

# Challenging search engines and pop-ups under copyright law—Part 3

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..... In the last Micro Law (Jan.-Feb. 2004), I brought you up to date on the *Kelly v. Arriba Soft* litigation, explained the protection that copyright law gives for and against derivative works, and introduced contextual advertising—also known as “those \*#@&! pop-up ads.”

### Derivative work or no?

This time, I address the question of whether putting a pop-up advertising window as a layer on top of a Web page's

screen display involves the unlawful preparation of a derivative work without the consent of the owner. Section 106(2) of the Copyright Act [17 U.S.C. sec. 106(2)] makes it copyright infringement to prepare a derivative work without the authorization of the copyright holder who owns the underlying work. Something special about this provision of copyright law is that, unlike those provisions dealing with unauthorized reproduction and distribution, section 106(2) prohibits the *preparation* of derivative works,

rather than the manufacture or distribution of copies of the derivative works.

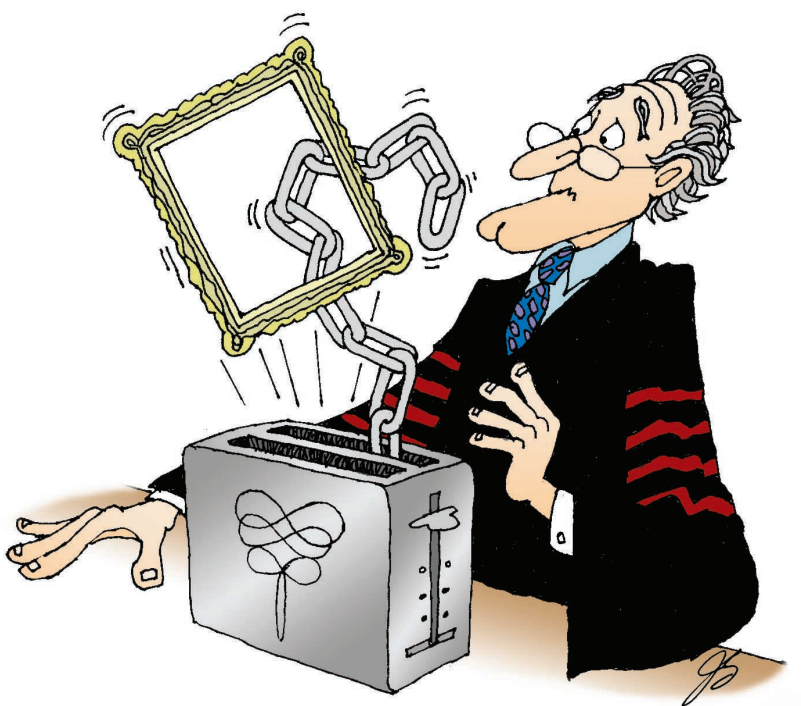
A copy is a physical object embodying a work in fixed form, for example, a book, painting, audiotape, programmed EPROM, or encoded hard disk. Section 106(2) is thus unique in making it a copyright infringement solely to *bring into being*—without even committing it to paper, non-volatile memory, or other fixed format—a variation on a copyright-protected work.

### Why Section 106 is different

How did that happen and what difference does it make? It happened because someone persuaded the US Congress, for some reason, to protect authors of choreographic works, pantomimes, dumb shows, and the like, against unauthorized performances of infringing variations. Dancing about or gesturing like a mime trying to escape a make-believe box, in a deviant imitation of some other dance routine or mimed performance, is transient and ephemeral. It is not considered to make or distribute a copy of the underlying work. Congress therefore omitted the copy requirement for derivative works.

Although Congress could have accomplished the same end by expanding the concept of public performance of a protected work to cover such cases, it didn't. Furthermore, Congress could have limited the departure from the requirement of a fixed copy to choreographic works, pantomimes, and dumb shows, but it didn't.

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Hence, preparation of a derivative work based on a copyright-protected novel or motion picture is copyright infringement, regardless of whether the preparation continues to the point of making a physical copy of the second work. Even a temporary or ephemeral deviant variation makes for infringement liability.

The difference between reproduction or distribution of copies of works, on the one hand, and preparation of derivative works, on the other hand, did not make much difference in any practical sense until the Internet's advent. Until then, commercially significant copyright-eligible works hardly existed that were open to infringement in other than fixed form. But linking, for example, does not require reproduction of a copy of the original work; nor does causing pop-up advertising to appear in a layer over the screen display of someone's Web page.

### Where does gatoring fit in?

As I explained in previous columns, companies called Gator and WhenU are in the business of persuading computer users to download "free" software containing contextual advertising programs. The companies make deals with, say, Amazon to cause the program to put a Amazon pop-up on the screen display when somebody who has downloaded the program surfs the Barnes & Noble Web site. The pop-up says something like, "Get books cheaper from Amazon," or "Here's a 10 percent off coupon on any book from Amazon." The theory behind contextual advertising is that it is more effective because it targets only people who have an interest in the context, that is, the advertised subject matter. (Why would anyone surf the Barnes & Noble Web site unless they were interested in buying a book?)

People have called this practice *gatoring*; in the example just given, Amazon has gatored Barnes & Noble by putting its pop-up over the Barnes & Noble Web page.

Section 106 limits copyright protection to its statutory categories, such as reproduction and distribution of copies, public performance, and the preparation of deriv-

ative works. It does not extend to anything not listed in the statute, so that singing a copyright-protected song in the shower is not copyright infringement. Nor is gatoring, unless it can be fitted into one of the listed statutory categories.

Is gatoring an example of an unauthorized derivative work? Or, is it too trivial an addition to count as preparation of a derivative work, or does that factor even matter for liability? First, it probably is not too trivial if the amount of heat generated by the practice is any measure. Moreover, the classic example of an unauthorized derivative work, at least in copyright law classrooms, is Marcel Duchamp's famous depiction of Mona Lisa with a goatee and moustache, with the letters L.H.O.O.Q. inscribed below her.

The picture, known as "LHOOQ" (*elle a chaud au cul*), created a sensation in its time because its disrespectful treatment of an icon enraged the French bourgeoisie. (For more on this topic, see "L.H.O.O.Q.—Internet-Related Derivative Works," <http://www.law.gwu.edu/facweb/claw/lhooq0.htm>). If magnitude of change is a measure, gatoring changes the original presentation far more than L.H.O.O.Q. changed Mona Lisa.

### Other issues to consider

The courts might need to decide other issues before concluding that gatoring results in a derivative work. One issue concerns a requirement for copyright protection of derivative works: The second work must have some originality.

Does this requirement apply to works accused of infringement as unauthorized derivative works? Can a deviant escape infringement liability because it is too routine or mediocre to be considered an original work? The argument derives to some extent from the principle that a trivial (de minimis) variation imposed on a copy of a work purchased from the copyright owner or his licensee is not an infringing derivative work.

### Owner rights

The rightful owner or possessor of a copy has an implied license to make small

modifications (such as painting a hobby horse a different color or changing the frame around a painting). But that principle applies only dubiously to gatoring, because the copyright owner merely made the Web page freely available to users; the gatorer did not become an owner or possessor of the Web page, with an implied license to make small changes. Moreover, the change might be more than small.

The better view is probably that there is no trivial variation exemption for derivative works in general, except in the case of copies rightfully acquired from the owner or a licensee. In any event, the change is nontrivial. At the same time, there probably is no originality requirement for infringement, as contrasted with acquisition of copyright protection, and, anyway, the pop-up is not all that much less original than the underlying Web page work. Accordingly, the Web page as modified by the pop-up layer imposed over it probably reflects the unauthorized preparation of a derivative work.

### A question of fair use

But that is by no means the end of a proper analysis. The conduct might still fall within an exemption or other defenses to a claim of copyright infringement. Such defenses include implied license, misuse of copyright by the proprietor, and fair use. Fair use is of particular importance here, because it is the most promising candidate. Deciding whether gatoring involves a fair use of the underlying Web page probably should be the key issue in determining copyright infringement liability.

The *Arriba Soft* case turned on fair use. Arguably, the thumbnail images were unauthorized derivative works rather than reproductions of copies, because they were so different in size, resolution, and utility from the originals. But the court slurred over that point. Both the trial and appellate courts found fair use, however, because the thumbnails made it possible to provide end users with a new and useful function that Arriba Soft could not otherwise have made available. As explained

in the previous Micro Law column, it is infeasible to provide an image search engine to users except by means of displaying arrays of reduced-size images. And, as explained in the previously cited L.H.O.O.Q. Web page, it is possible to derive from the *Arriba Soft* decisions a legal test for when a derivative work of this type should be excusable as fair use.

A defendant who prepared a second, derivative work on the basis of a first work should be exempt from copyright liability on the basis of asking these questions about the second work:

- Does it actually or potentially divert trade in the marketplace to itself from the first work? (If so, that counts against the defendant.)
- Does it provide the public with a previously unavailable, very useful function of the type that copyright law exists to promote? (If so, that counts in favor of the defendant.)

Does gatoring pass or fail this test? Clearly, the object of gatoring is to divert trade—at least in examples such as Amazon and Barnes & Noble. That leaves the question whether gatoring provides the public with a previously unavailable, very useful function. Despite the frequent application of deleted expletives to gatoring and to Gator and WhenU, they offer some benefit. For example, they serve much the same function as comparative advertising. They inform users, who have apparently elected to receive such information, how to find the merchandise they seek from alternative sources and at perhaps lower prices. (WhenU reports about 100 million downloads of its SaveNow program. About 75 million users then uninstalled the program, apparently leaving 25 million consensual users.)

### Does the public benefit?

Thus, contextual advertising arguably benefits the public: It provides a rapid and efficient transfer of information on subjects that interest the public. Still, that is not a new function. The proprietor of the Web page subjected to the pop-ups—and

perhaps links to the Web pages of competitors—was also trying to provide that function. Therefore, the public benefit of a new, previously unavailable, highly useful function is less substantial here than it was in the *Arriba Soft* case.

### Quandary of the courts

Whether gatoring is a fair use requires a judgment call, and different observers will come to different conclusions. Three US district courts (New York, Detroit, and Alexandria, Virginia) have decided cases brought against WhenU and its pop-up ads; the appeal for each case will probably go to a different federal appeals court. All of the cases have turned more on trademark issues than on copyright. The trademark argument is that gatoring gives users the impression that the underlying Web site sponsors the pop-ups, despite express disclaimers to the contrary within the pop-ups. The courts have split on this issue. The two courts, however, that passed on the copyright infringement issue ruled that no infringement occurred. Both agree, correctly, that no reproduction of a copy by the defendant occurs. Neither considered the derivative work issue seriously, and it is unclear whether it has been adequately preserved for appeal. Both courts decided at the threshold that there was no derivative work.

In so ruling, the courts seem to have been greatly impressed by the thought that the users maintaining WhenU's program on their systems would have to be stigmatized as infringers for the courts to find a derivative work present. This is on the somewhat dubious theory that the person who prepares the derivative work, if there is any, is the end user who has installed WhenU and caused the pop-up ad to pop up over the screen display of the plaintiff's Web page as it appeared on the end user's monitor. (WhenU would be liable secondarily, as a contributor to or inducer of the infringement, for having aided and abetted the end user to cause this to happen.)

### A license to observe

The Web site proprietors (Wells Fargo in one case and 1-800 Contacts in the other)

argued that they gave users, by implication or otherwise, a license to observe the Web pages on their computer systems. They denied, however, that they gave users any license to modify the screen displays of the Web pages. The judges thought that this would make users liable for hefty damages to the Web site proprietors. Thus, the New York trial judge said:

For this Court to hold that computer users are limited in their use of Plaintiff's web site to viewing the web site without any obstructing windows or programs would be to subject countless computer users and software developers to liability for copyright infringement and contributory copyright infringement, since the modern computer environment in which Plaintiff's web site exists allows users to obscure, cover, and change the appearance of browser windows containing Plaintiff's web site [by allowing overlapping windows and all sorts of pop-ups, such as "You have mail"]... Moreover, if obscuring a browser window containing a copyrighted web site with another computer window produces a "derivative work," then any action by a computer user that produced a computer window or visual graphic that altered the screen appearance of Plaintiff's web site, however slight, would require Plaintiff's permission. A definition of "derivative work" that sweeps within the scope of the copyright law a multi-tasking Internet shopper whose word-processing program obscures the screen display of Plaintiff's web site is indeed "jarring."

This argument is unsound for multiple reasons. The court is too readily "jarred." It might be fair use to have a pop-up window advise "you have mail" and unfair use to have a competitive advertising pop-up advise something else. For example,



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where are the damages or harm in the first case? In principle, a fair-use inquiry is intensely fact-specific. What is sauce for a goose isn't sauce for a gander. So, deciding that X infringes does not commit you to deciding that Y infringes. In any event, the real-world risk of Wells Fargo detecting and suing users for having pop-ups obscuring its Web page is minuscule. Perhaps such a result can even be accepted in principle; or, perhaps evaluating the merits of that case should wait until someone files it.

The courts also thought no derivative work was present because the change in the screen display that the pop-up causes is ephemeral. It disappears when the user gets rid of the pop-up (for example, by clicking the box marked with an X in the upper right corner of the window). But that argument disregards the basic difference between the derivative work provision of section 106 and the others; mere preparation suffices. An ephemeral derivative work still infringes.

## Who owns the pixels?

Finally, most curious of all, the Detroit court held that no derivative work existed because Wells Fargo did not own the pixels on a user's screen. The court said:

Plaintiffs base their allegations of copyright violation on the assertion that, because WhenU ads modify the pixels on a computer user's on-screen display, this modification creates a "derivative work." The Court finds this argument unpersuasive in light of plaintiffs' expert's admission that pixels form part of the hardware of a computer and are owned and controlled by the computer user who chooses what to display on the screen. Plaintiffs do not have any property interest in the content of a user's pixels.

This is bizarre. Perhaps it is enough to say this: I don't own your hard drive, but if you copy my copyright-protected work onto it (say, my book on semiconductor

chip protection), I have a good copyright infringement action against you. I have a property interest in my intellectual property that you have taken when you encode my book on your hard drive (or embody it in your pixels).

## What's fair?

None of this is to say that recognizing pop-ups as a derivative work obligates anyone to conclude that WhenU's use is fair. That is the real issue. That is what the courts should be considering rather than whether Wells Fargo, WhenU, or the user owns the pixels; or whether an infringing derivative work can be temporary. Neither should the courts worry about whether WhenU's preparation of a derivative work will mean throwing the book at users whose mail program delivers a pop-up saying, "You have mail."

The courts should concern themselves less with the imagined technological niceties and more with the simple question, "What's fair use of the copyright-protected screen display?"

Or they might ask whether the public will fare better under a legal regime in which the government (court system) suppresses or refuses to suppress WhenU and Gator. But it will be surprising if that occurs soon. Still, courts get things right sometimes. The trial court didn't do too badly in the *ArribaSoft* case.

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