE SAFE HARBOR SCHEME REDUCE SERVICE PROVIDERS’ SECONDARY LIABILITY FOR TRADEMARK INFRINGEMENT?

As noted, there is no set of rules in trademark law parallel to those in the DMCA. It might seem that importing the DMCA safe harbors into trademark law would substantially increase the protection of service providers to the detriment of

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(“[T]he DMCA’s legislative history confirms that Congress intended to provide protection for at least some vicarious and contributory infringement.”).

26. See 17 U.S.C. § 512(c)(1)(A), (d)(1) (2012). Unlike the common law standard, the safe harbors require precise knowledge of the illegal nature of the content, not merely knowledge of the presence of that content on the provider’s system. In addition, notices of claimed infringement must substantially comply with statutory requirements; otherwise, they will not even be taken into account for the purposes of determining whether the provider has actual knowledge or is aware of facts and circumstances from which infringing activity is apparent. See *id.* § 512(c)(3)(B)(i).

27. *Id.* § 512(c)(1)(B), (d)(2) (emphasis added).

28. See *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 213 F. Supp. 2d 1146, 1181 (C.D. Cal. 2002) (“[C]losing the safe harbor based on the mere ability to exclude users from the system is inconsistent with the statutory scheme.”) (citing *Hendrickson v. eBay, Inc.*, 165 F. Supp. 2d 1082, 1093–94 (C.D. Cal. 2001) and *Costar Grp., Inc. v. Loopnet, Inc.*, 164 F. Supp. 2d 688, 701 (D. Md. 2001))). More recently, this view has been upheld by the Ninth and the Second Circuits. See *UMG Recordings, Inc. v. Shelter Capital Partners*, 718 F.3d 1006, 1027 (9th Cir. 2013); *Viacom Int’l, Inc. v. YouTube, Inc.*, 676 F.3d 19, 36, 38 (2d Cir. 2012).

29. See R. Anthony Reese, *The Relationship Between the ISP Safe Harbors and Liability for Inducement*, 2011 STAN. TECH. L. REV. 8, 4 (2011) (arguing that there is no inherent incompatibility between a finding of inducement and safe harbor protection, as courts may expand the inducement standard so as not to require purposeful bad faith conduct that would disqualify a service provider from the safe harbors). This view has been confirmed by the Ninth Circuit. See *Columbia Pictures*, 710 F.3d at 1039 (“[T]he DMCA does not in terms exempt from protection any mode of copyright liability, including liability under the doctrine of inducement.”).

trademark owners, since intermediaries would then be exempted from liability that they would otherwise incur. However, this appears to be unlikely. Rather, with the possible exception of the scope of the willful blindness doctrine, the outcomes would conceivably be quite similar.

On the one hand, with regard to trademark *vicarious liability*, if safe harbor provisions were to apply to trademarks, defendants that are not in principal-agent relationships with the direct infringers might not qualify for safe harbors, but would nonetheless be free from liability under the common law rules that demand an agency relationship. Hence, as far as trademark vicarious liability is concerned, there seems to be *more* protection for service providers under the common law rules than under a DMCA-like safe harbor scheme. This does not mean that service providers would face more liability if such provisions were enacted; it just means that the safe harbor provisions would be superfluous, as there would be no liability to exempt in the first place.<sup>30</sup>

On the other hand, with respect to contributory liability, there appears to be a substantial convergence between copyright and trademark infringement claims. Indeed, it appears that secondary liability claims against online service providers are reaching strikingly similar conclusions, regardless of whether they are claims for copyright infringement analyzed under the DMCA safe harbors, or trademark infringement claims assessed under the common law rules of contributory liability.

First, courts applying the DMCA have held that, for a defendant to lose safe harbor protection, it must have knowledge of *specific instances of infringement*; it is not enough to have a general knowledge that some infringement is taking place on its platform. In *UMG Recordings v. Shelter Capital Partners*, the Ninth Circuit noted that “[r]equiring specific knowledge of particular infringing activity makes good sense in the context of the DMCA.”<sup>31</sup> In *Viacom International, Inc. v. YouTube, Inc.*, the Second Circuit maintained that it is actually the language of the statute that requires specific knowledge.<sup>32</sup> Remarkably, courts applying the common law rules on contributory trademark infringement to service providers have reached the same conclusion. In *Tiffany (NJ) Inc. v. eBay Inc.*, the Second

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30. The two sets of rules differ in purpose and scope. The DMCA safe harbors do not determine when a service provider will be held secondarily liable, but instead set out the conditions for exemption from liability, whereas the common law rules on secondary liability do signal when liability will attach. See 17 U.S.C. § 512 (2012); *Columbia Pictures*, 710 F.3d at 1032 (describing when fault-based liability derived from the common law attaches under *Sony* and *Grokster III*).

31. See *UMG Recordings, Inc. v. Shelter Capital Partners*, 718 F.3d 1006, 1021 (9th Cir. 2013).

32. See *Viacom Int’l, Inc. v. YouTube, Inc.*, 676 F.3d 19, 30 (2d Cir. 2012). The Second Circuit noted:

[I]t is the text of the statute that compels our conclusion. In particular, we are persuaded that the basic operation of § 512(c) requires *knowledge or awareness of specific infringing activity*. Under § 512(c)(1)(A), knowledge or awareness alone does not disqualify the service provider; rather, the provider that gains knowledge or awareness of infringing activity retains safe-harbor protection if it “acts expeditiously to remove, or disable access to, the material.” 17 U.S.C. § 512(c)(1)(A)(iii). Thus, the nature of the removal obligation itself contemplates knowledge or awareness of specific infringing material, because expeditious removal is possible only if the service provider knows with particularity which items to remove.

*Id.* (emphasis added).

Circuit held that “[f]or contributory trademark infringement liability to lie, a service provider must have more than a general knowledge or reason to know that its service is being used to sell counterfeit goods. Some *contemporary knowledge* of which *particular listings* are infringing or will infringe in the future is necessary.”<sup>33</sup> The court found authority for this conclusion in the Supreme Court’s reading of the *Inwood* test, in that it requires that the defendant knows “of ‘identified individuals’ engaging in infringing conduct.”<sup>34</sup>

Second, under the DMCA, a service provider is under no duty to “monitor[] its service or affirmatively seek[] facts indicating infringing activity.”<sup>35</sup> This is a crucial element: if intermediaries were charged with detecting any potential infringement that takes place on their platforms, liability would easily attach. A claimant could make the case that even if the service provider did not know about a particular instance of infringement, it *should* have known, precisely because the service provider had a duty to supervise and monitor all that was happening on its platform. Interestingly, under the rules of secondary liability for trademark infringement, a defendant is not subject to such a duty, either.<sup>36</sup>

Third, courts maintain that Congress intended to place the burden of policing infringements entirely on the rights owners, owing to the absence of a general monitoring duty in the DMCA and to the conclusion that the notice and takedown procedure requires knowledge of specific instances of infringement for a defendant to lose the safe harbor protection. For example, in *Perfect 10, Inc. v. CCBill LLC*, the Ninth Circuit held that “[t]he DMCA notification procedures place the burden of policing copyright infringement—identifying the potentially infringing material and adequately documenting infringement—squarely on the owners of the copyright. We decline to shift a substantial burden from the copyright owner to the provider.”<sup>37</sup>

Courts appear to reach the same conclusion when applying the common law rules of trademark secondary liability, using a corollary to the specific knowledge requirement.<sup>38</sup> In *Tiffany*, the plaintiff and its *amici* claimed that “if eBay is not

33. See *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 107 (2d Cir. 2010) (emphasis added).

34. *Id.* at 108.

35. 17 U.S.C. § 512(m)(1).

36. See *Hard Rock Café Licensing Corp. v. Concession Servs.*, 955 F.2d 1143, 1149 (7th Cir. 1992) (“Although the ‘reason to know’ part of the standard for contributory liability requires CSI (or its agents) to understand what a reasonably prudent person would understand, it does not impose any duty to seek out and prevent violations.”); *Hendrickson v. eBay, Inc.*, 165 F. Supp. 2d 1082, 1095 (C.D. Cal. 2001) (reiterating the court’s determination that “eBay has no affirmative duty to monitor its own website for potential trade dress violation”); *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 962 (C.D. Cal. 1997) (declining to find contributory infringement because “NSI cannot reasonably be expected to monitor the Internet”), *aff’d* 194 F.3d 980 (9th Cir. 1999).

37. *Perfect 10, Inc. v. CCBill LLC*, 488 F.3d 1102, 1113 (9th Cir. 2007).

38. See, e.g., *Tiffany*, 600 F.3d at 109 (“Tiffany’s demand letters and Buying Programs did not identify particular sellers who Tiffany thought were then offering or would offer counterfeit goods. . . . Thus Tiffany failed to demonstrate that eBay was supplying its service to individuals who it knew or had reason to know were selling counterfeit Tiffany goods.”). On the other hand, compared to copyright infringements, violations of trademark rights—particularly counterfeiting—may be far more difficult to detect by electronic platforms through filtering and other techniques, as the infringing listings will

held liable except when specific counterfeit listings are brought to its attention, eBay will have no incentive to root out such listings from its website.” They concluded that this approach would “effectively require Tiffany and similarly situated retailers to police eBay’s website—and many others like it—‘24 hours a day, and 365 days a year[.]’ . . . a burden that most mark holders cannot afford to bear.”<sup>39</sup> The Second Circuit’s response was not to acknowledge that eBay bears a legal duty to monitor or to police its service for possible infringements; rather, the court noted that the platform may have commercial incentives to reduce infringement on its platform, and that in fact it had invested millions of dollars to that end.<sup>40</sup>

#### IV. IS THERE ROOM FOR WILLFUL BLINDNESS?

The issue of willful blindness is a thorny one in the context of contributory liability for online copyright and trademark infringements. As noted above, both under the DMCA and the ordinary rules of trademark contributory liability, general knowledge that the service is being used for infringing purposes is not enough to disqualify a provider from the safe harbors or to trigger liability for trademark contributory infringement. Rather, liability requires knowledge of specific instances of infringement.

Because the provider is under no obligation to monitor or actively seek out infringement, either under the DMCA or under the rules of contributory trademark infringement, it should follow that refusing to conduct such a search could not be considered willful blindness. Still, could this lack of monitoring obligation be compatible with a duty to inquire further when a provider is notified of potential infringement, such that failing to take further steps would amount to willful blindness? Does the willful blindness theory warrant some duty beyond that of reacting individually to notices of precisely identified instances of infringement? In cases of clear bad faith, it may be easy to conclude that the service provider’s willful ignorance will not protect it from liability. However, it is unlikely that providers who are not obviously bad actors or inducers, and who honor notices of specific infringements, would be deemed willfully blind.

##### A. TRADEMARKS

Describing the willful blindness doctrine in the trademark context, the Second Circuit in *Tiffany* noted that when a service provider “has reason to suspect that users of its service are infringing a protected mark, it may not shield itself from learning of the particular infringing transactions by looking the other way.”<sup>41</sup> The court reiterated that willful blindness amounts to knowledge under the Lanham Act. In assessing whether eBay was willfully blind, the Second Circuit accepted the

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normally show images of real products instead of images of the counterfeit one.

39. *Id.*

40. *Id.*

41. *Id.*

district court's conclusion that "eBay was not willfully blind to the counterfeit sales," adding that "eBay did not ignore the information it was given about counterfeit sales on its website."<sup>42</sup> The latter comment suggests that disregarding information about counterfeiting might amount to willful blindness, but it is not clear how specific that information would have to be. One gets the impression that the Second Circuit was persuaded that eBay is a good faith actor that puts substantial effort into combatting infringement on its platforms, and thus does not fit the profile of an operator who resorts guiltily to a strategy of deliberate ignorance.<sup>43</sup>

## B. COPYRIGHT

In *Viacom*, the Second Circuit concluded that "[t]he willful blindness doctrine may be applied, in appropriate circumstances, to demonstrate knowledge or awareness of specific instances of infringement under § 512(c)(1)(A)," and remanded the case to the District Court to consider the application of this doctrine.<sup>44</sup> It further ordered the lower court to allow the parties to brief the issue of "[w]hether, on the current record, YouTube willfully blinded itself to specific infringements."<sup>45</sup>

However, the scope of the willful blindness doctrine within the safe harbor scheme remains unclear. In its *Viacom* opinion, the Second Circuit explains that "[a] person is willfully blind or engages in conscious avoidance amounting to knowledge where the person was aware of a high probability of the fact in dispute and consciously avoided confirming that fact."<sup>46</sup> The court notes that "§ 512(m) is explicit: DMCA safe harbor protection cannot be conditioned on affirmative monitoring by a service provider. For that reason, § 512(m) is incompatible with a broad common law duty to monitor or otherwise seek out infringing activity based on general awareness that infringement may be occurring."<sup>47</sup> There is thus a tension, the court admits, between willful blindness and § 512(m). It holds, however, that "willful blindness cannot be defined as an affirmative duty to monitor" and that § 512(m) thus "limits—but does not abrogate—the [willful blindness] doctrine."<sup>48</sup>

Thus, the Second Circuit appears to admit that there is some room for willful blindness under the DMCA. In other words, a service provider might have some duty to investigate when it is confronted with information that is more precise than a general awareness of infringements, but less than the red flag awareness

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42. *Id.* at 110.

43. See Stacey L. Dogan, "We Know It When We See It": *Intermediary Trademark Liability and the Internet*, 2011 STAN. TECH. L. REV. 7, 9 (2011) (noting "hints in the opinion that eBay's broad protection depended critically on its status as a legitimate business concern acting in good faith").

44. *Viacom Int'l, Inc. v. YouTube, Inc.*, 676 F.3d 19, 41–42 (2d Cir. 2012).

45. *Id.* at 42 (emphasis added).

46. *Id.* at 35 (internal quotation marks omitted).

47. *Id.*

48. *Id.*

considered in § 512(c)(1)(A)(ii). To be sure, when a service provider is aware of such a red flag, there is no use trying to look the other way; rather, that awareness is enough to disqualify the provider from the safe harbor—unless it removes, or disables access to, the infringing material. As the Second Circuit states, awareness of facts or circumstances from which infringing activity is apparent, considered in § 512(c)(1)(A)(ii), is an objective standard that “turns on whether the provider was subjectively aware of facts that would have made the specific infringement ‘objectively’ obvious to a reasonable person.”<sup>49</sup>

Of course, it is difficult to determine what information would be sufficient to trigger this duty to confirm the potential infringement. On remand from the Second Circuit, the district court in *Viacom* found that there was “no showing of willful blindness to specific infringements of clips-in-suit.”<sup>50</sup> Interestingly, the district court noted that while “[u]nder appropriate circumstances the imputed knowledge of the willfully-avoided fact may impose a duty to make further inquiries that a reasonable person would make,” imposition of that duty “depends on the law governing the factual situation,” perhaps suggesting that this would not be the case under the DMCA unless the provider is confronted with “specific and identifiable instances of infringement.”<sup>51</sup> In an arguably broader approach, the district court in *Capitol Records, Inc. v. MP3tunes, LLC* found that “a jury could reasonably interpret several documents in the record as imposing a duty to make further inquiries into ‘specific and identifiable’ instances of possible infringement.”<sup>52</sup> In any event, it appears that under the DMCA, as it is currently construed by courts, information that could trigger a willful blindness situation must be something very close to the identification of specific instances of infringement.

In some extreme cases, willful blindness may be found without any notice of specific instances of infringement. This was the situation in *In re Aimster Copyright Litigation*, in which the Seventh Circuit held that “a service provider that would otherwise be a contributory infringer does not obtain immunity by using encryption to shield itself from actual knowledge of the unlawful purposes for which the service is being used.”<sup>53</sup> The Second Circuit in *Viacom* noted that

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49. *See id.* at 31. This reading fully comports with the explanation provided by the Senate Report:

The “red flag” test has both a subjective and an objective element. In determining whether the service provider was aware of a “red flag,” the subjective awareness of the service provider of the facts or circumstances in question must be determined. However, in deciding whether those facts or circumstances constitute a “red flag”—in other words, whether infringing activity would have been apparent to a reasonable person operating under the same or similar circumstances—an objective standard should be used.

*See* S. REP. NO. 105-190, pt. 5, at 44 (1998).

50. *See Viacom Int’l, Inc. v. Youtube, Inc.*, 940 F. Supp. 2d 110, 117 (S.D.N.Y. 2013).

51. *See id.* at 116.

52. *See Capitol Records, Inc. v. MP3tunes, LLC*, No. 07 Civ. 9931 (WHP), 2013 U.S. Dist. LEXIS 68793, \*14–15 (S.D.N.Y. May 14, 2013). *But see Capitol Records, LLC v. Vimeo, LLC*, No. 09 Civ. 10101 (RA), 2013 U.S. Dist. LEXIS 181882 (S.D.N.Y. Dec. 31, 2013) (finding insufficient evidence of willful blindness regarding clips-in-suit).

53. *See In re Aimster Copyright Litig.*, 334 F.3d 643, 650–51 (7th Cir. 2003). It is true, however, that *Aimster* was a clear inducement case, and that the defendant did not qualify for the safe harbors

“whether the defendants made a deliberate effort to avoid guilty knowledge” was a question of fact to be considered on remand.<sup>54</sup> This suggests that a defendant may be willfully blind by purposefully avoiding the awareness mentioned in § 512(c)(1)(A)(ii).

While the provider’s mental state could be demonstrated from evidence of internal communications or other means, it seems difficult for a rights owner to convey information that could trigger willful blindness. Under the DMCA, notices of claimed infringement must substantially comply with several conditions, including “[i]dentification of the material that is claimed to be infringing or to be the subject of infringing activity and that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate the material.”<sup>55</sup> If a notice fails to fulfill this requirement, it will not be taken into account in determining whether the service provider had knowledge or awareness.<sup>56</sup> Arguably, then, it also will not be taken into account in determining whether that knowledge could be imputed on grounds of willful blindness.

## V. CONCLUSION

In spite of the different legal frameworks that apply to the fields of trademark and copyright, Internet service providers enjoy a very similar level of protection in both areas with regard to claims for secondary liability. It appears to be a convergence in the way courts construe the DMCA safe harbor provisions and the common law rules of secondary liability for trademark infringement on the Internet.

This is not to say that the current situation is satisfactory. First, there is a high level of uncertainty involved in both regimes, which should be reduced either through statutory adjustments or by means of judicial interpretation. Second, in some respects, a more balanced approach should be sought. While the burden of policing the Internet to detect and prevent infringements should continue to fall essentially on rights holders, bad actors (meaning those who deliberately induce infringement or are willfully blind to rampant infringement) should not escape liability. Where the deliberate intent of avoiding knowledge or awareness of infringement is clear, willful blindness should not necessarily depend on the ability of rights holders to precisely identify specific instances of infringement; rather, notices of a somewhat more general nature should be enough to trigger liability.

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because it lacked a policy against repeat infringers to begin with:

Far from doing anything to discourage repeat infringers of the plaintiffs’ copyrights, Aimster invited them to do so, showed them how they could do so with ease using its system, and by teaching its users how to encrypt their unlawful distribution of copyrighted materials disabled itself from doing anything to prevent infringement.

*See id.* at 655.

54. *See Viacom*, 676 F.3d at 35 (internal citation omitted).

55. *See* 17 U.S.C. § 512(c)(3)(A)(iii) (2012).

56. *See id.* § 512(c)(3)(B)(i).