

Preface

Legal conflicts between trademark holders, social media providers and internet users have become manifest in light of widescale, unauthorized use of the trademark logo on social media in recent decades. Arguing for the protection of the trademark logo against unauthorized use in a commercial environment, this book explores why protection enforcement should be made automatic. A number of issues are discussed, including the scalability of litigation on a case-by-case basis and whether safe harbour provisions for online service providers should be substituted for strict liability.

SIGNIFICANCE OF THE BOOK

This book is a revised adaptation of Danny Friedmann's dissertation 'A Paradigm Shift of the Trademark Logo: Toward Algorithmic Justice' (PhD in Laws, The Chinese University of Hong Kong, December 2013).

It is written for scholars and students in the field of trademark law, social media, internet intermediary liability and contract law, but also for practitioners such as trademark lawyers, in-house counsel, trademark holders, marketeers and policy makers interested in the legal aspects of user generated content on social media in regard to the trademark logo.

Brands, which represent a combination of the trademark and the reputation built up in the trademark, can be extremely valuable to trademark holders, consumers and society at large. Some trademarks are assigned or licensed for millions of US dollars or euros. In 2011, the three most valuable brands were Apple, valued at more than 153 billion US dollars; Google, valued at more than 111 billion US dollars; and IBM, valued at more than 100 billion US dollars.¹ As pointed out above, the unauthorized use of the trademark logo on social media can be very harmful to the trademark holder.

¹ WPP/Millward Brown, 'BrandZ Top 100 Most Valuable Global Brands 2011', (2011), accessed 13 June 2015 at: http://c3232792.r92.cf0.rackcdn.com/WPP_BrandZ_2011.pdf.

As detailed below existing literature does not cover the conflict of trademark holders, social media providers and internet users over the unauthorized use of the trademark logo on social media and how to protect and enforce the trademark logo on social media. This book aims to fill that gap.

This book builds upon the work of multiple intellectual property scholars and others. The book is novel in that it explores whether the trademark logo inherently contains certain characteristics which deserve to be protected beyond other forms of the trademark, and that it excludes a solution that includes predominantly litigation, since courts of law are non-scalable. The protection and enforcement of the trademark logo is not only seen as a problem, but also as a solution. The reason is that the trademark logo is not susceptible to any nominative use defence and can avoid confusion when a trademark is used in keyword triggered advertisements. After analysing the challenges facing the trademark logo on social media, this book proposes a paradigm shift. The solution to the problems associated with protection and enforcement needs to correspond to the principle that it needs to bring clarity, legal certainty and business predictability to all stakeholders involved, and be more economical than the current legal conflicts between trademark holders and social media, and trademark holders and internet users. This book not only proposes a change of the law, but until that is realized, it advances contractual solutions via walled gardens of social media, which can be used as testing grounds to automatically enforce the proposed solution.

SCOPE OF THE BOOK

The current trademark law in the US and EU can be characterized as being narrowly interpreted. The protection and consequently the enforcement of the trademark, including the trademark logo on social media, are limited to the use of the trademark in the course of trade. However, this book is dealing with the trademark logo used both in and outside the course of trade, as long as it was used without the permission of the trademark holder. In addition, this book will assess the merits of the 'non-commercial use' doctrine, and that of nominative fair use defences against trademark infringement based on confusion, and fair use defences against trademark dilution, in light of social media.

Logos can be divided into unregistered and registered trademark logos. This book will exclusively explore the latter for goods or services which are placed on social media. However, the jurisprudence of unauthorized placement of trademarks on other forms of media that are applicable to

those involving trademark logos on social media will be referred to. Therefore some of the cases are about auction sites and keyword triggered advertisements. In other words, this book elaborates on the trademark law in general only to see whether it can be applied in the case of the protection and automatic enforcement of the trademark logo on social media in particular.

Copyright law has the potential to protect and enforce those logos with some measure of originality. However, protecting and enforcing copyrighted pictures that were reproduced, displayed and distributed as thumbnails can be more problematic.² Recent jurisprudence demonstrates this difficulty. For example, in *Perfect 10 v Google*³ the District Court and on appeal⁴ the 9th Circuit both favoured the server test⁵ instead of the incorporation test,⁶ holding that Google Images was not liable for direct copyright infringement since the frames and in-line links it displayed were not stored on and served by Google.

Likewise, in *Kelly v Arriba Soft Corp.* the District Court⁷ and 9th Circuit⁸ held that irrespective of whether the source was authorized or not, Arriba Soft Corp.'s reproduction, display and distribution of thumbnails of copyright pictures was transformative and therefore fair use.⁹ Thus, it seems that with this recent jurisprudence copyright law is not suitable as a remedy in case of unauthorized use of a trademark logo on social media. That being said, this book frequently returns to copyright

² Miquel Peguera, *Copyright Issues Regarding Google Images and Google Cache*, in *GOOGLE AND THE LAW: IT AND THE LAW* (Aurelio Lopez-Tarruella, ed., The Hague: T.M.C. Asser, 2012).

³ *Perfect 10, Inc. v Google, Inc.*, 416 F. Supp. 2d 828 (D. Cal. 2006).

⁴ *Perfect 10, Inc. v Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007).

⁵ The server test is to see whether a party is sending ones and zeroes over the internet to the user's browser. In case of the copyrighted pictures Google was not sending the pictures, but only displaying them via in-line linking. Peguera, *supra* note 2, at 177.

⁶ In the incorporation test it is sufficient when content is incorporated into a web page and then pulled by the browser. When this test would have been applied Google would be held liable for direct copyright right infringement. Peguera, *supra* note 2, at 177–8.

⁷ *Kelly v Arriba Soft Corp.*, 77 F. Supp. 2d 1116 (C.D. Cal. 1999).

⁸ *Kelly v Arriba Soft Corp.*, 280 F.3d 934 (9th Circuit 2002) *withdrawn*, re-filed at 336 F.3d 811 (9th Circuit 2003).

⁹ The Ninth Circuit held that Arriba's use of the images, namely access to information, serves a different function than Kelly's use, which was considered artistic. *Kelly v Arriba Soft Corp.*, *supra* note 8, at 819.

law as it has been a fertile breeding ground for many doctrines that later were codified into or analogously applied to trademark law.¹⁰

Although technical protection measures and digital rights management systems are a way to protect against the unauthorized copying of pictures that represent trademark logos, and the removal, disablement or circumvention of these technical protection measures is prohibited by law,¹¹ the topic will only implicitly be addressed when Google Images is discussed.

To infer from the lack of technical protection measures that a trademark holder gives permission to copy and paste a trademark logo on social media, by implied licence, will not be dealt with, since they are not compatible with an automatic enforcement which employs a system of explicit licences.

Just as with technical protection measures and digital rights management systems, opt-out requirements by social media will not be taken into account, since they have not been used as a defence by social media, thus far, and from an ethical point of view could be better completely avoided.¹²

The largest part of the most valuable trademark logos in the world are in the hands of trademark holders who are located in the US or EU. Moreover, the most important social media sites are based in the US, with affiliate sites in the languages used by and/or top level domain names of the respective EU member states. Thus, the laws and jurisprudence of the US and EU feature prominently throughout this book, with a focus on the federal law system in the US and directives and regulations in the EU.

Although in reality there are many more relevant stakeholders, including the federal and state legislators in the US and the respective EU

¹⁰ Berne Convention for the Protection of Literary and Artistic Works (*infra*, Chapter 2, note 3), with its three-step test of fair-use, fair-use in general, and the safe harbour provisions, originated from copyright law. Implied licence doctrine comes from patent law and then jumped to copyright law and trademark law, respectively. Moral rights doctrine also originated from copyright law.

¹¹ Articles 11 and 12 WIPO Copyright Treaty, implemented in the US via § 103 (17 U.S.C § 1201 Digital Millennium Copyright Act); and in the EU via Article 6 Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society.

¹² Opt-out requirements would better be avoided completely, since they deviate from the 'principle of *qui tacet consentire videtur*' (he who is silent is taken to agree) whereby a respondent is explicitly asked. To assume that if someone does not opt-out that that person in some way has consented is arguably problematic.

member states' legislators, national and international industry groups for trademark holders, internet intermediary service providers, and consumers, this book exclusively deals with: trademark holders, social media providers and internet users.

This book aspires not just to provide an analysis of the law as it is, but will also propose the law as it ought to be, by proposing a paradigm shift and a comprehensive solution.