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Unauthorized Pop-Up Advertising and the Copyright and Unfair Competition Implications

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NOTE

UNAUTHORIZED POP-UP ADVERTISING AND THE COPYRIGHT AND UNFAIR COMPETITION IMPLICATIONS

I. INTRODUCTION

The Internet connects millions of computers worldwide to facilitate research and resources.¹ The Internet is used by independent computer operators for the purpose of exchanging communications and information with other users.² It has produced a variety of uses with the advent of the World Wide Web ("Web") in 1990.³ The Web is a well-suited host for "displaying images, sound, and text simultaneously," and has become a medium for commercial communication.⁴ The Web serves as "an arena for commerce, information, and services."⁵ Websites contain information stored on the web held in web pages.⁶ The "homepage" is the first visual image that appears when a user accesses a website.⁷ The home page provides the user with an "introduction to the broad subject matter of the website, and the subsequent individual web pages provide more specific information."⁸

As information technology increases, new markets emerge to capitalize on untapped advertising resources, such as Internet advertising.⁹ Internet advertising has become increasingly profitable by enabling businesses to advertise worldwide to millions of consumers at

². See id.
³. See id. at 91.
⁴. Id.
⁵. Id.
⁶. See id.
⁷. See id.
⁸. Id.
⁹. See id. at 92.
an unprecedented speed. "Estimates suggest that by the end of 2001, 445 million people were online worldwide, of which 119 million, or twenty-seven percent, were in the United States." "The average national Internet advertiser spends $228,000 developing a website and $150,000 maintaining the site." "Total online advertising revenue reportedly reached $8.2 billion in the United States for the year 2000." It was estimated that on-line advertising revenues would reach more than $11.05 billion by 2003. Clearly, the demographics of the Internet are an enticing market to advertisers.

Advertising is "any action intended to draw the intention of the public or of a segment thereof to merchandise, a service, a personal organization, or to a line of conduct." Similarly, one Texas court defined advertising as "a means or method of attracting public attention." Although, the concept of advertising to sell one's product is not a new one in our capitalistic society, using the Internet as an advertising medium is, and has provoked the unauthorized use of advertising over the Internet.

One goal of Internet advertising is to advertise to as many potential consumers as possible. Advertising can take many forms on the Internet. Whether it is an e-mail, hyperlink, or banner ad, all are transmitted from a host website to a potential consumer. Advertisers ideally want to advertise on websites with the greatest number of visitors. These statistical figures are crucial in the advertising world. Such information is very useful to an advertiser in determining how

11. Id.
15. See Greenspan, supra note 12, at 331 (noting that demographic surveys show that most Internet users encompass professionals and those in management, with college degrees and higher than average annual incomes who probably account for the thirty thousand visitors that top websites can attract a month).
18. See Greenspan, supra note 12, at 332 (noting that most advertisers pay for advertising based on the number of "hits"; that is the number of people who access a particular website, or some advertisers pay based on a "click through" rate).
19. A visitor is someone who has accessed a particular website. It is irrelevant if the access was voluntary or not because when calculating the number of visitors, unintentional access is not taken into consideration.
many potential viewers will visit a particular website and whether it is economical to pay for space on that site. 20 “With the further development of cookies (computer programs that store information about the user so it can be collected by the company), pop-up ads can be triggered in accordance with profiles developed about specific Internet users.”21 Cookies have been instrumental in allowing companies to track visitors of a website. Although this method may be considered exploitable, it is particularly useful in determining when and where an advertiser should place its ads.22 Cookies provide a demographic for advertisers to target.23

Once an advertiser has targeted24 a particular site it can choose to do a number of things. Some engage in advertising agreements “executed between the advertiser and the host site that will display its advertisement.”25 Or some advertisers allow the advertisement to pop-up once the user has attempted to access a particular website of choice. If the advertiser has chosen the latter and has not obtained permission from the host website, it is more likely than not that the pop-up advertisement the user views was not authorized by the host website. Pop-up advertisements are especially intrusive and most likely to offend, frustrate, and annoy the typical Internet user.26 It is these annoying advertisements that are the subject of many intellectual property issues.

Once an advertiser has chosen a particular website it must then decide what type of advertisement to display. Interstitial and rich media advertisements are those that “appear to users after they have clicked on a link.”27 Interstitial advertisements consist of the entire web page.28 Usually to reach a desired link the user must first close the

20. See Hertz, supra note 13, at 28 (noting that some advertisers monitor “click-throughs” or “clicks” which “represent the number of times that users click through the hyperlink connecting the advertisement to the advertiser’s site.” Since click-throughs “indicate an interest by the user in the advertiser’s products and services” they are very valuable to the advertiser).
22. See id.
23. See NEIL A. SMITH, 1 INTERNET LAW & PRACT. § 13:7 (2002) (noting that “[s]earch engine keywords seek to identify this demographic based upon the search word queried by the user”).
24. Meaning they have chosen a particular website to display their advertisements.
26. See Jefferson Lankford, Pop-up Ads and How to Zap Them, ARIZ. ATT’Y, Sept. 2002, at 10 (noting that pop-up advertisements can slow your download time and “clog the Internet pipeline with data very few people want”).
advertisement. In 1997, computer giant Microsoft almost faced liability for interstitial advertisements. Microsoft's WebTV placed "interstitial advertisements onto links of competing companies." For example, if an Internet user were visiting MCI's website, advertisements for AT&T would be superimposed over or between views. Although Microsoft eliminated this advertising method to prevent possible litigation, interstitial advertisements are "popping-up" all over the Internet. Rich media advertisements are similar to interstitial advertisements, however, they contain movies, sounds, and interactive features. These types of advertisements have the capability to allow objects to follow the user's cursor around the browser.

Since 1994, when Wired magazine introduced the first banner advertisements, the number of banner advertisements and other web advertisements has increased and their perceived effectiveness decreased. To combat this perceived decrease of effectiveness marketers employed pop-up advertisements to reach and attract their desired audiences. Pop-up advertising, when permissive, generally poses no problems. The pop-up advertisements are similar to interstitial and rich media advertisements, however, they can either pop-up "over" or "under" the intended link. These types of advertisements "are intended to 'distract' users from their original destination." Pop-up advertisements are displayed on top of a web page. A pop-under advertisement appears behind the web page instead of on top of it. Pop-under advertisements may be the loophole that absolves unauthorized advertisers from copyright liability. Pop-under advertisements are usually found when the user closes a web page.

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29. See id.
30. See SMITH, supra note 23.
31. Id.
32. See id.
33. See id.
34. See Russek, supra note 28.
35. See id. (noting that by using Dynamic HTML, "advertisers can create ads that float above the page ... [and] JavaScript, Layers and Style Sheets allow the coding of animated objects that escape from and return to an ad, images that remain in one exact area of the monitor even when the browser window is scrolled, and objects or animations that follow the users cursor around the browser").
36. See id. (noting that as a result of increased Internet advertising, "[c]lickthrough rates plummeted, while users became overwhelmed by the quantity of ads on the average web page"). Id.
37. See id.
38. SMITH, supra note 23.
39. See id.
40. See id.
pop-under advertisement on your desktop may be permissive advertising (although annoying) where no other pieces of work have been altered.

Some companies have concocted software that enables an advertiser to overstep its web boundaries by allowing an advertisement to pop-up on a designated website without the permission of the site's owner. With the use of unauthorized pop-up advertising programs, companies (such as the California based Gator Corporation), are able to plant or interpose new advertisements over existing web pages without the website's operator's consent. Such Internet advertising distorts what the host website sponsors.

Many copyright issues arise as a result of advertisements that pop-up on a copyrighted work. Pop-up advertising also triggers the laws of unfair competition. Part II of this Note will discuss: 1) which copyright laws are applicable to the owner of a copyrighted website or web page under United States Copyright law against the unauthorized pop-up advertiser; and 2) whether unfair competition laws regulated by the Federal Trade Commission are applicable to protect against the practice of unauthorized pop-up advertising.

Part III of this Note will then explore pop-under advertisements and alternative theories of liability. Such as the operation of unwanted junk e-mails (spam), linking, and framing cases. Applying prior holdings from the spam, linking, and framing cases to the issue at hand may be sufficient to hold unauthorized pop-up advertisers liable for copyright infringement and violation of unfair competition laws.

Part IV will discuss whether the unauthorized advertiser has any available defenses. This part will examine to what extent damages and remedies should be available for those subject to unauthorized pop-up advertising. Finally, this Note will conclude that an unauthorized pop-up advertiser will not be able to avail themselves of the fair-use defense and should be held liable for copyright infringement.

II. BACKGROUND

A. Copyright Infringement and Unauthorized Advertising

For the purposes of this Note, whenever liability for copyright infringement is being entertained, we must assume that the website or

42. See Nicole A. Wong, Online Content Liability Issues, 711 PL/PAT 813, 880 (2002).
web page in question is copyrighted or copyrightable, otherwise the owner of a website or web page cannot claim copyright infringement. To obtain a copyright you must register the material before commencing the action.\textsuperscript{44} Copyright protection is only afforded to those who are protected under Copyright law. The issue is whether a copyright owner who is the subject of unauthorized pop-up advertising can claim copyright infringement.

Under United States Copyright Law, copyright protection extends to every creative work "fixed in any tangible medium of expression."\textsuperscript{45} Works that are potentially copyrightable "are broadly construed to include books, paintings and sculptures, but also movies, plays, musical compositions, recordings, photographs, computer software code, architectural designs, and even routine business writings."\textsuperscript{46} Copyright infringement occurs when someone with access to a copyrighted work creates a substantially similar work using it in a way that violates the copyright owner's five exclusive rights of reproduction, distribution, adaptation, performance, and public display.\textsuperscript{47}

When determining liability for the unauthorized advertiser we may be concerned with the concept of "taking." In its traditional copyright sense one would look to what extent the infringing work has taken from a copyrighted work. If only a small portion of the work was taken, this will not constitute a substantial similarity.\textsuperscript{48} However, if what was taken is recognizable as coming from a distinct piece of work, and what was taken was the most important part of the work, then liability may be found regardless of the amount taken.\textsuperscript{49} Unauthorized advertisements take from a copyrighted work when it imposes itself onto the work. In the physical sense copyrighted work has been taken, but it does not mean that what has been taken is the nature (artistic or textual element) of the copyrighted work.\textsuperscript{50} Therefore, you must argue that when an

\begin{itemize}
\item\textsuperscript{44} See 17 U.S.C. § 411(a) (2000).
\item\textsuperscript{45} 17 U.S.C. § 102 (2002).
\item\textsuperscript{46} Mark Sableman, \textit{Link Law Revisited: Internet Linking Law at Five Years}, 16 BERKELEY TECH. L.J. 1273, n.38 (2001).
\item\textsuperscript{48} See Murray Hill Publ'ns, Inc. v. ABC Communications, Inc., 264 F.3d 622, 633 (6th Cir. 2001) (noting that the small portion of the work has to be "recognizable to an ordinary observer").
\item\textsuperscript{49} See Universal City Studios v. Kamar Indus., Inc., No. H-82-2377, 1982 WL 1278, at *4 (S.D. Tex. Sept. 20, 1982) (stating that even though a small portion of the work was taken, an ordinary observer would know that the phrase was taken from the copyrighted work).
\item\textsuperscript{50} See, e.g., Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 586 (1994) (explaining that if the infringer has not taken the nature of the copyrighted work, they can possibly prevail on their claim of fair use). Here it may be relevant to note that the tort of trespass may be applicable to constitute a taking in this context. The court in eBay, Inc. v. Bidder's Edge, Inc., 100 F. Supp. 2d
Unauthorized advertisement pops-up on the copyrighted work it not only has physically taken from what it now occupies but materially alters a derivative work as well.

One who assists in the infringement may face derivative liability under two theories. First, one who induces, causes, or materially assists in the infringement may be guilty of contributory infringement. Here the plaintiff must prove that the contributory infringer knew or had reason to know of the direct infringer’s infringement and materially contributed to the infringement. Second, the doctrine of vicarious liability has been expanded in copyright infringement cases to hold one liable when one has the “right and ability to supervise the infringing activity and also has a direct financial interest in such activities.”

When the unauthorized advertisement is intentional, one can make a good argument to hold the entity that enables the infringement liable as a contributory infringer. The contributory infringer is the company that encourages unauthorized pop-up advertisements onto another’s website, while the primary infringer (copyright infringer) is the party who owns the unauthorized advertisement. Any company who has knowledge of the infringing activities by a third-party who “induces, causes, or materially contributes” to the infringing conduct of the primary infringer should be liable as a contributory infringer.

An Internet Service Provider (“ISP”) cannot be liable for direct copyright infringement for “passive, automatic acts engaged in through a technological process initiated by another.” But after the on-line service has notice of the infringement, failure to remove the infringing material or take proper precautionary steps after notice is given, can be the basis for a claim of contributory infringement. An ISP should be held liable for failing to take the appropriate measures when notice of unauthorized advertising is brought to light.

1058, 1069, 1070 (N.D. Cal. 2000), concluded that a physical deprivation of property had occurred and copyright law does not preempt the claim of a trespass to chattel.

51. See e.g., A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1019 (9th Cir. 2001).
52. See Gershwin Publ’g Corp. v. Columbia Artists Mgmt., Inc., 443 F.2d 1159, 1162 (2d Cir. 1971).
53. Id.
Not all copying or imitating of a copyrighted work constitutes infringement. If the work is too short, or lacking in originality, or if the work is used for personal use, fair-use, or for “transformative” uses such as parody and commentary, it may be permissible. Copyright protection has a limited life span, and works that are no longer protected either for failure to renew a copyright, or that never had protection to begin with, or because they are in the public domain, do not enjoy copyright protection and thus are free for anyone to reproduce or imitate. To ensure that the underlying work is entitled to copyright protection one should ask: 1) is it original enough; 2) is it a work of authorship; 3) is it functional; and 4) is it an idea, system, process, concept, principle, discovery, or method of operation, barred from protection by Section 102(b) of the 1976 Copyright Act. If the work falls under any of these categories it is not entitled to copyright protection. Because of the originality and creative nature of an advertisement, they are copyrightable and thus protected.

Obtaining a copyright notice has become obsolete in today’s market. Works published before March 1, 1989, must bear notice of copyright protection. Copyrighted works after this date do not need such a notice. Since most published advertisements are updated to reflect current markets, it is highly unlikely lack of notice will be an issue in today’s market.

A website is considered to be “published when the site goes ‘live’ on the Internet.” However, a “display of work by itself does not constitute publication.” Materials eligible for copyright protection are those “fixed in any tangible medium of expression.”

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57. See 17 U.S.C. § 102(b) (1994) (noting that not all original works are afforded copyright protection).
61. See Mastercard v. Nader 2000 Primary Comm., No. 00Civ.6068(GBD), 2004 WL 434404, at *14 (S.D.N.Y. Mar. 8, 2004) (noting that, although the advertisement merited copyright protection, it was not entitled to protection because it was unlikely that defendant’s political ad would create confusion but rather was a political parody).
62. See Wong, supra note 42, at 885.
63. See id. (noting that, although notice is not required anymore, it still has several benefits such that “it informs the public that the work is protected, identifies the owner, and shows the year of first publication; and ... in the event a work is infringed, a proper notice blocks a defendant’s defense based on innocent infringement in mitigation of actual or statutory damages”).
64. Id. at 886.
65. Id.
transmitted online, the copyrightable authorship may consist of text, artwork, music, audiovisual materials (including any sounds), sound recording, etc.\textsuperscript{67} When a work is offered for distribution to the public by sale or other transfer of ownership, the offering to distribute to a group of persons for purposes of further distribution or public display constitutes publication.\textsuperscript{68} Thus, an advertisement transmitted online consists of textual or artistic publishable work disseminated through a tangible medium of expression (the Internet) and such display of that advertisement is a publication. Also, the posting of copyrighted photographs on electronic bulletin board systems may violate a copyright owner's "display" rights under the law.\textsuperscript{69} Therefore, an unauthorized advertisement may infringe on a published advertisement whether it be a textual or artistic display.

To obtain copyright protection, one must apply for the proper license through the United States Copyright Office in order to claim copyright remedies.\textsuperscript{70} Copyright protection reserves to the owner the exclusive rights to "reproduce the work, prepare derivative works, distribute copies of the work, and publicly display or perform the work."\textsuperscript{71} However, "[t]he mere fact that a work is copyrighted does not mean that every element of the work may be protected."\textsuperscript{72} Therefore, it is plausible that an unauthorized pop-up advertisement may infringe on non-protected elements of a copyrighted advertisement thus not affording copyright protection to the authorized advertiser.

An authorized advertiser will be required to show that the elements of the infringed upon work that have been either displaced or copied over are a protected expression and of such importance to the copied work that the appropriation of such protected elements is actionable.
Resolving this issue requires a fact intensive inquiry. It must be shown that the infringed upon work was a necessary part of the work for its purpose. Meaning that if what was displaced or copied over was not essential to the original work, a copyright remedy may not be available. Advertisements can take up an entire web page but the unauthorized advertisement can be less than half that size. If this comparatively small advertisement infringes upon the corner of an authorized advertisement and, particularly, blank space (space that is not used for any purposes with regards to advertising) protection may not be granted.73 This is important when determining the liability of a pop-under advertiser since pop-under advertisements may not display itself on a protected work. Therefore, it is the courts’ role to determine whether the infringed upon work is protected under copyright law. Unprotected elements of the work will not serve as a basis for liability for copyright infringement because “liability will only attach where protected elements of a copyrighted work are copied.”74

On July 16, 2002, the Eastern District of Virginia granted a preliminary injunction against Gator Corporation (“Gator”) in connection with Gator’s pop-up advertisements on the websites of well-known online publishers.75 This action illustrates the heart of the problem. The defendant enabled unauthorized advertisements to pop-up on another’s website.76 Most, if not all, unauthorized pop-up advertisements Gator employed were those that infringed on a competitor’s website.77 As a result, the New York Times, the Washington Post, the Boston Globe, and other providers of online news sued Gator for copyright and trademark infringement, unfair competition, and misappropriation.78

The complaint stated that Gator sold advertising space on the plaintiffs’ websites without plaintiffs’ consent.79 Basically, when a user visited a website of choice, Gator would launch one or more pop-up advertisements to be displayed directly over the content the website

73. Again, if this was the scenario the authorized advertiser may be entitled to bring a trespass claim assuming they are not preempted by federal law.
74. Wong, supra note 42, at 893.
76. See Legal Troubles Popping Up for Online Advertising Firm, 3 No. 11 ANDREWS E-BUS. L. 4 (2002).
77. See id.
78. See id.
79. See id.
owner intended visitors to see. Rather than sell advertisements on its own website, Gator sold pop-up ads on plaintiffs’ sites without plaintiffs’ permission or payment to such sites.

The plaintiffs further allege that Gator’s software employed a “Trojan horse” concept which was deceptive and misleading. Specifically, Gator lured users into falsely believing the pop-up advertisements supplied by Gator were actually advertisements authorized by the underlying website and, therefore, deprived website owners and “their advertisers of the benefits of advertising contracts.” Alternatively, plaintiffs argued that Gator’s unauthorized practices would “erode the attractiveness of advertising on the plaintiffs’ sites or potentially destroy the ability of the plaintiffs to sell such advertising.”

Plaintiffs also argued that Gator’s unauthorized advertisements “violate[d] their copyrights by altering the look of the page and covering up the text.” These solicitation methods also infringed on the websites’ trademarks by confusing consumers as to the source of the advertisements. However, Gator did not use or copy any of the plaintiffs’ sites’ content in its advertisements. This is why the traditional access and taking theories applied in prior copyright cases may have to be expanded to accommodate new issues that Internet advertising has yet to address. In response to these lawsuits, Gator fought back by “seeking declaratory judgments that its advertising program is lawful.”

Gator argued that in a competitive market and a free market, “[t]he power of the Internet and consumer rights and

80. See id.
81. See id.
82. See id.; see also Current Developments, 19 NO. 9 COMPUTER & INTERNET L. 26, 28 (2002) (noting that the “Trojan horse” concept is based on a free “digital wallet” software that Gator gives away which “provides users with a mechanism for storing personal information about themselves, passwords, user identification numbers, and so forth.” Plaintiffs alleged that the Gator software gathers and sends user information to Gator’s remote computers where Gator in return transmits “to the user’s computer unauthorized pop-up ads to be displayed directly over the content that the owner of the website intended to be displayed.”).
83. Current Developments, supra note 82, at 28.
84. Id. at 28-29.
86. Id.
87. See id.
88. Id.
control are at stake." This trial was set to begin in early 2003, but the parties were able to reach a settlement in February 2003.

However, recently in *1-800 Contacts, Inc. v. WhenU.com*, the Southern District Court of New York failed to find for copyright liability against unauthorized advertising. "[B]ut [t]he owner established a likelihood of success on its trademark infringement claim . . . [a]nd on its claim under the Anticybersquatting Consumer Protection Act (ACPA)."

"Plaintiff 1-800 Contacts, Inc. ("1-800 Contacts") sells and markets replacement contact lenses and related products through its website, located at http://www.1800Contacts.com, and also through telephone and mail orders." The plaintiffs "filed for registration of the mark '1-800 CONTACTS' and the 1-800 CONTACTS logo." "Since the founding of the 1-800 Contacts in 1995, [p]laintiff has continuously used its service marks to promote and identify its services in the United States and abroad." On October 2, 2000, the plaintiff registered 1-800Contacts.com website with the Copyright Office. In 2001, the plaintiffs spent $27,118,000 on the marketing of the 1-800 Contacts mark. As a result, the "[p]laintiff's sales have grown from $3,600,000 in 1995 to $169,000,000 in 2001." Further, the "[p]laintiff is the sole owner of the 1-800Contacts.com website." "Over 221,800 people visited [p]laintiff's website in the month of September."

Defendant, Vision Direct, Inc., is a retailer of contact lenses through its website, located at http://www.visiondirect.com. Consequently, the plaintiff and the defendant are competitors. Defendant Vision Direct registered the domain name of www.1800Contacts.com. WhenU.com is also a defendant in this
action. 104 "WhenU.com is a software company that has developed and distributes . . . the 'SaveNow' program, a proprietary software application." 105 SaveNow is a computer program that can only be used in the Microsoft Windows operating system. 106 Essentially, SaveNow scans the activity of the individual Internet user by "comparing URLs, 107 website addresses, search terms, and webpage content." 108 Certain URLs can "trigger the SaveNow program to deliver pop-up advertisements." 109 Accordingly, when a user entered the plaintiff's URL, advertisements, including the defendant's from this category, popped-up. 110 "WhenU.com's clients 'buy categories' of goods or services, paying for delivery of their advertisements or coupons" to users who have installed the SaveNow program. 111 WhenU.com's contracts are with advertisers who pay either based on the number of pop-ups they deliver or "the number of people who click on the pop-up advertisements." 112 "Other advertisers pay WhenU.com based on the number of actual purchases made by SaveNow users." 113 "Thus, WhenU.com has a fee relationship with the advertisers who pay it to deliver pop-up advertisements, and a free relationship with consumers who install the SaveNow software on their computers, but no relationship with the companies on whose websites the pop-up advertisements appear." 114

The plaintiff in WhenU.com failed to establish a likelihood of success, in support of a preliminary injunction motion, as to its copyright claim. 115 The plaintiff failed to establish that the defendants had created a derivative work 116 "fixed in a tangible medium of expression." 117 Furthermore, the court found that there was no "authority or evidence for the claim that users exceed[ed] their license[s] to view the copyrighted website when they obscure[d] the website with other browser windows (including pop-up ad[vertisement]s generated by the SaveNow

104. See id.
105. Id.
106. See id. at *3.
107. A Uniform Resource Locator ("URL") "is the location for a specific web page." Id. at *3 n.13.
108. Id.
109. Id. at *4.
110. See id.
111. Id. at *6.
112. Id.
113. Id.
114. Id. (emphasis in original).
115. See id. at *14.
116. See id. at *12.
117. Id. at *13.
program).\footnote{118} However, the court held that the owner of a website and the mark “1-800 CONTACTS” established a likelihood of confusion warranting preliminary injunctive relief on a trademark infringement claim against the defendants for causing pop-up advertisements on a competitor’s website to appear when an Internet user typed in the plaintiff’s URL.\footnote{119} The court found a violation of the Lanham Act because (1) the defendants’ use of the plaintiff’s mark in commerce and the pop-up advertisements could deceive consumers into believing that the competitor was associated with the plaintiff; and (2) the mark was strong in the market place and similar to the plaintiff’s website, www.1800Contacts.com, used by the software.\footnote{120}

As in \textit{U-Haul International, Inc. v. WhenU.com, Inc.},\footnote{121} the court in \textit{WhenU.com} did not consider that the pop-up advertisement software copies the work it displays over itself.\footnote{122} In order to violate plaintiff’s derivative work, the defendants “need only transform or recast the copyrighted work in some way” as by ‘adding to or deleting from’ Plaintiff’s copyrighted website.”\footnote{123} Although the defendant’s pop-up advertisements may “obscure” or ‘cover’ a portion of the Plaintiff’s website . . . they do not ‘change’ the website, and accordingly do not ‘recast, transform or adapt’ the website” since the plaintiff’s website remained “intact.”\footnote{124}

The \textit{U-Haul} court held that the pop-up advertising scheme, which caused advertisements to appear when a copyright holder’s web page was accessed, did not interfere with the holder’s right to display its copyrighted works because the pop-up window did not alter the holder’s web page, and the advertiser did not show users the holder’s website through its program.\footnote{125} The court stated that the appearance of a pop-up advertisement on the user’s computer screen at the same time as the holder’s web page was a transitory occurrence, and was “merely another window on the user’s computer desktop” that could be closed at anytime.\footnote{126} The court noted that the Windows program enables users to keep several programs open simultaneously.\footnote{127} Although a pop-up

\footnotesize{\begin{itemize}
  \item \textit{Id.} at *12.
  \item \textit{See id.} at *29.
  \item \textit{See id.} at *15.
  \item \textit{279 F. Supp. 2d} 723 (E.D.Va. 2003).
  \item \textit{See WhenU.com, 2003 WL 22999270}, at *12.
  \item \textit{Id.} at *12.
  \item \textit{Id.} at *13.
  \item \textit{See U-Haul, 279 F. Supp. 2d} at 730.
  \item \textit{Id.} at 730-31.
  \item \textit{See id.} at 731.
\end{itemize}
advertisement may alter the user’s desktop, it does not qualify as copyright infringement.\footnote{128}

To conclude otherwise is untenable in light of the fact that the user is the one who controls how items are displayed on the computer, and computer users would infringe copyrighted works any time they opened a window in front of a copyrighted Web page that is simultaneously open in a separate window on their computer screens.\footnote{129}

This is not a sound argument. The court failed to look at the nature of the potential infringing material. It seems that the court was afraid to hold the pop-up advertisements as an infringement because it found that almost all individual computer users may be held liable for copyright infringement. This is evidenced by the WhenU.com court when it noted that “any action by a computer user that produced a computer window or visual graphic that altered the screen appearance of Plaintiff’s website, however slight, would require Plaintiff’s permission.”\footnote{130} However, this is an incomplete policy argument. Most copyright owners would probably not oppose windows that opened in front of their work if it was done by individual users to whom they gave permission, such as an instant message. Only corporations displaying images with the intent to gain potential consumers should be subject to liability for unauthorized advertising. This is because it is not done maliciously with intent to deprive the copyright owner of a profit. Only AOL’s Instant Messenger allows a dialog box to pop-up on copyrighted work on individual’s computer screen. These pop-ups are permissive by individual users. Nor are they an economic harm to a copyrighted work. A blanket policy argument without inquiring into the intent of the user is incomplete for these purposes.

An unauthorized pop-up advertisement supplants itself to change the characteristic of an underlying web page. The courts have yet to address whether a modification must be permanent or whether a substantial modification that alters the work is thereby infringing on copyright rights even if it is not permanent. Where there is a substantial modification that alters the right to display, whether permanent or not, there should be an infringement on the copyright owner’s exclusive right

\begin{footnotesize}
\begin{enumerate}
\item \footnote{128}{See id.}
\item \footnote{129}{Id.}
\item \footnote{130}{WhenU.com, 2003 WL 22999270, at *13 (emphasis in original). This is analogous to an instant message that one computer user sends to another user causing a dialogue box to appear without the permission of the recipient.}
\end{enumerate}
\end{footnotesize}
by changing the characteristic and features of their work. Furthermore, the implications courts have failed to address is multiple advertisements that cause a user to never reach his or her destination site as a result of Internet congestion. The more programs/advertisements that a computer is running at the same time, the slower it appears to operate. Sometimes, as a result of multiple running programs, a computer may freeze, making it inoperable and forcing the user to restart his or her computer. In effect, the screen freezes because multiple pop-up programs have altered the user’s screen by causing a reboot. As a result, not only were current webpages being viewed altered, the user name reached their destination site, possible causing lost sales.

Internet space is a medium with characteristics similar to that of television broadcasting. One would never see during a commercial another commercial intruding on the airtime. Just because one could close an advertisement on a computer screen should not justify its permissiveness. Similarly, just because a TV viewer can change the channel it does not justify multiple commercials running on top of each other. Being able to close the window and being forced to close the window are two different concepts. A computer user should not have to close unauthorized pop-up advertisements in order to view a desired web page.

B. Unfair Competition and Unauthorized Pop-Up Advertising

The Federal Trade Commission (FTC) is responsible for the enforcement of the Federal Trade Commission Act. The FTC is the primary government agency responsible for regulation of Internet commerce and advertising. The goals of the act are to promote commercial competition and protect the public from unfair, deceptive acts, or practices in the advertising and marketing of goods and services. More specifically, 15 U.S.C. § 45 prohibits “[u]nfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce . . . “ The role and effect of unauthorized pop-up advertisements will most likely trigger FTC involvement.

The FTC regulates deceptive acts and practices without reference to a particular medium of dissemination. Therefore, United States Internet regulation is well within its jurisdiction. Regulating online advertising and marketing has generally been considered one of the FTC's roles. In the fall of 1997, the FTC exposed hundreds of websites "making false or deceptive advertising claims concerning medical treatments for various diseases; ... [and] also identified online advertisements involving possibly misleading coupon schemes." 

The FTC's applicable role in combating deceptive advertising (pop-up advertising) includes, but is not limited to, material misrepresentations and omissions or practices that are likely to mislead consumers acting reasonably under the circumstance, to the consumer's detriment while visiting a website of choice. It appears that when an unauthorized advertisement pops up, the questions are whether: 1) most consumers are misled to believe that this advertisement is unauthorized; 2) consumers will be less likely to read a disclosure on a pop-up advertisement since it may not be clear and conspicuous; and 3) the practice of "advertising ambush" should be permitted to encourage a competitive market, thus benefiting consumers. Not only will these practices harm the uninformed consumer, the online businesses/providers are the ones truly hit hard who lose revenue by these deceptive practices.

Information is considered material when it is important to a consumer's decision whether to buy or use a product such as when "it involves purpose, safety, efficacy, or cost, of the product or service, or its durability, performance, warranties or quality." Usually when sales practices are directed to a targeted audience, the FTC "evaluates the effect of the practice on a reasonable member of that group, rather the effect on the consumer as a whole." It is the questionable effect of

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135. See Lawrence M. Hertz, Advertising Regulation on the Internet, 19 No. 6 COMPUTER & INTERNET LAWER 18 (June 2002).
136. See Wong, supra note 42, at 896.
137. Shorofsky, supra note 133, at 664-665.
139. See id. at 164-65.
140. See Lawrence M. Hertz, Advertising Regulation on the Internet, 686 PLI/PAT 491, 497 (2001).
141. See In re Cliffdale Assoc., Inc., 103 F.T.C. at 176-83. Further, this even trickles down to the ISP who now has to scramble for advertisers who do not want to participate in an advertising war.
142. Id., note 135, at 495.
143. Id.
unauthorized pop-up advertising that should not only exasperate the FTC but the consumer as well.

As an example of the ever-growing world of unauthorized advertising, the FTC obtained eight multimillion-dollar judgments in cases that redressed consumer injuries.\textsuperscript{144} Most Internet surfers rely on a website's content. A user may believe what they saw was what the site owners intended. Not only are unauthorized pop-up advertisements deceptive, when the information on a site is unauthorized, it takes away from the authorized/paying advertiser's advertising space that should be occupied with its advertisement rather than an unauthorized advertisement. Basically, two advertisements cannot adequately occupy the same space without distorting one another. These unfair practices should be subject to regulation and court injunctions accompanied by hefty penalties imposed on the infringers.\textsuperscript{145}

FTC Rules and Guides require that certain types of disclosures accompany various claims in a "clear and conspicuous" manner.\textsuperscript{146} In response to these ambiguous terms in the relatively young era of Internet regulation, the FTC, in May of 2000, issued a staff working paper entitled "\textit{Dot Com Disclosures: Information About Online Advertising}."\textsuperscript{147} Generally, in determining whether a disclosure is clear and conspicuous the FTC will consider:

1) the placement of the required disclosure and its proximity to the claim; 2) the prominence of the required disclosure; 3) the presence of distracting features within the advertisement; 4) the need for the repetition of the required disclosure due to the length of the advertisement; 5) the adequacy of volume, cadence and duration of any audio disclosure; and 6) the understandability of the language of the disclosure.\textsuperscript{148}

\textsuperscript{144} See id. at 504 (noting that one of those judgments included an award of "$40 million in redress for unauthorized Internet services charged to consumers...[and] one for $900,000 in civil penalties against the world's leading manufacturer of portable data storage products").

\textsuperscript{145} Arguably, a way to impose penalties may be to determine the profits obtained from the unauthorized advertisements, the lost revenues from the authorized advertiser, and the cost of paid placements that the unauthorized advertisement infringed upon.

\textsuperscript{146} 15 U.S.C. § 45(n) (2000); see also Hertz, supra note 135, at 497 (noting that disclosures may be required for three reasons: 1) to prevent claims from being misleading or deceptive, 2) to ensure that consumers receive certain material terms in a transaction, or 3) for public policy reasons).


\textsuperscript{148} Hertz, supra note 135, at 497.
In *WhenU.com*, the defendant argued “that its disclaimers are ‘the preferred way of alleviating consumer confusion.’”\(^{149}\) WhenU.com further argued that, “unlike the use of trademarks in metatags to ‘trick’ consumers into believing that a website is in fact the website that they intended to visit, where . . . consumers see both the website they accessed as well as WhenU’s clearly labelled [sic] ad, they are not likely to be confused.”\(^{150}\)

While the Second Circuit has “found the use of disclaimers to be an adequate remedy when they are sufficient to avoid substantially the risk of consumer confusion,” it is also important to note that “each case must be judged by considering the circumstances of the relevant business and its consumers.”\(^{151}\) In *WhenU.com*, consumer confusion caused by pop-up advertisements was not “alleviated by WhenU’s use of disclaimers.”\(^{152}\) This is especially so where the terms are buried in other web pages forcing users to scroll down or click on another link to access them.\(^{153}\) Further, the defendant failed in *WhenU.com* to provide evidence that the disclaimer would reduce consumer confusion.\(^{154}\) This burden “imposed upon the Defendants to ‘come forward with evidence sufficient to demonstrate that [its disclaimers] would significantly reduce the likelihood of consumer confusion’ is a heavy one.”\(^{155}\)

Despite the required disclosures promulgated by the FTC, commercial advertisers are defying these rules and running the risk of incurring hefty penalties.\(^{156}\) The FTC’s working paper, *Dot Com Disclosures*, asserts that “an Internet ad that uses visual text is the
equivalent of a ‘written’ ad” and that the Rules and Guides that apply to writings and written and printed matter will apply to visual text displayed on the Internet.\textsuperscript{157} Most online unauthorized advertisements are not “clear and conspicuous” thereby subjecting themselves to the arm of the FTC’s Rule and Guides. However, with the probable short life span of a pop-up advertisement,\textsuperscript{158} advertisers may be willing to risk penalties for the marketing benefits.

Under the Lanham Act, 15 U.S.C § 1125 (a) one is prohibited from using:

any word, term, name, symbol, or device . . . or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services, or commercial activities.\textsuperscript{159}

The ultimate test will be whether the unauthorized advertisement creates a reasonable likelihood of confusion in the marketplace as to the source or origin of a good or service.\textsuperscript{160}

The Lanham Act prohibits the use in commerce, without consent, of any “registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods,” in a way that is likely to cause confusion.\textsuperscript{161} The act also prohibits the infringement of any unregistered, common law trademark.\textsuperscript{162} Under 15 U.S.C. § 1125(a)(1), the plaintiff has the burden of proving: a) ownership of a valid mark that is entitled to

\begin{enumerate}
\item Dot Com Disclosures, supra note 147, at § IV.A.1.
\item As one commentator has noted, Research may show that consumers don’t actually read information in pop-up windows because they immediately close the pop-up on the page they want to view. It also may indicate whether consumers relate information in a pop-up window or an interstitial page to a claim or product they haven’t encountered yet.
\item Marcia Howe Adams, Regulating the Net: Online Privacy and Advertising, 631 PLI/PAT 1031, 1063-64 (2001).
\item See Accuride Int’l, Inc. v. Accuride Corp., 871 F.2d 1531, 1533 (9th Cir. 1989).
\item See 15 U.S.C. § 1125(a)(1) (2000); see also Time, Inc. v. Petersen Publ’g Co., 173 F.3d 113, 117 (2d Cir. 1999); Genesee Brewing Co. v. Stroh Brewing Co., 124 F.3d 137, 142 (2d Cir. 1997).
\end{enumerate}
protection under the Lanham Act; and b) defendant’s use of the mark is likely to cause confusion within the consuming public.\textsuperscript{163}

1. “Use” Under the Lanham Act

In 1-800 Contacts, Inc. v. WhenU.com, defendant, WhenU.com, argued that its use of the plaintiff’s mark was not in violation of the Lanham Act.\textsuperscript{164} Defendant argued “that as a result of the Windows operating environment that allows users to open multiple windows at one time, WhenU’s SaveNow program generates new windows, displayed simultaneously with other pages.”\textsuperscript{165} As a result, the defendant’s programs may be viewed at the same time as the plaintiff’s website.\textsuperscript{166} Defendant, WhenU.com, argued that the plaintiff’s claim of trademark infringement and unfair competition must fail for lack of confusion in the marks.\textsuperscript{167}

A trademark is “used in commerce” for purposes of the Lanham Act “when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.”\textsuperscript{168}

The court found that the Defendants mark caused confusion in commerce in two ways.\textsuperscript{169} First, by the defendants causing its pop-up advertisements “to appear when SaveNow users have specifically attempted to access [p]laintiff’s website . . . [they] are displaying Plaintiff’s mark ‘in the . . . advertising’ of Defendant Vision Direct’s services.”\textsuperscript{170} Both defendant, Vision Direct, and plaintiff, 1-800 Contacts, are retail competitors since they are “unquestionably providing services ‘rendered in commerce.’”\textsuperscript{171} Since SaveNow users that type plaintiff’s URL are attempting to access its site, it is evidence of “prior knowledge of the website, knowledge that is dependent on [p]laintiff’s reputation and goodwill.”\textsuperscript{172} Pop-up advertisements that capitalize on a

\begin{thebibliography}{99}
\bibitem{163} See Estee Lauder, Inc. v. The Gap, Inc., 108 F.3d 1503, 1508 (2d Cir.1997); Arrow Fastener Co. v. Stanley Works, 59 F.3d 384, 390 (2d Cir. 1995).
\bibitem{164} See WhenU.com, 2003 WL 22999270, at *14.
\bibitem{165} Id.
\bibitem{166} See id.
\bibitem{167} See id.
\bibitem{168} Id. (citing 15 U.S.C. § 1127 (2000)).
\bibitem{169} See id. at *15.
\bibitem{170} Id.
\bibitem{171} Id.
\bibitem{172} Id.
\end{thebibliography}
computer user's attempt to access a website based on the URL they input "are clearly using Plaintiff's mark." Moreover since the defendant, WhenU.com, included the plaintiff's URL in its directory of terms that trigger the pop-up advertisements, it is "using" the plaintiff's mark to advertise to the Plaintiff's competitors.

2. Confusion Under the Lanham Act

Confusion under the Lanham Act is shown where there is a "likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question" or where "consumers are likely to believe that the challenged use of a trademark is somehow sponsored, endorsed, or authorized by its owner." Confusion under the Act is "confusion of any kind, including confusion as to source, sponsorship, affiliation, connection or identification." Under the Lanham Act, actionable "confusion" may be confusion among members of the consuming public which may be proved at the preliminary injunction stage. Actual confusion may not be found for undeveloped markets. Therefore, a probability of confusion is sufficient absent evidence of actual confusion. Confusion is actionable regardless of whether it was at the "point of sale." Re-sale confusion may also be actionable. "Initial interest confusion" is a type of pre-sale confusion that occurs when a competitor's use of a similar mark diverts the consumer to purchase another's product.

173. Id.
174. See id.
175. Id. at *16 (citing New York Stock Exchange, Inc. v. New York, New York Hotel, LLC, 293 F.3d 550, 554-55 (2d Cir. 2002)).
179. See id. (citing Streetwise Maps, Inc. v. Vandam, Inc., 159 F.3d 739, 743 (2d Cir.1998); Hasbro, Inc. v. Lanard Toys, Ltd., 858 F.2d 70 (2d Cir. 1988)).
180. Id. at *17 (citing Clinique Laboratories, Inc. v. Dep Corp., 945 F. Supp. 547, 558 (S.D.N.Y.1996)).
181. See id.
182. See id. (citing Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 260 (2d Cir. 1987)).
Although the Ninth Circuit originated the term "initial interest confusion" in *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, Mobil Oil Corp. v. Pegasus Petroleum Corp. was the first to explain the concept. The district court in *Mobile* found that the plaintiff oil company would be harmed by "the likelihood that potential purchasers will think that there is some connection or nexus between the products and business of [defendant] and that of [plaintiff]."

On appeal, the Second Circuit upheld the district court's finding on the likelihood that Pegasus Petroleum would gain "crucial credibility during the initial phases of a deal." "For example, an oil trader might listen to a cold phone call from Pegasus Petroleum—an admittedly oft used procedure in the oil trading business—when otherwise he might not, because of the possibility that Pegasus Petroleum is related to Mobil."

This principle to the Internet context was recognized in *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, holding that a website may not include a confusingly similar HTML code to a competitor's mark. In *Brookfield*, the court found that the defendant's diversion from the Plaintiff's website to their website because their mark is confusingly similar to the Plaintiff's trademark was an improper benefit from the Plaintiff's goodwill that they developed for their mark.

A potential consumer should not believe that a competing website is associated with the website the customer was originally searching for. As part of its argument in *WhenU.com*, because "the Defendants' pop-up advertising results in a likelihood of confusion, Plaintiff argues it has been injured by 'initial interest confusion.'" Defendant WhenU.com meagerly argues if a consumer is not misled to another online location there is no initial interest confusion. The Court noted that defendant,
WhenU.com, misunderstood the application of the initial interest confusion doctrine.\textsuperscript{192} They went on to explain:

the harm to Plaintiff from initial interest confusion lies not in the loss of Internet users who are unknowingly whisked away from Plaintiff's website; instead, harm to the Plaintiff from initial interest confusion lies in the possibility that, through the use of pop-up advertisements Defendant Vision Direct "would gain crucial credibility during the initial phases of a deal."\textsuperscript{193}

The court in \textit{BigStar} established that knowledge of being drawn to another online location is not a prerequisite for initial interest confusion.\textsuperscript{194} Damages based on consumer knowledge of the actual identity of the competing website manifest in three ways:

the original diversion of the prospective customers' interest; the potential consequent effect of that diversion on the customer's ultimate decision whether or not to purchase caused by an erroneous impression that two sources of a product may be associated; and the initial credibility which may be accorded by the interested buyer to the junior user's products—customer consideration that otherwise may be unwarranted and that may be built on the strength of the senior user's mark, reputation and goodwill.\textsuperscript{195}

The \textit{WhenU.com} Court found that the doctrine of initial interest confusion is applicable in the context of Internet sales, and applied the \textit{Polaroid} factors "with an eye to how they bear on the likelihood that," defendant's pop-up advertisements may confuse consumers into believing that the defendants are associated with the plaintiff's.\textsuperscript{196}

In \textit{Polaroid Corp. v. Polaroid Electronics Corp.},\textsuperscript{197} the Court established what has been commonly referred to as the "Polaroid Factors" to determine whether a mark is likely to cause confusion. Under the \textit{Polaroid} test, courts assess the likelihood of consumer confusion by examining:

1) the strength of Plaintiff's Mark;

\textsuperscript{192} See \textit{id.}
\textsuperscript{193} Id. (quoting Mobil Oil Corp., 818 F.2d at 259).
\textsuperscript{194} See \textit{id.}
\textsuperscript{195} Id. at *19 (quoting \textit{BigStar Entm't, Inc. v. Next Big Star, Inc.}, 105 F. Supp. 2d 185, 207 (S.D.N.Y. 2000)).
\textsuperscript{196} Id. (quoting \textit{Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.}, 799 F.2d 867, 872 (2d Cir. 1986)).
\textsuperscript{197} 287 F.2d 492, 495 (2d Cir. 1961).
2) the similarity between the plaintiff's and defendant's marks;

3) proximity of the parties' services;

4) the likelihood that one party will "bridge the gap" into the other's product line;

5) the existence of actual confusion between the marks;

6) the good faith of the Defendant in using the mark;

7) the quality of the Defendant's services;

8) the sophistication of the consumers.\textsuperscript{198}

However, "the Second Circuit has cautioned that the Polaroid factors are not always dispositive."\textsuperscript{199} Especially since courts "consider other variables in evaluating the likelihood of confusion, and irrelevant factors may be abandoned."\textsuperscript{200} Therefore, "the unique facts of each case must be considered in evaluating the likelihood of confusion."\textsuperscript{201}

3. Proximity of the Parties' Services.

Here the plaintiff must show that the defendants' products are "sufficiently related that customers are likely to confuse the source of origin."\textsuperscript{202} In \textit{WhenU.com} the Plaintiff offered identical services to that offered by the defendant Vision Direct.\textsuperscript{203} "Both [parties] offer[ed] replacement contact lenses to consumers over the Internet."\textsuperscript{204} "Defendant Vision Direct conced[ed] that it is a competitor of Plaintiff."\textsuperscript{205}

However, defendant, Vision Direct, in \textit{WhenU.com} tried to distinguish their services as a provider of Internet marketing services from that of the Plaintiff's as an Internet retailer.\textsuperscript{206} The Court did not

\textsuperscript{198} \textit{i-800 Contacts}, 2003 WL 22999270 at *19.

\textsuperscript{199} Id.

\textsuperscript{200} Id.

\textsuperscript{201} Id.

\textsuperscript{202} Id. (citing Lexington Mgmt. Corp. v. Lexington Capital Partners, 10 F. Supp.2d 271, 284 (S.D.N.Y. 1998) (noting that "the Second Circuit has suggested that [this factor] should be considered together with the 'sophistication of the buyers'") (quoting Cadbury Beverages, Inc. v. Cott Corp., 73 F.3d 474, 480 (2d Cir. 1996)).

\textsuperscript{203} See \textit{WhenU.com}, 2003 WL 22999270, at *22.

\textsuperscript{204} Id.

\textsuperscript{205} Id.

\textsuperscript{206} See id.
buy this distinction relying on WhenU’s SaveNow software “close similarity between Plaintiff’s services and those of Defendant Vision Direct.” Since the SaveNow program triggers competitor pop-up advertisements based on a category of services provided by 1-800 Contacts, the court found that “WhenU.com is intentionally benefiting from the fact that Defendant Vision Direct provides services that are substantially the same as Plaintiff’s services.” Thus, the close similarity of Defendant Vision Direct’s services to Plaintiff's increases the likelihood that, by ‘piggy-backing’ on the good will and reputation of Plaintiff, Defendant’s pop-up advertisements might divert potential customers from the Plaintiff.

The quality of the Defendant’s product may be relevant where 1) inferior products dilute plaintiff's mark or 2) the source of the products creates confusion because of their similarity. The Plaintiff in WhenU.com argues to no avail absent evidence of the quality of the Defendant’s products, that their services are of comparable quality which may confuse customers.

In commercial advertising the quality of the advertisement may reflect the quality of the product. When an advertisement is distorted due to unauthorized advertisers the quality and affect of the message gets diluted. Thus, it is fair to infer that when the quality of one’s advertisement is distorted because of an unauthorized advertisement, the product of the infringed upon advertisement will accordingly diminish in the eyes of the consumer. Although, this may be speculative, from a reasonable consumer standpoint aesthetic value is disrupted where it appears a website operator cannot properly maintain the display of their advertisements to be free from unwanted infringements because luster appeal is diminished and the advertiser’s control on the marketplace and their mode of communication is disrupted.

The sophistication of the consumers is relevant in determining confusion. The Plaintiff in WhenU.com argued that since “the level of care and attention paid by consumers on the Internet is diminished, . . . the likelihood of confusion will be high.” Internet consumers navigate

207. Id.
208. Id.
209. Id.
210. See id. at *26 (citing Hormel Foods Corp. v. Jim Henson Prods., 73 F.3d 497, 505 (2d Cir. 1996)).
211. See id.
212. See id. at 27.
213. Id. (citations omitted).
the web with a specific product in mind.\textsuperscript{214} By contrast, the Court in *Something Old, Something New* found impulse buying more prevalent with Homeshopping Network Consumers.\textsuperscript{215} The *WhenU.com* Court felt that "there are no passive couch-potato consumers [and] Internet shoppers have a specific product in mind when they go online" which is evidenced by the capability to navigate to get what they want.\textsuperscript{216}

Consumers who type a URL are doing so with a specific intent.\textsuperscript{217} A consumer's level of sophistication is not synomous with the harm that cause initial interest confusion.\textsuperscript{218} Even the most sophisticated can have their attention easily diverted by unwanted advertisements.\textsuperscript{219} The "harm arises when consumers' interest is diverted from Plaintiff's products by association of Plaintiff's trademark with Defendants' products."\textsuperscript{220} Moreover, "[s]ince the harm from initial interest confusion does not depend on actual confusion, the sophistication of consumers does not mitigate the likelihood of initial interest confusion."\textsuperscript{221}

The Court also noted that timing is also essential.\textsuperscript{222} Where a competitor's pop-up advertisement appears shortly after a consumer types into the browser bar the Plaintiff's URL "the likelihood that a consumer might assume Defendants' pop-up advertisements are endorsed or licensed by Plaintiff" is greater, since the user will first see their intended website with logos and graphics, followed by the competitor's unauthorized pop-up advertisement.\textsuperscript{223} Finally, some consumers may never return to their intended website for lack of care of where they purchase their product so long as it is obtained.\textsuperscript{224} Clearly, this could have a devastating commercial effect. If one were to walk into a Best Buy Store, one would not expect to find a Circuit City sales representative standing there waiting to sell their products. Unauthorized

\textsuperscript{214} See id.
\textsuperscript{215} See id. (citing Something Old, Something New, Inc., 53 U.S.P.Q.2d 1715, 1724 (S.D.N.Y. 1999)).
\textsuperscript{216} Id.
\textsuperscript{217} See id.
\textsuperscript{218} See id.
\textsuperscript{219} See id.
\textsuperscript{220} Id.
\textsuperscript{221} Id. (citing Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 260 (2d Cir. 1987) ("finding trademark infringement where defendant's use of the plaintiff's mark made probable 'that potential purchasers would be misled into an initial interest' in defendant's product, despite the sophistication of the consumers.'").
\textsuperscript{222} See WhenU.com, 2003 WL 22999270, at *28.
\textsuperscript{223} Id.
advertisements similarly impose on the evil of the consumer just without a “live” representative. I do not believe this kind of marketing encourages free trade. A consumer should have the right to search for the best product at the cheapest price. Advertisers should not impinge on such a right without the invitation to do so.

III. ALTERNATE LIABILITY

A. Pop-Under Advertising

Pop-under advertisements may not displace, alter or hinder the owner of a copyright with respect to their rights in a creative work. A pop-under advertisement as it is correctly termed will pop-under a website. You may find a pop-up under advertisement on your desktop when you close or minimize your service provider’s program. Pop-under advertisers may have found a loophole in the Internet advertising phenomena. Arguably, the Courts have not yet held pop-up advertisements to constitute a copyright infringement. Therefore, a pop-under advertiser would be free from copyright liability from an operating system like Windows. The courts should hold a pop-under advertiser in violation of trademark laws as they would a pop-up advertiser and on the same theories.

However, pop-under advertising is most likely less affective then the pop-up advertisement. The pop-under isn’t staring you in the face. You may not even know its there. Unlike a pop-up advertisement you don’t have to close a pop-under to reach your destination website since they are usually hidden on your desktop or under your destination website on your web browser. Therefore, the pop-under advertisement is not affecting any copyrighted work for commercial gain. But because of its effectiveness, pop-under advertisements are rarely ever employed.

The only potential liability I can foresee for the pop-under advertiser is either: 1) if the computer user wants to bring a nuisance action; or 2) the owner of the operating system running on your personal computer (for example Windows) may be able to bring a trespass action. The basis for their action is similar to that of the website owner or advertiser who is being infringed upon by unauthorized pop-up advertisements. However, here the Plaintiffs may be able to sustain a

225. See Jonathan Russek, supra note 28.
226. See id.
trespass cause of action. The court in eBay, determined that a trespass to chattels occurs when there is an "intentional interference with the possession of personal property [that] proximately cause[s] injury." Unauthorized advertisements are personal property with the capability to interfere with an owner's possession of their personal property. The court in eBay held that the unauthorized use of an advertisement must be intentional. It is very seldom that unauthorized advertisers are unaware of their actions. However, intention should not have to be actual knowledge; rather the intention to enter the competitive world of advertising unforgiving of the works you infringe upon to promote a product should constitute sufficient knowledge. Although eBay was unlikely to show a "substantial interference," the court did recognize that this tort only requires conduct that consists of "intermeddling with or use of another's personal property," which does not have to be a substantial interference.

B. Analogous Law and Its Application in the Unauthorized Pop-Up Advertising Context

Linking allows an Internet user to connect from one site to another site by clicking on a designated link on the initial site which then connects the user to the other site. Linking is useful because it allows easy access to website addresses without having to leave the initial site and restart your search. However, linking especially in the unauthorized advertising context may create many legal issues. An unauthorized link may suggest to the user "a non-existent affiliation between businesses" thus invoking unfair competition laws. As some commentators have noted "it might also violate a copyright owner's right to create derivative works..." Many advertisements

References:

228. Internet advertisements are movable things subject to ownership. See BLACK'S LAW DICTIONARY (2d ed. 2001).
229. See eBay, 100 F. Supp. 2d at 1069-70.
230. You should not need actual knowledge of who and precisely what you are infringing upon to find intentional use of unauthorized advertising.
231. Id. at 1070.
233. See id. at 523-24.
234. See id.
235. Id. at 524.
236. Id.
contain links inviting you to purchase the product or take you to a competitor's website. These links most likely confuse sponsorship. When unauthorized pop-up advertisements are accompanied with these links, the links as well as the unauthorized advertisements, most likely do not contain the proper disclosures. Therefore, the Internet consumer is never informed of the unauthorized advertisements (as well as the links) authority to be on the site in which it has designated itself to be displayed. An example is when one walks into Macy's to buy a shirt. You would not expect that the shirt you are buying from Macy's is really owned by Nordstrom. If you wanted Macy's quality and Macy's prices, you would only expect to find Macy's products at the Macy's store. If you visited a Macy's website similarly you would only expect to find Macy's goods and any advertisements that pop-up while visiting the Macy's site you would expect are as well those owned by Macy's, unless it is clearly disclosed the product being offered is not from Macy's. Thus, without proper disclosure linking can create a substantial likelihood that the consumer may be mislead as to the origin of either the link or an advertisement's origin.237

Establishing a link in an attempt to adopt one's product as your own in an effort to capitalize on another's reputation and fame can establish liability.238 The defendant's were not allowed to capitalize on a market established by the Playboy Enterprise.239 As noted, most advertisers, advertise where it would be most profitable. Therefore, advertising on the sites that contain the most number of visitors. The unauthorized advertiser would similarly want to do the same. That is, expose their ad to the most number of viewers in the least possible way. To do so, they must exploit a well-known site or company that contains many visitors and thereby profit on their fame and reputation. The unauthorized link between defendant's own advertisement and plaintiff's website can therefore be evidence of intent to create confusion among consumers and while doing so demonstrate the ability to capitalize off well-established markets.240

237. See id.
239. See id. at *15.
240. As a response to these linking issues, the Committee on the Law of Commerce in Cyberspace of the American Bar Association’s Section of Business Law has suggested ways to prevent linking issues, such as contractual agreements. For an example of the ABA's web-linking agreements go to www.abanet.org/media/may97/weblink.html (last visited March 11, 2004). See also The Digital Millennium Copyright Act § 512(d) (noting that this act provides a safe harbor for linking activity for service providers so long as the five elements are met).
Deep links are considered to be links that "defeat a Web site's intended method of navigation." Deep linking occurs when one site enables an Internet user to bypass another site's "front door." Passing a website's home page can have economic effects on those who advertise and expect to generate income from this page. An unauthorized advertisement has this same negative effect. When Internet users enter the URL of their intended site and an unauthorized advertisement pops-up before the intended link is downloaded on their personal computer and encompasses the whole screen, they may be deceived that this is their intended link. Those who are not computer friendly may not know that their desired link may lay under the advertisement and enter a different URL. Where there are multiple pop-up advertisements the user may just "give up" on reaching their intended website because of the hassle and Internet congestion of multiple pop-ups, thereby displacing sales of any authorized advertisers.

Inlining has been described as a technique by which a web page creator "incorporates graphic files located on another server into his own Web page." This practice is a little more technical. However, the crux of the matter is that "the user will be unaware of the source of the individual graphics in a page, unless they deconstruct the HTML coding of the page or the inlining page's creator chooses to inform the user, neither of which typically occurs."

Again, unless it is clear where and whom an advertisement is coming from (sponsorship) most Internet users trust the content of the web page. Meaning, they believe the site's owner authorizes anything on that page. It is possible that when an unauthorized advertisement pops up it can inline itself into the existing web page. It seems this can easily be done if the border of the unauthorized advertisement is non-existent. In essence the unauthorized advertiser has now adopted the web page as their own. One could see how this would mislead the public as to the origin of an advertisement. Further, this process has the greater opportunity for deception allowing the unauthorized advertiser to capitalize on space, fame and reputation they have not yet paid for.

Framing is the term used to describe when a website's content is drawn onto another's, so that the importing sites surround the content of

242. See id. at 192.
243. Id. at 193.
244. Id.
the imported site.\textsuperscript{245} The theory of copyright liability with regards to framing notes that placing one's website "within a frame comprised of portions of another Web site can create an unlicensed derivative work, in violation of the owner of the framed site's exclusive rights under the Copyright Act."\textsuperscript{246}

In \textit{Kelly v. Arriba Soft Corp.},\textsuperscript{247} the plaintiff sued the "operator of a visual search engine, which displayed search results as 'thumbnail' pictures, for copyright infringement."\textsuperscript{248} Although, the court held that the operator's use of the owner's images as "thumbnails" in its search engine was a fair-use.\textsuperscript{249} By supplying links to full-sized images, the operator's site would in effect make the site obsolete by deterring visitors and commercial advertisers.\textsuperscript{250}

The latter part of the holding is a potentially viable argument for liability against an unauthorized Internet advertiser. \textit{Kelly} suggests "a third theory of liability based on a violation of the display right of the framed Web sites owner."\textsuperscript{251} As demonstrated in \textit{Washington Post Co. v. Total News, Inc.},\textsuperscript{252} the defendant's "who incorporated links to other news-related company's web sites that were framed by [defendant's] logo and paid advertisements" would have most likely been unsuccessful if this case went to trial.\textsuperscript{253} Framed advertisements can delete or replace the original.\textsuperscript{254} This is extremely analogous to the unauthorized pop-up advertiser. They are similarly profiting from others' sites without paying for the use of the space on those sites by allowing their advertisements to be displayed without permission. In the commercial context, framing has generally not been accepted.\textsuperscript{255}

In \textit{WGN Continental Broadcasting Co. v. United Video, Inc.},\textsuperscript{256} the court noted that "[a] copyright licensee who 'makes an unauthorized use of the underlying work by publishing it in a truncated version' is an infringer—any 'unauthorized editing of the underlying work, ... would

\textsuperscript{245} See Hillel I. Parness, \textit{Framing the Question: How Does Kelly v. Arriba Soft Advance the Framing Debate}, 7 No. 1 \textit{CYBERSPACE LAWYER} 9 (Mar. 2002).
\textsuperscript{246} Id. at 9.
\textsuperscript{247} 280 F.3d 934 (9th Cir. 2002).
\textsuperscript{248} Id. at 934.
\textsuperscript{249} See id. at 948.
\textsuperscript{250} See id.
\textsuperscript{251} Parness, \textit{supra} note 245, at 9 (noting that "the impact of \textit{Kelly} on the framing debate may be difficult to predict, and the death of framing may be greatly exaggerated").
\textsuperscript{252} No. 97 Civ. 1190 (S.D.N.Y. filed Feb. 20, 1997).
\textsuperscript{253} See Cendali, et al., \textit{supra} note 232, at 527.
\textsuperscript{254} See id.
\textsuperscript{255} See id. at 529.
\textsuperscript{256} 693 F.2d 622 (7th Cir. 1982).
constitute an infringement of the copyright."\textsuperscript{257} Basically a website owner should argue that an unauthorized advertisement that pops-up, is an unauthorized editing of their web page by changing and altering the content of their page, thereby creating an unlicensed derivative work on top of the original web page's content.\textsuperscript{258}

Spamming is the sending of unsolicited mass electronic mail ("e-mail") for the purpose of advertising.\textsuperscript{259} In \textit{CompuServe Inc. v. Cyber Promotions, Inc.},\textsuperscript{260} the plaintiff an online computer service brought a trespass to personal property action against the defendant who was in the business of sending unsolicited e-mail advertisements to Internet users.\textsuperscript{261} The Defendants were able to circumvent any prevention measures by falsifying the point of origin of their advertisements.\textsuperscript{262} The Court enjoined defendants from sending the unsolicited advertisements to any e-mail address maintained by the service.\textsuperscript{263} Although this Court did not find for a false designation of origin, in a similar case with almost identical facts this cause of action was upheld.\textsuperscript{264} Likewise, the theory of liability imposed on spammers may expand liability for the unauthorized advertiser who sends unsolicited advertisements for commercial gain.

Hyperlinks allow the user of a website to navigate either within the site itself or external to the site.\textsuperscript{265} External hyperlinks allow the user to visit/link to another site.\textsuperscript{266} By in part, hyperlinks are a permissible way to surf the Internet and many websites house them without issue. However, a problem may arise when an external hyperlink on a website brings the user to an unauthorized advertisement housed on an authorized advertisement or website. In this context we are not talking about the pop-up advertisement anymore, but rather an unauthorized advertisement already in existence on a copyrighted work. The cliché is of course if a tree falls in a forest and no one hears, how do we know it fell. Likewise if brought to an unauthorized advertisement without seeing it "pop-up" how do we know it was a pop-up advertisement.

\begin{thebibliography}{9}
\bibitem{257} See \textit{id.} at 625 (quoting Gilliam v. Am. Broad. Co., 528 F.2d 14, 20 (2d Cir. 1976)).
\bibitem{259} See \textit{id.} at 1019.
\bibitem{260} 962 F. Supp. 1015 (S.D. Ohio 1997).
\bibitem{261} See \textit{id.} at 1017.
\bibitem{262} See \textit{id.} at 1019; see also Cendali et al., supra note 232, at 532.
\bibitem{263} See \textit{CompuServe}, 962 F. Supp. at 1020.
\bibitem{264} See America Online, Inc. v. IMS, 24 F. Supp. 2d. 548, 551 (E.D. Va. 1998).
\bibitem{265} Wong, supra note 42, at 929.
\bibitem{266} See \textit{id.}.
\end{thebibliography}
Without any cliché answers, the more important question should be whether the website owner as well as the ISP should be liable for the hyperlink to an unauthorized advertisement?

As already noted, the ISP may be entitled to the defenses afforded by the DMCA. The owner of a website is not entitled to such defenses. A website owner arguably is in a better position to control the content of their site than an ISP like AOL who would have to control the content of millions of sites. Using the "likelihood of confusion" test, hyperlinks that bring you to another's advertisements could create the question of sponsorship and confusion of origin or endorsement under Section 43(a) of the Lanham Act. Therefore, it is appropriate to attach liability to website owners who house links to unauthorized advertisements.

Does a hyperlink that brings you to a non-competing unauthorized advertisement impose an unfair competition claim? First it must be noted that for the unauthorized advertisement to be considered non-competing, that should mean that it is not in competition with any other advertisement on the website or links on the original site from which the hyperlink derives from. In Ford Motor Co. v. 2600 Enterprises, the defendant hyperlinked from a "disparaging" website to the Ford website. Where you are not in competition with the plaintiff's goods or services the Lanham Act does not provide a remedy.

Thus, although the hyperlink may bring a consumer to an unauthorized advertisement, liability may hinge upon whether the goods are in competition with any good on the host site of the hyperlink. However, I urge that even if the goods are not in competition what you have is a hyperlink-redirecting the consumer to another's product, which is not authorized. Since, by the very nature of the advertisement being unauthorized, redirection should impose liability since these unauthorized advertisements are again displacing sales from the authorized advertiser.

Another phenomenon in Internet advertising is the banner advertisement. Companies may pay for the right to have their advertisement pop-up on a search result when a user types certain selective words. What has become a familiar issue is when search engines link key words or phrases that belong to long standing enterprises which, when entered, bring you to another site. For

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268. See id. at 661-62.
269. See id. at 665.
270. See Cendali et al., supra note 232, at 538-539.
271. See id. at 539-40.
example, if a user were to enter “Whitehouse” into a search engine, instead of getting the government sponsored Whitehouse site one may get a hard-core pornography site not affiliated with the Whitehouse at all. This sort of advertising is similar to the framing and linking issues discussed above. Basically, the company you get after entering the keywords is “free-riding along on the attractiveness of another’s mark.” The pop-up advertiser enjoys the same free-ride by exploiting the work they superimpose to sell their product. While doing so they impinge on one’s right to sell their product free and clear of unauthorized advertising.

IV. DEFENSES, DAMAGES AND REMEDIES

A. The Fair-Use Defense

The owner of an unauthorized advertisement may be entitled to the fair-use defense. Arguably this defense allows an unauthorized Internet advertiser to use an existing copyrighted advertisement or website to introduce new ideas or concepts to the public. In determining whether the use of the copyrighted work in any particular case is a fair-use the court will look at four factors which shall include:

1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; 2) the nature of the copyrighted work; 3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and 4) the effect of the use upon the potential market for or value of the copyrighted work.

The doctrine of fair-use “limits the exclusive rights of a copyright holder by permitting others to make limited use of portions of the copyrighted work, for appropriate purposes, free of liability. . . .” Fair-use is an affirmative defense in which the defendant has the burden of

275. Id. “The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.” Id.
proof and persuasion. However, its applicability is limited. For example, the court in Reimerdes declined to extend the fair-use defense. This court concluded that Congress, in its legislative history, could not have meant that the fair-use defense applied to actions where the defendants are not sued for copyright infringement but for offering and providing technology designed to circumvent technological measures that control access to copyrighted works. The distinction here is that an unauthorized advertiser may be entitled to noninfringing use of their advertisements to serve the public good and social science. Unlike, in Reimerdes where the issue was whether the defendants were saved from liability when gaining access to a protected copyrighted work through a circumvention of technology distributed by the defendants, the issue here is whether the need to advance science, technology and the free market through advertising overrides the protections granted to a copyright owner. Since the fair-use defense in an unauthorized advertisement action may have merit, it is therefore necessary to go through the fair-use elements to see if this defense is favorable to the unauthorized advertiser.

The Supreme Court has considered this defense four times in recent years. In Campbell v. Acuff-Rose Music, Inc., the Court determined that commerciality is merely one of the factors to be considered although it often tends to weigh against a finding of fair-use. They further determined that: 1) fair-use is more likely to be found in the use of factual works than the use of fictional works; 2) substantiality is a qualitative test related to the copyrighted work rather than the infringing work and is affected by the transformative nature of the use by the infringing work; and 3) the effect of the use is the most important fair-use factor and requires consideration on the potential market harm caused by the infringing use as well as the potential impact of

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278. See Reimerdes, 111 F. Supp. 2d. at 324.
279. See id. at 322.
280. See id. at 323.
281. When framing the issue as such, the court first may be inclined to apply a balancing test. The court may ask whether the benefits of advancing technology and science outweigh the burdens of diminishing copyright protection. Without going into an extensive explanation, since the answer is most likely in the affirmative, it is then appropriate to apply the elements of the fair-use defense.
284. See id. at 580.

http://scholarlycommons.law.hofstra.edu/hlr/vol32/iss3/4
unrestricted and widespread use through similar conduct. However, although the court expressed the fair use factor as the most important they must weigh each factor and whoever wins the most factors will prevail on the merits of this defense.

When determining the fair-use defense, you must ask “whether the new work merely ‘supersede[s] the objects of the original creation’ or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message.” Applying the fair-use defense can be fact-intensive and has recently in the Second Circuit been favorable to a movie advertiser.

“The first factor in the fair-use analysis, the purpose and character of the allegedly infringing work, has several facets.” This factor is most relevant when the work is truly commercial. Work should be truly commercial when the use is purely to sell a product. An advertisement to sell any product is undoubtedly commercial. Its sole purpose and method of publication is designed to generate economic profit. There may be little relevancy of whether the unauthorized pop-up advertisement is for nonprofit educational purposes when determining commerciality because “[t]he crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.” Therefore, a non-profit advertisement may as well be commercial under this factor since monetary distinction for commercial purposes between non-profit and profit advertisements are irrelevant when an unauthorized advertiser exploits copyrighted work.

Any unauthorized pop-up advertiser gains from the suppression of a copyrighted advertisement and exploits such work where his gain is another’s downfall. Two advertisements can co-exist in the same space on the Internet. Implicit in “unauthorized” advertising is the likelihood the mode of communicating the advertisement was without paying the customary price and fees. Using a mode of communication free from fees and expenses that is usually incurred by the authorized advertiser

285. See id. at 569.
287. Campbell, 510 U.S. at 579 (quoting Folsom v. Marsh 9 F. Cas. 342, 348 (D. Mass. 1841) (noting that this court thought the first factor may be the most important).
288. See Leibovitz v. Paramount Pictures Corp., 137 F.3d 109, 110, 117 (2d Cir. 1997) (noting that the court held use of altered forms of famous photographs for movie advertising was a fair-use).
not only impedes the existing advertising commerciality but also manipulates copyrighted work for a commercial advantage.

The second issue in the purpose and character analysis is to what extent the unauthorized advertiser’s use of copyrighted elements can said to be “transformative.” Here, one might ask “whether the new work merely supersedes the objects of the original creation, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message.”

Inquiring into the transformative quality of the new work may be less applicable in this context than, for example, in “fair-use” or parody. However, for argument sake, a completely different advertisement will add new “expression, meaning, [and] message.”

But the infringing work heavily depends on the copyrighted website to transmit the unauthorized advertisement. Without the original copyrighted work, (the website) the unauthorized advertisement could not exist unless it was permitted and paid for. Thus, without the copyrighted work and the website, there would be no work to infringe upon. Such use is exploitive and should fail on this factor.

An unauthorized advertiser may contend that its advertisement reflects transformative value because it “can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one.” That is, since advertisements promote economic trade while advancing goods to benefit society as a whole, advertising in its purest process should be permitted. Therefore, the fact that the use is commercial does not mean that the use cannot be fair if the second work is “transformative.” However, this argument overlooks the fact that while engaged in the unauthorized process of advertising exploitation is the means to reach one’s ends. The means exploited works are copyrighted works that are being infringed upon by the unauthorized advertiser. Since, “transformative use is not absolutely necessary for a finding of fair-use,” the unauthorized advertiser should not be allowed to prevail on this factor.

291. See Suntrust Bank, 268 F.3d at 1269.
293. See id.
294. See id.
295. Thus, it wouldn't be unauthorized anymore. If two authorized copyrighted works interfere with each other, indemnification for infringement should be sought from the website owner.
296. Suntrust Bank, 268 F.3d at 1271 (quoting Campbell, 510 U.S. at 579).
298. Suntrust Bank, 268 F.3d at 1271 (quoting Campbell, 510 U.S. at 579).
The second factor of the fair-use defense is the nature of the copyrighted work, which recognizes that "there is a hierarchy of copyright protection in which original, creative works are afforded greater protection than derivative works or factual compilations." The fact that the work is unpublished narrows the scope of fair-use. The authors' right to control the use weighs against it before its release.

Under this factor a defendant may prevail since an advertisement is creative in nature and arguably does disseminate factual information. But this can not undermine the fact that the work infringed upon is creative in nature as well. So, the court will most likely have to draw a line to determine what amount of the work is creative and what amount of the work is factual when determining what is being infringed upon. This should be determined on a case-by-case basis.

Since the copyrighted work that an unauthorized advertisement impinges upon is most likely published the author may not assume greater rights. Although an advertisement may be factual, and factual compilations are not granted the same amount of protection an original work of fiction is, its intended/underlying purpose is monetary, which in essence is why this factor may be overshadowed by the fourth factor of the fair-use defense.

The third factor of the fair-use defense is "the amount and substantiality of the portion used in relation to the copyrighted work as a whole." This is not a strictly quantitative measure because substantiality is a qualitative measure of analysis as well. An infringement by an unauthorized advertisement may not depend on the copyrighted works features or characteristics that it is infringing. This means that the infringement that has occurred can be a completely new work that does not rely on any attributes of the old work. A work (especially by a non-competing company) may not have any of the characteristics or features of the copyrighted work.

On the contrary, an advertisement that pops up on another's website could be the entire web page. Although the author of the infringing work may not use any aesthetic or literary features of the copyrighted work, he is using the copyrighted work's property in the whole to disseminate his

300. Suntrust Bank, 268 F.3d at 1271.
301. Assuming we are not dealing with a false advertisement.
302. See Nunez, 235 F.3d at 23.
303. Excluding any non-profit advertisements.
own message. Therefore, it would seem one who infringes upon a copyrighted work and uses that work as a whole to promote their own, has taken a substantial amount and should not prevail on this factor.

Some pop-up advertisements do not necessarily cover or take up a whole web page. In fact most do not. Most are placed either at the bottom or in a designated corner of the webpage. As in literary works, if the unauthorized advertisement infringes upon the most critical elements of the work, the fact that the advertisement may be small is not dispositive, since the quality of the words goes to substantiality.\footnote{See Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 587 (1994).} So, you can take a small amount but if you take the heart of the work then the fair-use defense is not available.

Even if the unauthorized advertisement is a competing advertisement, that should not be determinative in evaluating this factor. The closeness of the unauthorized work and the copyrighted work will decide this issue. One must ask if the unauthorized advertiser has taken more of the protected elements of the copyrighted advertisement than was necessary to serve their function.\footnote{See Suntrust Bank v. Houghton Mifflin Co., 268 F.3d 1257, 1272 (11th Cir. 2001). Of course, if the unauthorized advertisement were so substantially similar it would just go against a finding of fair-use under this factor.} Clearly, again this factor can be fact-intensive determined on a case-by-case basis. But, since the substantiality is a qualitative measure as well, whether the unauthorized advertiser is a competitor or not will most likely not be a concern for the court. Therefore, to find against this factor it may not be necessary to take a substantial quantitative amount but rather qualitative and vise versa.

The final fair-use factor requires that we look to see what the effect of the unauthorized pop-up advertisement has upon the potential market value of the copyrighted work.\footnote{See 17 U.S.C. § 107(4)(2000).} Although, the economic harm may not be immediate or imminent, the use can have a future effect on the market, which goes against a finding of fair-use.\footnote{See Campbell, 510 U.S. at 590.} A copyright's owner’s heirs are taken into consideration when analyzing this fourth factor.\footnote{See Salinger v. Random House, Inc., 811 F.2d 90 (2d Cir. 1987).} Also, you must consider the extent of market harm caused by the particular unauthorized advertisement, as well as whether unrestricted and widespread conduct of the sort engaged in by the
defendant[.] would result in a substantially adverse impact on the potential market." 311

An unauthorized advertisement that only pops-up once on a copyrighted work may have little effect on the potential market. 312 However, an advertisement that "supplants or superceded" another is more likely to cause a substantially adverse impact on the potential market of the original advertisements' products. 313 An unauthorized pop-up advertisement has the effect of a market ambush when it suppresses one's advertisement to promote its own goods. Hindering on one's ability to promote their product can illustrate a potential affect on the market value of that product. Unauthorized pop-up advertisements displace sales of the original advertisement to further its own commerciality. Such evidence goes against finding in favor of the fourth fair-use factor. 314

Although one advertisement might not sufficiently impact the market, you must however first look at the product itself before coming to this conclusion. If the underlying product in the authorized advertisement is one that grosses high revenues because of the nature and worth of the product, then even one unauthorized advertisement can hurt the potential market for hindering substantial revenues, especially, when the goods are catered to specific needs. If the advertiser can produce evidence that the value of their advertisements have consistently grossed a certain amount and further deduce what one advertisement may be worth, if the resulting number is high, one unauthorized advertisement may have a significant harm on the seller's potential market.

Since "[e]vidence about relevant markets" is crucial, unauthorized advertising on the Internet as a whole can have a great impact. 315 When one pays for their advertisement to be placed over the Internet and then to have it undermined by an unauthorized advertisement, advertisers will become reluctant to further advertise through such a medium. When your advertisement does not have the full effect due to another's actions, very few investors/sellers will continue to use the Internet to promote their products. When advertisers choose not to advertise over the

311. Suntrust Bank, 268 F.3d at 1274 (internal citations omitted); see also Consumers Union of U.S., Inc. v. General Signal Corp., 724 F.2d 1044 (2d Cir. 1983) The fourth factor looks to see if the material parts were copied, thereby "usurping the demand for the original work." Id. at 1051.


313. See Sony Computer Entm't, Inc. v. Connectix Corp., 203 F.3d 596, 607 (9th Cir. 2000).

314. See Suntrust Bank, 268 F.3d at 1276.

315. Id. at 1275.
Internet, website owner's lose financial backing and some may be forced to shutdown. So, not only does the owner of a particular advertisement lose revenues from the unauthorized advertisement, the website owner's and potential future website owners who house the authorized advertisements lose as well. Therefore, where there is "evidence that some meaningful likelihood of future [or immediate] harm exists," an unauthorized advertiser will not survive the potential market analysis.  

B. Damages and Remedies

The owner of a published authorized advertisement should seek damages and remedies from the owner of the infringing work or from the ISP. A service provider may be defined as any "provider of online services or network access, or the operator of facilities therefor." The theory of liability for the ISP is that they are enabling the unauthorized advertiser to disseminate their work. However, under the DMCA, service providers may avoid monetary damages for covered activities if they take certain steps required by the Act. The Act limits injunctive relief against the service provider and the liability of those who in good faith remove or disable the infringing materials. The DMCA provides a safe harbor provision for ISP's and shall not be held liable if the five elements are met. If the service provider does not gain significant financial benefits from the postings they may be free from liability.

The DMCA gives protection to four common types of use carried on by ISPs. To receive protection from the Act, an ISP should always have an agent to receive notices of alleged infringements. First, when another initiates communications and the ISP does not alter the content then the ISP may be covered. This is known as transitory digital network communications. Second, system caching is covered under the Act. This is when material is temporarily stored on a service provider's system to make it easier for the user to return to their

316. Id. (quoting Sony, 464 U.S. at 451).
317. See Wong, supra note 42, at 910.
318. See id.
320. See id
323. See Wong, supra note 42, at 912.
324. See id. at 911.
325. See id.
326. See id.
previously visited site.\textsuperscript{327} Third, providing storage space on a system or network at the direction of the user may be protected.\textsuperscript{328} Finally, if the ISP provides “Information Location Tools” they may be covered under the act.\textsuperscript{329} This is when a site on an ISP contains a link for users “to an online location containing infringing material or the infringing activity by using search engines, links directories and similar information location tools.”\textsuperscript{330}

If the court determines that there is a likelihood of success on the merits the plaintiff may be granted a preliminary injunction.\textsuperscript{331} Thereby, enjoining the defendant from engaging in the infringing practice. Courts are cautious about granting a preliminary injunction because it is a “harsh and drastic” discretionary remedy.\textsuperscript{332} This is why many courts will search for alternatives before foreclosing on the defendant’s actions.\textsuperscript{333} Where the damages to the plaintiff can be reasonably calculated, careful consideration should be given to whether an injunction is appropriate at all.\textsuperscript{334}

If the claim arises out of copyright law, not only will you be entitled to be heard in a federal court, you may be entitled to copyright damages.\textsuperscript{335} If the court determines that a plaintiff will most likely succeed on its claims as well as any others and there is immediate irreparable injury the plaintiff may be granted injunctive relief.\textsuperscript{336} Under 15 U.S.C § 1116, injunctive relief may include damages such as

\textsuperscript{327} See id.
\textsuperscript{328} See id. (Wong notes that this applies to where “a plaintiff seeks to hold [an ISP] liable for (1) infringing material stored on the service provider’s Website, or (2) infringing activity using the material on the service provider’s system”).
\textsuperscript{329} See id.
\textsuperscript{330} Id.
\textsuperscript{331} See Suntrust Bank v. Houghton Mifflin Co., 252 F.3d. 1165, 1166 (11th Cir. 2001) (per curiam) (noting that the prerequisites for granting a preliminary injunction are “(1) that there is a substantial likelihood plaintiff will prevail on the merits; (2) that there is a substantial threat plaintiff will suffer irreparable injury if the injunction is not granted; (3) that the threatened injury to the plaintiff outweighs the threatened harm the injunction may do to the defendant; and (4) that granting the preliminary injunction will not disserve the public interest”).
\textsuperscript{333} See Greenberg v. Nat’l Geographic Soc’y, 244 F.3d. 1267, 1276 (11th Cir. 2001).
\textsuperscript{334} See Abend, 863 F.2d at 1478.
\textsuperscript{335} See T.B. Harms Co. v. Eliscu, 339 F.2d 823, 828 (2d Cir. 1964) (noting “that an ‘action arises’ under the Copyright Act if and only if the complaint is for a remedy expressly granted by the Act, e.g., a suit for infringement or for the statutory royalties for record reproduction, ... or asserts a claim requiring construction of the Act, ... or, at the very least and perhaps more doubtfully, presents a case where a distinctive policy of the Act requires that federal principles control the disposition of the claim”).
defendant’s profits from the unauthorized advertisements, any damages sustained by the plaintiff (such as lost profits) and the costs of the action. In the unauthorized pop-up advertisement context, if the court granted the plaintiff’s preliminary injunction it should enjoin the defendant from: 1) using the plaintiff’s website as a host for their advertisement; 2) using any advertisement that was likely to cause confusion with plaintiff’s advertisement; and 3) in any way shape or form create an advertisement which alters the plaintiff’s webpage wherever it may be placed. Courts are continually granting preliminary injunctions to abate the problem of unauthorized transmissions of information.

Other damages may include “(1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.” Under § 504(b) of the Copyright Act of 1976, the defendant’s profits (or infringer’s profits) may include what they made as a result of the infringement. One is only entitled to the profits attributable to the infringement and need only present proof on the infringer’s gross revenue. Where the gross revenue is unrelated to the infringement, then the plaintiff must show a closer connection. Meaning, it may not be enough to show that as a result of the unauthorized advertisement, the defendant earned increased sales because it may not be possible to attribute the increased sales to the unauthorized advertising.

Under § 504(c) of the Copyright Act of 1976, the plaintiff may get statutory damages even if they can’t prove any damages and the infringer can’t show they made a profit. The work must be published in order to get statutory damages. Since a website involves a display right, the posting of such usually will constitute a publication. For ordinary infringements, the minimum is $750 per work of infringement and the maximum is $30,000. For an innocent infringer the minimum

339. 15 U.S.C. § 1117(a). Of course, here it is assumed that the infringing activity occurred after the copyright was registered. If the infringing activity occurs before you register then you will most likely be entitled to statutory damages and attorney’s fees.
341. See id.
343. See id. at 161-62.
347. See id. at 402.
is $200 but the maximum is still $30,000. 348 If you are a willful infringer (as most unauthorized pop-up advertisers are) the minimum is back to $750 but the maximum is now $150,000. 349 It is not necessary to show that a defendant was aware of plaintiff's copyright and consciously infringed upon protectable elements to find willfulness. 350

Plaintiffs in an unauthorized advertisement action will most likely be better off seeking statutory damages since expected profits may sometimes be too difficult to calculate, especially if the company is fairly young. The only good news for a defendant found liable in this action is that the plaintiff cannot double dip with respect to damages. You can only be found liable for the infringement with respect to one work no matter how many times you infringe on that work. So if your unauthorized pop-up advertisement infringes a webpage fifty times you don't multiple the judgments by the number of times the infringement occurred.

Finally, where the copyright action is frivolous, in bad faith, or objectively unreasonable and the court feels deterrence is necessary, attorney's fees may be awarded. 351 However, this only applies to litigated copyright claims. 352 Generally, if the court finds that the case is objectively unreasonable the court will award attorney fees. 353 This standard is the same for both plaintiffs and defendants in copyright litigation. 354

348. See id.
349. See id.
350. See Yurman Design, Inc. v. PAJ, Inc., 262 F.3d. 101, 112 (2d Cir. 2001) (noting that willfulness can be found if the defendant was reckless in making inquiry).
351. See Susan Wakeen Doll Co. v. Ashton-Drake Galleries, 272 F.3d. 441, 457 (7th Cir. 2001).
353. See Mathew Bender & Co. v. West Pub'l'g Co., 240 F.3d. 116, 122 (2d Cir. 2001); Coles v. Daniles, 283 F.3d 798, 803-04 (6th Cir. 2002).
Unauthorized advertising over the Internet has become an ever growing problem. Protection under copyright law from unauthorized pop-up advertisers is necessary to ensure one's right to use, enjoy and display their work. The Courts must therefore expand copyright liability to encompass non permissive pop-ups over the Internet.

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