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Copyright, Trademark and Secondary Liability After *Grokster*

Mark Bartholomew*

Not all intellectual property is created equal. Judges may wax rhapsodic about the creative impulse that generates copyrightable works, but they have not been so entranced with the advertising acumen needed to develop a compelling trademark. The difference in judicial attitudes toward copyright and trademarks is most apparent in the increasingly important arena of secondary infringement doctrine.

Secondary infringement doctrine in both copyright and trademark stems from the same common law starting points. The use of vicarious and contributory liability, secondary infringement's two main branches, to impose liability on a defendant who does not commit the underlying illegal conduct derives from the laws of tort and of agency. Many courts and commentators have recognized that secondary infringement law owes its existence to this common law heritage.¹

Despite recognition of this shared origin, the doctrines have moved in very different directions, particularly in the last decade. As copyright litigants expanded their litigation strategy to include online intermediaries, secondary copyright liability was stretched to encompass a wider array of defendants with increasingly tangential relationships to the direct infringer. Meanwhile, even though similar online threats jeopardized the ability of mark holders to safeguard their brands' goodwill, courts refused to implement a similar expansion for secondary trademark liability. Instead, for questions of contributory and vicarious trademark infringement, the courts largely hewed to established doctrine. The result is a doctrinal split favoring copyright plaintiffs over trademark plaintiffs.

The Supreme Court's last pronouncement on the issue of secondary infringement, its 2005 decision in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*,² did little to bridge the gap between copyright and trademark in this area. In that case, which involved a distributor of peer-to-peer software used to share both copyrighted and uncopyrighted music and motion picture files, the Court held that no safe harbor exists for purveyors of technology with substantial noninfringing uses when there is "clear expression" of an intent to induce copyright

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1. See, e.g., *Sony Corp. v. Universal City Studios*, 464 U.S. 417, 435 *1984); *Faulkner v. Nat'l Geographic Soc'y*, 211 F. Supp. 2d 450, 472-73 (S.D.N.Y. 2002), *modified*, 220 F. Supp. 2d 237 (S.D.N.Y. 2002), *aff'd*, *Faulkner v. Nat'l Geographic Enter. Inc.*, 409 F.3d 26 (2d Cir. 2005); Peter S. Menell & David Nimmer, *Unwinding Sony*, 95 CAL. L. REV. 941, 941 (2007); Alfred C. Yen, *Third-Party Copyright Liability After Grokster*, 91 MINN. L. REV. 184, 190 (2006).

2. 545 U.S. 913 (2005).

infringement.³ By creating a new variety of secondary infringement liability, “active inducement” infringement, the Court effectively punted on the unresolved issues plaguing vicarious and contributory liability.⁴ It announced no new construction of these areas of the law. Nevertheless, in commenting on how its new “active inducement” type of copyright liability was different from what came before, the Court may have subtly shifted the traditional calculus employed by courts in vicarious and contributory copyright infringement cases in a way that widens the gulf between copyright and trademark.

This Article takes stock of the post-*Grokster* case law. Cases like *Perfect 10 v. Visa* and *Tiffany v. eBay* show courts struggling with an unruly body of law that offers little guidance in confronting issues surrounding new technologies that are capable of facilitating mass infringement of copyrights and trademarks.⁵ These cases also demonstrate that courts are continuing to construe secondary liability law very differently depending on whether the plaintiff is a copyright owner or a trademark owner. Although courts appear to be aware of this divergence, they offer no explanation for it.

The reasons behind the divergence deserve to be explored. Secondary liability for copyright infringement need not be construed in the same manner as secondary liability for trademark infringement.⁶ Courts should, however, know why they are construing one body of law in a much more plaintiff-friendly way than another when both derive from the same common law principles. Sometimes a comparison of two similar phenomena can bring the differences between them into greater relief and provoke deeper understanding of their innate characteristics. Part I of this Article attempts such a comparison, describing recent judicial moves in vicarious infringement doctrine. Part II performs the same analysis for contributory infringement. Part III speculates on why courts have been willing to

3. *Id.* at 936-37.

4. *See id.* at 942 (Ginsburg, J., concurring). There are several unresolved issues in the law of secondary infringement. Regardless of the intellectual property regime at issue, the standard for evaluating material contribution is unclear. *Compare* *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007) with *Perfect 10, Inc. v. Visa Int'l Serv., Ass'n.*, 494 F.3d 788 (9th Cir. 2007). Likewise, courts disagree as to the type of knowledge required for contributory copyright infringement. *See infra* Part II.A. The requirements for the active inducement variety of copyright infringement remain unclear as well. *See* 5 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 21:41 (2008) (criticizing the *Grokster* decision on this ground). For example, the Court has not specified whether a subjective belief that the direct actor's conduct is not infringing insulates the defendant from inducement liability. *See* Charles W. Adams, *Indirect Infringement from a Tort Law Perspective*, 42 U. RICH. L. REV. 635, 635 (2007). It is also unsettled whether a defendant could be liable for encouraging another person to copy a copyrighted work based on the erroneous belief that the other person had a fair use right to the work. *See* Tiffany A. Parcher, Comment, *The Fact and Fiction of Grokster and Sony: Using Factual Comparisons to Uncover the Legal Rule*, 54 UCLA L. REV. 509, 522-23 (2006). Moreover, it remains unclear whether the same materiality requirement for standard contributory liability applies, or whether inducement plaintiffs may dispense with a materiality standard altogether. *See Visa*, 494 F.3d at 800-02 (indicating that the two types of contributory liability could be described as “material contribution liability” and “inducement liability”).

5. *Visa*, 494 F.3d at 788; *Tiffany (NJ), Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463 (S.D.N.Y. 2008).

6. Some call for, in contrast to the current state of affairs, uniform treatment of the liability of intermediaries for copyright and trademark infringement. *See* Mark A. Lemley, *Rationalizing Internet Safe Harbors*, 6 J. TELECOMM. & HIGH TECH. L. 101, 115-16 (2007).

construe secondary copyright infringement doctrine in such a relatively expansive manner. In conclusion, Part IV offers some suggestions on where courts should and should not turn for guidance in explaining the differences between copyright and trademark in this area.

I. VICARIOUS INFRINGEMENT

For both copyright and trademark, vicarious liability requires a particular relationship between the defendant and the direct infringer as well as the defendant's receipt of a financial benefit from the infringement.⁷ In assessing the relationship prong for vicarious copyright infringement claims, courts require that the defendant have the "right and ability to supervise" the infringing activity.⁸ When it comes to vicarious trademark infringement cases, courts apply a higher standard, demanding that the defendant and the infringer have authority to bind one another in transactions with third parties.⁹ Courts also differ in their construction of the financial benefit requirement. Infringement that acts as a hypothetical draw for consumers to the defendant's business satisfies the requirement for copyright owners, but not for trademark owners.¹⁰ As I have discussed with John Tehranian in another article, the result of these doctrinal differences is a legal regime that is demonstrably friendlier to copyright owners than to trademark holders, as trademark defendants without a relationship of actual or apparent authority over the direct infringer or an entitlement to a percentage of the direct infringer's profits from infringement are exempt from liability.¹¹

A. VICARIOUS RELATIONSHIPS

The divergence between vicarious liability for copyright and trademark infringement has continued since the *Grokster* decision issued in 2005. *Grokster* involved a claim for contributory, not vicarious, infringement, so one might expect that the decision had no impact on vicarious infringement law. Nevertheless, in dicta, the *Grokster* court provided its own definition of vicarious copyright infringement. It explained that a defendant "infringes vicariously by profiting from

7. See *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971); *AT&T v. Winback & Conserve Program, Inc.*, 42 F.3d 1421, 1440-41 (3d Cir. 1994).

8. See, e.g., *Bridgeport Music, Inc. v. WB Music Corp.*, 508 F.3d 394, 398 (6th Cir. 2007).

9. See *Visa*, 494 F.3d at 807; *Vulcan Golf, LLC v. Google, Inc.*, 552 F. Supp. 2d 752, 779-80 (N.D. Ill. 2008).

10. See Mark Bartholomew & John Tehranian, *The Secret Life of Legal Doctrine: The Divergent Evolution of Secondary Liability in Trademark and Copyright Law*, 21 BERKELEY TECH. L.J. 1364, 1374-77 (2006).

11. See *id.* at 1369-78. See also *Symantec Corp. v. CD Micro, Inc.*, 286 F. Supp. 2d 1265 (D. Or. 2003) (holding defendant responsible for secondary copyright infringement but not secondary trademark infringement on the same facts); *United States v. Washington Mint, LLC*, 115 F. Supp. 2d 1089 (D. Minn. 2000) (same); *Marvel Enters., Inc. v. NCSOFT Corp.*, No. CV 04-9253, 2005 WL 878090 (C.D. Cal. Mar. 9, 2005) (denying motion to dismiss vicarious and contributory copyright infringement claims but granting motion for vicarious and contributory trademark infringement claims).

direct infringement while declining to exercise a right to stop or limit it.”¹² Given the sparse precedent available for assessing vicarious copyright liability, particularly from the Supreme Court, it is not surprising that some courts have picked up on this language and adopted it as an official definition of vicarious copyright infringement.¹³

It is too early to determine the true import of this language. On the one hand, courts could potentially seize on *Grokster*'s introduction of the word “limit” to enlarge the scope of vicarious copyright liability. In evaluating whether a relationship exists between the defendant and the direct actor that should be subject to vicarious liability, courts assess the degree of control that the former has over the latter. The emphasis on control flows from the traditional requirement of a “right to supervise” the direct infringer for vicarious copyright infringement. For the most part, courts have interpreted a “right to supervise” as a capacity to dictate the daily activities of the direct infringer.¹⁴ “[M]ere potential to influence” a direct infringer is insufficient to subject a defendant to liability.¹⁵ Copyright plaintiffs might argue, however, that the Supreme Court's use of the phrase “stop or limit” signals an intent to expand vicarious copyright liability to include relationships where the defendant has only a partial ability to restrict the direct actor's infringing behavior. A court could conceivably interpret “limit” to recognize liability against such defendants based on their capacity to influence the behavior of the direct actor and at least potentially curb its infringing activity. For example, a credit card company that processes payments from customers of an infringing website might be able to “limit” infringement by denying its services to the website. The credit card company would arguably be unable to “stop” the infringement because the website could resort to alternate funding mechanisms if the company's services were withdrawn.¹⁶ Yet under the *Grokster* definition of vicarious liability, capacity to prevent the infringement from occurring may not be strictly necessary. Thus far in interpreting this language, however, courts do not seem to have lowered their standards for vicarious copyright infringement.¹⁷

12. *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 930 (2005). In a footnote, the Court also indicated that the traditional definition of vicarious copyright infringement—“when the defendant profits directly from the infringement and has a right and ability to supervise the direct infringer”—continues to apply. *Id.* at 930 n.9.

13. See, e.g., *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1169 (9th Cir. 2007); *Pegasus Imaging Corp. v. Northrup Grumman Corp.*, No. 8:07-CV-1937-T-27, 2008 WL 5099691, at *2 (M.D. Fla. Nov. 25, 2008).

14. See Yen, *supra* note 1, at 200-01; *Century Consultants, Ltd. v. Miller Group, Inc.*, No. 03-3105, 2008 WL 345541, at *8 (C.D. Ill. Feb. 7, 2008) (noting weekly meetings between vicarious defendant and direct infringer).

15. See *Banff Ltd. v. Limited, Inc.*, 869 F. Supp. 1103, 1108-09 (S.D.N.Y. 1994); see also *Howard Johnson Co. v. Khimani*, 892 F.2d 1512, 1518 (11th Cir. 1990).

16. See *Perfect 10, Inc. v. Visa Int'l Serv., Ass'n.*, 494 F.3d 788, 803 (9th Cir. 2007).

17. The Ninth Circuit concluded that a credit card company's ability to cut off funding to known infringers did not give it “a right to stop or limit” infringement. *Id.* at 802. In addition, a district court that quoted the aforementioned language from *Grokster* determined that a website that enabled the sharing of uploaded infringing videos did not satisfy the standard for vicarious liability even though it had the capacity to block or remove the infringing content. *Io Group, Inc. v. Veoh Networks, Inc.*, 586 F. Supp. 2d 1132, 1150-51 (N.D. Cal. 2008).

On the other hand, a judge could interpret the Court's use of the word "declining" to restrict vicarious copyright liability.¹⁸ The *Grokster* opinion stated that "declining to exercise a right to stop or limit" infringing conduct, when combined with receipt of a financial benefit, subjects a defendant to vicarious copyright liability.¹⁹ This language indicates that vicarious liability will only attach when the defendant fails to make some attempt to stop or limit infringement. A defendant that undertook some action to prevent infringement, but not enough to be successful, could argue that it had a defense to liability. Once some good faith effort at prevention has been attempted, that is enough to avoid a finding of vicarious copyright infringement. Such an interpretation would be a departure from prior case law holding that some effort to prevent infringement does not immunize a vicarious copyright defendant.²⁰

Thus far, the courts do not seem to have used *Grokster* to introduce a good faith effort defense to vicarious copyright infringement.²¹ For example, when a licensee of Mattel's Barbie trademark distributed a product that infringed on several musical compositions held by the plaintiff, Mattel was charged with vicarious copyright infringement. On multiple occasions, Mattel queried the licensee and requested and received documentation representing that the licensee was authorized to use the

18. See Yen, *supra* note 1, at 227-29.

19. Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd., 545 U.S. 913, 930 (2005).

20. See Polygram Int'l Publ'g, Inc. v. Nevada/TIG, Inc., 855 F. Supp. 1314, 1328-29 (D. Mass. 1994). See also W. PAGE KEETON, PROSSER AND KEETON ON THE LAW OF TORTS 500 (5th ed. 1984); STUART M. SPEISER ET AL., THE AMERICAN LAW OF TORTS § 4:1, at 531-32 (1983). Good faith efforts may, however, absolve defendants from liability for contributory infringement. See Jane C. Ginsburg, *Separating the Sony Sheep From the Grokster Goats: Reckoning the Future Business Plans of Copyright-Dependent Technology Entrepreneurs*, 50 ARIZ. L. REV. 577, 579-80, 587 (2008) (discussing "the possible emergence of an obligation of good faith efforts to avoid infringement" and the development of a "safe harbor" for use of filtering technologies). It should also be noted that under the safe harbor provisions of the Digital Millennium Copyright Act (DMCA), an internet service provider may be immunized from monetary damages for contributory infringement if it has a history of taking prompt action to respond to infringement notices and terminating the accounts of repeat offenders. See 17 U.S.C. § 512(i); *Veoh*, 586 F. Supp. 2d. at 1142-45. Interestingly, online businesses have been adopting policies for notice and takedown of infringing trademark materials even though there is no safe harbor provision of the DMCA for trademark infringement. See Lemley, *supra* note 6, at 108; Ira S. Nathenson, *Looking for Fair Use in the DMCA's Safety Dance*, 3 AKRON INTELL. PROP. J. (forthcoming 2009).

21. See, e.g., Perfect 10, Inc. v. Amazon.com, Inc., 508 F.3d 1146, 1173 (9th Cir. 2007) (citing the definition of vicarious copyright infringement from *Grokster*, yet contending that it merely represented an analysis of the defendant's "right and ability to supervise the direct infringer," and rephrasing the *Grokster* definition of vicarious liability as when "a defendant . . . has both a legal right to stop or limit the directly infringing conduct, as well as the practical ability to do so," ignoring the Court's choice of the word "declining"); *Bridgeport Music, Inc. v. WB Music Corp.*, 508 F.3d 394, 400 (6th Cir. 2007) (applying "right and ability to supervise" standard and failing to apply language from *Grokster*); *Broad. Music, Inc. v. Mirage Images, Inc.*, No. 1:04-CV-387, 2005 U.S. Dist. LEXIS 42880, at *31 (E.D. Tenn. Nov. 2, 2005) (finding defendant liable for vicarious copyright infringement and asserting that "the test [for vicarious copyright infringement] is not 'control,' it is 'the right and ability to supervise'"); but cf. *Veoh*, 586 F. Supp. 2d at 1153-54 (citing language from *Grokster* and finding that the defendant qualified for safe harbor under section 512(c) of the DMCA, in part, because of the steps it took to police infringement on its system).

copyrighted materials.²² One might infer from these facts that Mattel had exercised some control over its licensee by demanding this information and thus, could not be deemed to have “declined” to exercise the control necessary for vicarious copyright infringement. Nevertheless, the court held that Mattel, by virtue of its contractual right and ability to supervise its licensee, satisfied the requirements for vicarious liability.²³ Likewise, a flea market that worked closely with the local police to bring an end to some of the infringing activity on its premises and remove discovered counterfeit materials was still held vicariously liable for the copyright infringement that continued to occur despite its prevention efforts.²⁴ In sum, the *Grokster* opinion’s alternative definition of vicarious infringement has had little impact to date, but few appellate courts have had an opportunity to interpret *Grokster* on this issue.

Regardless of the implications of *Grokster* for the scope of vicarious liability in the future, vicarious liability remains an important cause of action in the arsenal of copyright owners. Admittedly, in two recent Ninth Circuit cases, the same plaintiff was unsuccessful at demonstrating a relationship between the defendant and the direct infringer sufficient for vicarious copyright liability.²⁵ This may simply reflect, however, the limited number of secondary infringement cases that have worked their way up the appellate ladder since 2005. At the trial court level, several copyright owners have successfully made cases for vicarious infringement in the last three years.²⁶ In evaluating the relationship requirement for vicarious copyright infringement, courts continue to impose liability in the absence of an agency relationship. Instead, “the right and ability to supervise” seems to be satisfied when a defendant is capable of directly acting to stop infringement from occurring. For example, a flea market’s ability to inspect the merchandise of its vendors subjected the flea market to vicarious liability for the vendors’ direct copyright infringement.²⁷ Similarly, a court recently held that the Associated Press could be liable for the infringing acts of subscribing media organizations, given its power to review their use of its content.²⁸

22. *Encore Entm’t, LLC v. KIDdesigns, Inc.*, No. 3:03 1129, 2005 U.S. Dist. LEXIS 44386, at*51-*55 (M.D. Tenn. Sept. 14, 2005).

23. *Id.* at *57-*60.

24. *Arista Records, Inc. v. Flea World, Inc.*, No. 03-2670, 2006 U.S. Dist. LEXIS 14988, at *29-*37, *54 (D.N.J. Mar. 31, 2006).

25. *Amazon.com*, 508 F.3d 1146; *Perfect 10, Inc. v. Visa Int’l Serv., Ass’n.*, 494 F.3d 788, 803 (9th Cir. 2007).

26. The relationships between a school district and a computer consultant, a toy company and its licensee, a flea market and its vendors, a nightclub and its disc jockeys, a software retailer and its clients, a video game developer and its online users, a supermarket chain and its advertising agency and a hotel’s corporate officer and the hotel’s performing musicians have all been deemed sufficient for vicarious liability. See *Century Consultants, Ltd. v. Miller Group, Inc.*, No. 03-3105, 2008 WL 345541 (C.D. Ill. Feb. 7, 2008); *KIDdesigns*, 2005 U.S. Dist. LEXIS 44386; *Arista Records*, 2006 U.S. Dist. LEXIS 14988; *Mirage Images*, 2005 U.S. Dist. LEXIS 42880; *E Beats Music v. Andrews*, 433 F. Supp. 2d 1322 (M.D. Ga. 2006); *Rosenthal v. MPC Computers, LLC*, 493 F. Supp. 2d 182 (D. Mass. 2007); *MDY Indus. v. Blizzard Entm’t, Inc.*, 2008 U.S. Dist. LEXIS 53988 (D. Ariz. July 14, 2008); *EMI Mills Music, Inc. v. Empress Hotel, Inc.*, 470 F. Supp. 2d 67 (D.P.R. 2006).

27. *Arista Records*, 2006 U.S. Dist. LEXIS 14988 at *31-*32.

28. *McClatchey v. Associated Press*, No. 3:05-cv-145, 2007 WL 776103, at *4 (W.D. Pa. Mar. 9,

In contrast, since the *Grokster* decision, the vicarious trademark infringement cause of action has become a dead letter. It is simply too hard to satisfy the relationship requirement in light of recent precedent. A mere right or ability to supervise the direct infringer remains insufficient for vicarious trademark liability.²⁹ Courts continue to reject the more generous standard afforded copyright plaintiffs, instead forcing trademark litigants to prove a “formal” relationship or “partnership” between the defendant and direct infringer.³⁰ Recent cases have absolved a husband who went with his wife, the direct infringer, on missions to find protected trade dress to copy and the corporate officer of a school that adopted someone else’s trademark as its own.³¹ In both cases, the vicarious liability claim was denied because the court concluded that the defendant did not have the requisite level of legal authority over the infringer’s behavior. The wife was not bound to follow the husband’s instruction and the school did not have to respond only to the dictates of the corporate officer.³² Even the allegation that the corporate officer planned to have the school use the mark without permission was insufficient to survive a motion to dismiss because he was not the sole decision-maker when it came to naming the school.³³ Thus, for trademark plaintiffs, demonstrating that the defendant had some supervisory role over the direct infringer is normally insufficient. Instead, they must prove that the defendant had complete individual authority to bind the direct infringer.³⁴ On the other hand, individual corporate officers, and others without unilateral authority to bind the direct infringer, have been found vicariously liable for copyright infringement based on their supervisory role.³⁵

2007).

29. See *Vulcan Golf, LLC. v. Google Inc.*, 552 F. Supp. 2d 752, 780 (N.D. Ill. 2008); *Hard Rock Cafe Licensing Corp. v. Concession Serv, Inc.*, 955 F.2d 1143, 1149-50 (7th Cir. 1992).

30. See *Vulcan Golf*, 552 F. Supp. 2d at 780.

31. *Diane von Furstenberg Studio v. Snyder*, No. 1:06cv1356 (JCC), 2007 U.S. Dist. LEXIS 66633 (E.D. Va. Sept. 10, 2007); *Collins v. Marva Collins Preparatory Sch.*, No. 1:05cv614, 2007 U.S. Dist. LEXIS 49410 (S.D. Ohio July 9, 2007).

32. *Diane von Furstenberg Studio*, 2007 U.S. Dist. LEXIS 66633, at *13-14; *Collins*, 2007 U.S. Dist. LEXIS 49410, at *13-14.

33. *Collins*, 2007 U.S. Dist. LEXIS 49410, at *14.

34. Proof of this sort of unilateral ability to guide the infringer’s behavior seems increasingly unlikely in the online environment. Transactions between indirect and direct infringers are often conducted over some distance and through multiple intermediaries. Additionally, businesses involved in the distribution or supply of trademarked items are usually involved in many transactions at once. For example, the online auction house eBay, accused of vicarious trademark infringement by Tiffany & Co., typically has some 100 million listings on its site at any given time. *Tiffany (NJ) Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 475 (S.D.N.Y. 2008). Thirteen hours of content are uploaded onto Google’s YouTube every minute. See Jeffrey Rosen, *Google’s Gatekeepers*, N.Y. TIMES MAG., Nov. 30, 2008, at 50. While eBay and Google certainly have the legal right to scrutinize the postings on their sites, trademark courts have been demanding something more for vicarious liability.

35. See, e.g., *RCA/Ariola Int’l, Inc. v. Thomas & Grayston Co.*, 845 F.2d 773, 782 (8th Cir. 1988); *Symantec Corp. v. CD Micro, Inc.*, 286 F. Supp. 2d 1265, 1275 (D. Or. 2003); *United States v. Wash. Mint, LLC*, 115 F. Supp. 2d 1089, 1106-07 (D. Minn. 2000). Vicarious copyright liability is not typically available, however, merely on the basis of employment as a corporate officer or membership on a company’s board of directors. Instead, some greater proof of an ability to shape the affairs of the infringing corporation is required. See 6 PATRY, *supra* note 4, at § 21:81.

B. DIRECT FINANCIAL BENEFIT

Meanwhile, courts construing vicarious copyright infringement claims continue to hold that the second prong—receipt of a direct financial benefit from the infringement—can be satisfied merely where the direct infringer’s conduct may hypothetically draw more customers to the secondary defendant.³⁶ Thus, a swap meet can be vicariously liable for the conduct of an infringing vendor even though the flea market charges all of its vendors the same flat fee regardless of their total number of sales.³⁷ When courts in the 1990s held that infringing activity that hypothetically might draw more customers to the vicarious defendant’s place of business met the direct financial benefit requirement, their reasoning was controversial.³⁸ Now, however, this reasoning has hardened into irrefutable doctrine. As one court recently explained, “elementary economics” mandates that “anything that serves as a ‘draw’ for customers will necessarily serve to increase [the vicarious defendants’] revenues” and, therefore, satisfy the direct benefit requirement.³⁹ This draw may result in vicarious copyright liability even if it is insignificant to the vicarious defendant’s bottom line.⁴⁰ Thus, in a case where it was determined that the defendant flea market’s rental fees were unrelated to its vendors’ sales, only nine percent of the flea market’s total customers came to the market to purchase CDs, and an unknown number within that percentage sought out infringing copies of copyrighted music, the court held that such a small, indeterminate number still satisfied the direct financial benefit requirement.⁴¹

In contrast, for claims of vicarious trademark liability, courts have insisted that the defendant’s financial benefit be immediately tied to the infringement. Recent vicarious trademark infringement cases have not even addressed the financial benefit requirement, dispensing with the plaintiff’s claim strictly on the basis of the “relationship” criterion.⁴² This leaves in place a body of precedent which holds that, without more, trademark infringement that merely draws more customers to the vicarious defendant’s place of business does not constitute a direct financial benefit. An important court of appeals case from 1992 indicated that the financial

36. See, e.g., *Perfect 10 v. Google, Inc.*, 416 F. Supp. 2d 828, 857 (C.D. Cal. 2006) (opining that the current case law defining “direct financial benefit” includes “even a future hope to monetize”), *aff’d in part, rev’d in part and remanded by Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007).

37. *Arista Records, Inc. v. Flea World, Inc.*, No. 03-2670, 2006 U.S. Dist. LEXIS 14988, at *38 (D.N.J. Mar. 31, 2006).

38. See, e.g., Jennifer E. Markiewicz, Comment, *Seeking Shelter from the MP3 Storm: How Far Does the Digital Millennium Copyright Act Online Service Provider Liability Limitation Reach?*, 7 COMM.LAW CONSP. 423, 432 (1999); Kenneth A. Walton, *Is a Website Like a Flea Market Stall? How Fonovisa v. Cherry Auction Increases the Risk of Third-Party Copyright Infringement Liability for Online Service Providers*, 19 HASTINGS COMM. & ENT. L.J. 921, 943-44 (1997).

39. *Arista Records*, 2006 U.S. Dist. LEXIS 14988, at *42.

40. See *Ellison v. Robertson*, 357 F.3d 1072, 1079 (9th Cir. 2004) (“There is no requirement that the draw be substantial.”) (internal quotation marks omitted); *IO Group, Inc. v. Veoh Networks, Inc.*, No. C06-03926, 2007 WL 1113800, at *3 (N.D. Cal. Apr. 13, 2007) (affirming that the hypothetical draw to the vicarious infringer need not be substantial).

41. *Arista Records*, 2006 U.S. Dist. LEXIS 14988, at *41-*44.

42. See, e.g., *Perfect 10, Inc. v. Visa Int’l Serv., Assn.*, 494 F.3d 788, 807-08 (9th Cir. 2007).

benefit requirement was not satisfied in the case of a flea market owner who received rental fees from a vendor that engaged in blatant trademark infringement.⁴³ Instead, the court suggested that only an actual profit-sharing regime between the infringer and the market owner, not a flat fee for all vendors, could satisfy the requirement even though the increased foot traffic in the flea market from the vendor's illegal behavior arguably redounded to the market owner's benefit.⁴⁴

Given the courts' rigorous interpretation of the relationship and financial benefit requirements in vicarious trademark infringement cases, plaintiffs alleging vicarious trademark infringement today find themselves in a nearly impossible position. In a recent case in the Central District of California, not only did the court hold in favor of the defendant on summary judgment, but it awarded attorney's fees to one of the defendants, finding the plaintiff's vicarious liability argument without merit, in part, because "no court has ever imposed vicarious trademark liability" on the basis of an apparent partnership.⁴⁵ Practitioners have picked up on this, suggesting that filing a claim for vicarious trademark infringement will soon become an empty gesture.⁴⁶ The most anticipated secondary trademark liability case of 2008 pitted jewelry-maker Tiffany & Co. against online auction house eBay.⁴⁷ Tiffany accused eBay of contributing to the infringement of counterfeiters by providing the forum for sales of inauthentic merchandise misleadingly labeled with the Tiffany mark. It is interesting to note that Tiffany, judging from its complaint in the case and the trial court's final opinion, did not bother to specifically prosecute a vicarious liability claim against eBay. If the more generous standards applicable to vicarious copyright infringement were applied, Tiffany may have had a good argument for such liability. eBay arguably possesses the ability to supervise the conduct of the sellers on its system and the presence of affordable knockoff jewelry may very well have provided a financial benefit by attracting more consumers and allowing eBay to charge more for its services and website advertising space.⁴⁸ But the case law on vicarious trademark infringement made it unlikely that such arguments could have

43. *Hard Rock Cafe Licensing Corp. v. Concession Servs Inc.*, 955 F.2d 1143, 1150 & n.4 (7th Cir. 1992).

44. *Id.*

45. *D.S.P.T. Int'l v. Nahum*, No. CV06-0308, 2008 U.S. Dist. LEXIS 25405, at *7-*8 n.2 (C.D. Cal. Mar. 17, 2008). *See also* *800-JR Cigar, Inc. v. Goto.com, Inc.*, 437 F. Supp. 2d 273, 281 n.5 (D.N.J. 2006) (stating that "the Third Circuit has declined to apply vicarious liability in the trademark context").

46. *See* Lynn H. Murray & Laura K. McNally, *Liability for "Hosting" Counterfeit Sales: Tiffany v. eBay*, 76 BNA'S PAT., TRADEMARK & COPYRIGHT J. 829, 830 (2008) (stating that in view of the high standard for an actionable relationship, "claimants have had little to no success pursuing vicarious trademark infringement actions"); *see also id.* at 830 n.11 ("Courts have recognized successful pleading of vicarious trademark infringement actions, but we found no published cases in which a plaintiff prevailed on a vicarious trademark infringement theory.").

47. *Tiffany (NJ), Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463 (S.D.N.Y. 2008).

48. *See id.* at 475, 478-79 ("Because eBay's revenue and profit growth is dependent, in significant part, on the completion of sales between eBay sellers and eBay buyers, eBay works closely with sellers to foster the increase of their sales on eBay, including the sales of Tiffany jewelry.").

passed muster. Instead, Tiffany focused its attention on the more viable cause of action for secondary trademark infringement: contributory liability.

II. CONTRIBUTORY INFRINGEMENT

As with vicarious infringement, contributory infringement doctrine differs depending on the type of intellectual property at issue. For either trademark or copyright, the plaintiff must prove knowledge of infringement as well as the defendant's material contribution to that infringement. Generally speaking, courts have interpreted the knowledge requirement more generously for copyright, finding the requirement satisfied by mere awareness of the potential for infringement and failure to take prophylactic measures. In contrast, contributory trademark infringement has required that specific instances of infringement be brought to the defendant's attention. At the same time, merely producing the opportunity or means for infringement to occur can satisfy the material contribution requirement for contributory copyright infringement while contributory trademark defendants must be shown to supply or directly control and monitor the tools of infringement. Once again, this is a doctrinal divergence that favors copyright owners over trademark holders.⁴⁹

A. KNOWLEDGE

Since 2005, this divergence has remained evident in the case law and perhaps even widened. Courts continue to interpret the contributory infringement knowledge requirement very differently, depending on whether trademark or copyright infringement is at issue. For trademark, there is a firm distinction between a defendant's actionable knowledge of infringement and situations where some infringement could be expected. In the Supreme Court's only explicit pronouncement on the issue of contributory trademark infringement, the Court provided clear guidance that expectations of unspecified infringement by unknown downstream users would not suffice.⁵⁰ Following this precedent, the *Tiffany v. eBay* court rejected a knowledge standard based on reasonable anticipation of infringement.⁵¹ In keeping with case law dating back sixty years that holds that a contributory trademark defendant is not "his brother's or customer's keeper,"⁵² the *eBay* court required instead that the plaintiff trademark holder demonstrate the defendant's actual or constructive knowledge of specific instances of infringement.⁵³ Although Tiffany provided notification that many listings on eBay's website were counterfeit, the knowledge criterion was not satisfied. Instead, eBay had to know of specific instances of infringement by specific

49. See Bartholomew & Tehranian, *supra* note 10, at 1378-94.

50. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 n.13 (1982).

51. *eBay*, 576 F. Supp. 2d at 502-03.

52. *Coca-Cola Co. v. Snow Crest Beverages, Inc.*, 64 F. Supp. 980, 989 (D. Mass. 1946), *aff'd*, 162 F.2d 280 (1st Cir. 1947).

53. *eBay*, 576 F. Supp. 2d at 510.

infringing sellers.⁵⁴

In contrast, a fault line exists in contributory copyright law, with some courts requiring knowledge of specific instances of infringement and others allowing generalized expectations of infringement to satisfy the knowledge standard. For example, after laboriously examining several inconsistent precedents on the issue, a district court concluded that “reasonable knowledge” is all that is required for contributory copyright infringement.⁵⁵ In the court’s view, this meant that investors in the Napster file sharing service could be contributorily liable even without actual or constructive awareness of specific acts of infringement.⁵⁶ Interestingly, the court read the *Grokster* decision as endorsing a broad interpretation of the knowledge standard, viewing the decision as a rebuke to Ninth Circuit precedent requiring specific knowledge of infringement.⁵⁷ Similarly, another court recently rejected a defendant’s contention that it could not be liable without knowledge of “specific infringements.”⁵⁸ Other courts have been more demanding, exonerating defendants that had not been aware of specific infringing actions.⁵⁹ Thus, depending on the court hearing the case, some copyright plaintiffs can take advantage of a knowledge standard akin to reasonable anticipation of infringement, which is not open to trademark plaintiffs.⁶⁰

Another difference emerges when comparing the knowledge standard for contributory copyright and trademark infringement. Courts have recently suggested that the knowledge standard for contributory copyright infringement is satisfied by mere *notice* of a claim of unlawful distribution of a copyrighted work.⁶¹ Of course, notice of illegal conduct is a far cry from real knowledge of illegal conduct. Not every source providing notice is credible, particularly in the case of copyright owners who may have improper incentives for requesting that materials be taken off the internet, even when those materials represent a fair use of the

54. *Id.* at 507-10 & n.34.

55. *In re Napster, Inc. Copyright Litig.*, No. C MDL-00-1369, 2006 U.S. Dist. LEXIS 30338, at *33 (N.D. Cal. May 17, 2006).

56. *Id.*

57. *Id.* at *27-*28.

58. *Arista Records, Inc. v. Flea World, Inc.*, No. 03-2670, 2006 U.S. Dist. LEXIS 14988, at *47-*49 (D.N.J. Mar. 31, 2006).

59. *See* 6 PATRY, *supra* note 4, at § 21:47 (describing split over interpretation of knowledge requirement).

60. Although “reasonable anticipation” of trademark infringement is not enough for contributory trademark infringement, the knowledge requirement may be satisfied by a finding of “willful blindness.” Willful blindness is a subjective standard while reasonable anticipation is an objective standard that asks, as with a negligence claim, what the reasonable person would have known under the circumstances. *See Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc.* 955 F.2d 1143, 1151 (7th Cir. 1992); *Nike, Inc. v. Variety Wholesalers, Inc.*, 274 F. Supp. 2d 1352, 1369-70 (S.D. Ga. 2003). To be willfully blind, the contributory defendant must know that illegal conduct was highly probable. *See Tiffany (NJ), Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 515 (S.D.N.Y. 2008). The defendant must also purposefully contrive to avoid learning of the illegal conduct, for example, by failing to inquire further out of fear of what she might learn. *Id.* A finding of willful blindness can also satisfy the knowledge requirement for contributory copyright infringement. *See In re Aimster Copyright Litig.*, 334 F.3d 643, 650-51 (7th Cir. 2003).

61. *See* Laura A. Heymann, *Knowing How to Know: Secondary Liability for Speech* 8 (Nov. 14, 2008, unpublished manuscript, on file with author).

copyrighted work.⁶² Nevertheless, courts have held that “[t]he knowledge element for contributory copyright infringement is met in those cases where a party has been notified of specific infringing uses of its technology and fails to act to prevent such infringing uses, or willfully blinds itself to such infringing uses.”⁶³

While the current regime for copyright law allows copyright owners to merely notify the secondary defendant of potential infringement and then put the burden on the defendant to investigate and take down the infringing content, contributory trademark doctrine refuses to find the knowledge requirement satisfied on the basis of notice alone. A trademark owner’s mere assertion that infringement has taken place, as in the case of a demand letter sent to a domain name registrar, has been held insufficient.⁶⁴ The *eBay* court, in refusing to approve a mere notice standard for contributory knowledge, cautioned that the notice of infringing conduct provided by Tiffany to eBay “was not a notice of actual infringement, but instead, was a notice of Tiffany’s good-faith belief that a particular item or listing was infringing.”⁶⁵ It went on to justify its adoption of a more rigorous knowledge standard by explaining that trademark’s contributory infringement doctrine keeps the primary burden of policing the use of trademarks on the mark holder.⁶⁶ A notice standard would improperly shift that burden to intermediaries like online auction houses and search engines.

B. MATERIAL CONTRIBUTION

The case law remains ambiguous on the second contributory infringement prong: material contribution. Not everyone with knowledge of a misdeed can be contributorily liable. The law is reluctant to force ambivalent onlookers to act as Good Samaritans. Rather, only those who know of misconduct and also further that misconduct in a measurably significant way will be held accountable.⁶⁷ Of course, the quantum of active support for an illegal endeavor needed for culpability is extremely difficult to specify. To the extent that courts have tried to delineate the amount of assistance required for contributory infringement, they have moved in different directions depending on the intellectual property regime at issue.

62. See Rebecca Tushnet, *Power Without Responsibility: Intermediaries and the First Amendment*, 76 GEO. WASH. L. REV. 986, 1003 (2008) (discussing how the DMCA notice-and-takedown process can be used to suppress critical speech).

63. *Monotype Imaging, Inc. v. Bitstream, Inc.*, 376 F. Supp. 2d 877, 886 (N.D. Ill. 2005); *Newborn v. Yahoo!, Inc.*, 391 F. Supp. 2d 181, 186 (D.D.C. 2005); see also *Century Consultants v. Miller Group*, No. 03-3105, 2008 WL 345541, at *7 (C.D. Ill. Feb. 7, 2008).

64. See *Lockheed Martin Corp. v. Network Solutions*, 985 F. Supp. 949, 963-64 (C.D. Cal. 1997), *aff’d*, 194 F.3d 980 (9th Cir. 1999); see also *Sly Magazine, LLC v. Weider Publ’ns, LLC*, 241 F.R.D. 527, 531 (S.D.N.Y. 2007); *Fare Deals, Ltd. v. World Choice Travel.com, Inc.*, 180 F. Supp. 2d 678, 690-91 (D. Md. 2001); *Gucci Am., Inc. v. Hall & Assocs.*, 135 F. Supp. 2d 409, 420 (S.D.N.Y. 2001).

65. *Tiffany (NJ) Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 515 n.38 (S.D.N.Y. 2008).

66. *Id.* at 518.

67. Criminal law’s doctrine of contributory liability takes a different approach, largely ignoring the contribution requirement but alternatively requiring intent, not just knowledge, for liability. See Mark Bartholomew, *Cops, Robbers and Search Engines: The Questionable Role of Criminal Law in Contributory Infringement Doctrine*, *BYU L. REV.* (forthcoming 2009).

Courts evaluating contributory trademark responsibility scrutinize the defendant's relationship with the means of infringement. Liability will attach if a defendant directly controls or monitors the instrumentality used to infringe.⁶⁸ Without a direct relationship with the infringing activity, there is no material contribution, and therefore no contributory infringement. For example, in a recent case, the Third Circuit explained that it required "central participation" in the direct infringer's affairs for contributory trademark infringement.⁶⁹ In the *eBay* case, the court explained that it was not enough to supply the environment for infringement to take place, but that the defendant must have direct control over that environment as well.⁷⁰ Thus, without a particular sort of close relationship between the defendant and the direct infringer, no contributory infringement will be found. As a consequence, plaintiffs have difficulty prosecuting claims for contributory trademark infringement against defendants that facilitate a party that facilitates the direct infringer. Those sorts of relationships are simply too indirect to satisfy the material contribution requirement.⁷¹

Although not applied in a consistent manner, the material contribution requirement is evaluated on different terms for copyright. The degree of separation between the defendant and the direct infringer is often not a consideration in the analysis of material contribution.⁷² Instead, material contribution is evaluated by assessing the defendant's power to facilitate infringement.⁷³ This is particularly true for defendants operating online. The Ninth Circuit has adopted a special refinement of the copyright material contribution analysis in "the context of cyberspace."⁷⁴ In the Ninth Circuit's view, because online services "can significantly magnify the effects of otherwise immaterial infringing activities," the test for material contribution must be expanded in that context to encompass defendants that fail to take "simple measures" to prevent infringement.⁷⁵ Note that

68. See *Perfect 10, Inc. v. Visa Int'l Serv., Ass'n.*, 494 F.3d 788, 807 (9th Cir. 2007); *Habeeba's Dance of the Arts, Ltd. v. Knoblauch*, 430 F. Supp. 2d 709, 714 (S.D. Ohio 2006); but see *Medline Indus., Inc. v. Strategic Commercial Solutions, Inc.*, 553 F. Supp. 2d 979, 992 n.3 (N.D. Ill. 2008) (contending that the "direct control or monitoring" standard has not been adopted in the Seventh Circuit).

69. *Basketball Mktg. Co., Inc. v. FX Digital Media, Inc.*, 257 Fed. Appx. 492, 495 n.5 (3d Cir. 2007).

70. *eBay*, 576 F. Supp. 2d at 506-07.

71. See, e.g., *Baden Sports, Inc. v. Kabushiki Kaisha Molten*, No. C06-210MJP, 2007 U.S. Dist. LEXIS 51252, at *23-*24 (W.D. Wash. July 16, 2007) (no contributory trademark liability against defendant foreign supplier that sold products to additional foreign supplier who in turn sold the products in the United States, even though the defendant knew that its product would reach U.S. customers).

72. See Benjamin H. Glatstein, Comment, *Tertiary Copyright Liability*, 71 U. CHI. L. REV. 1605, 1612-13 (2004) (stating that several courts, including "the seminal contributory copyright liability case, *Gershwin Publishing Corp v Columbia Artists Management, Inc.*," suggest that "the degree of separation between primary infringers and liable parties is not a material factor in the analysis").

73. Although proximity and power are related concerns, they are not the same. A utility company may have great power over a user in that if it shuts off the electricity, the user's infringing conduct ends. Nevertheless, the relationship between the utility and the user is not one that we would describe as "proximate" or "direct."

74. *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1171 (9th Cir. 2007).

75. *Id.* at 1172.

this test does not analyze the “directness” of the defendant’s relationship with the direct infringement, at least not explicitly. Instead, it asks whether the defendant is capable of stopping infringement, regardless of its degree of involvement with the direct infringer. Thus, even though Google did not have a particularly direct or strong relationship with a group of websites infringing the plaintiff’s copyright, the Ninth Circuit held that Google likely materially contributed to infringement because its search engine helped consumers find those infringing websites.⁷⁶ It was not Google’s closeness with the direct infringers that worked to its disadvantage but rather its sheer importance and ubiquitous presence as an online search tool.⁷⁷ Interestingly, the Ninth Circuit cited the Supreme Court’s reasoning in *Grokster* as support for its broadening of the material contribution test for online defendants, even though *Grokster* did not address the material contribution requirement.⁷⁸

This is not to say that all courts take such a broad view of the relationships sufficient to generate a material contribution for contributory copyright infringement. In other situations, the courts have denied contributory copyright liability because the contact between the defendant and the direct infringer was too indirect, even if the defendant could have taken simple action to stop the infringement from happening.⁷⁹ In the recent *Perfect 10 v. Visa* case, the Ninth Circuit held that credit card companies were not contributorily liable for processing the consumer payments that made the directly infringing websites financially viable.⁸⁰ The court explained that there was no material contribution because the credit card companies had no “direct connection” to the infringement.⁸¹ Nevertheless, the variance within copyright law on this issue shows that that

76. *Id.* at 1172-73.

77. *Id.* at 1172.

78. To justify its creation of a new type of liability for contributory copyright infringement, the Court in *Grokster* noted that because of the impossibility of prosecuting infringement claims against all of those who improperly used the defendant’s file sharing service, “the only practical alternative” was to recognize a claim against the distributor of the file sharing service. *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 929-30 (2005). The *Amazon.com* court cited this language in justifying its own holding. *See Amazon.com*, 508 F.3d at 1172. Both decisions expand the scope of contributory copyright liability, but in different ways. *Grokster* does this by holding that evidence of an intent to induce infringement trumps the safe harbor for technologies capable of substantial noninfringing uses. *Id.* at 933-36. *Amazon.com* does this by creating a more plaintiff-friendly standard for determining the material contribution of defendants engaging in online activities. In both cases, the courts seem to assess the consequences of online infringement and then engage in creative lawmaking based on that assessment. Such an approach to judicial decisionmaking may be quite reasonable. *See* LAWRENCE BAUM, *THE PUZZLE OF JUDICIAL BEHAVIOR* 57 (1997) (“For several decades, political scientists have agreed on the proposition that judges do more than apply the law, that their conceptions of good policy influence their choices.”). But it should be done cautiously with the realization that the public policy argument that militates in favor of one particular legal construction should not necessarily carry the day when other related rules of law are being evaluated.

79. *See, e.g.*, *Jalbert v. Gratuski*, 554 F. Supp. 2d 57, 73 (D. Mass. 2008) (“Mere passive inaction, without more, is not enough to support a claim of contributory [copyright] infringement.”).

80. *Perfect 10, Inc. v. Visa Int’l Serv., Ass’n.*, 494 F.3d 788, 796 (9th Cir. 2007).

81. *Id.* The court hedged its bets by finding that the material contribution standard was also not satisfied because the availability of other payment mechanisms meant that the credit card companies did not have a real ability to prevent infringement if they withdrew their services from the offending websites. *Id.* at 797-98.

material contribution can be evaluated more flexibly for contributory copyright cases than in the corresponding body of law in trademark.

III. EXPLAINING THE SECONDARY INFRINGEMENT DIVERGENCE

As described in Parts I and II and illustrated in Tables 1 and 2 below, secondary infringement law after *Grokster* remains more generous to indirect trademark defendants than indirect copyright defendants. For vicarious copyright infringement, courts continue to interpret the requirement of a particular relationship with the direct infringer broadly, refusing to exclude non-agency relationships. For trademark, however, the courts are more circumspect, only imposing vicarious liability on those with a recognized legal authority over the actions of the direct infringer. Indirect and hypothetical returns are enough for vicarious copyright liability, but vicarious trademark liability demands that the indirect defendant receive an immediate financial benefit from the infringing activity.

Table 1 – Vicarious Infringement after *Grokster*

	Copyright Law	Trademark Law
Relationship Requirement	<ul style="list-style-type: none"> • Vicarious defendant must have a “right and ability to supervise” the infringing conduct • Requirement satisfied in several cases since 2005 • Unclear whether dicta in <i>Grokster</i> defining an actionable relationship as having “a right to stop or limit” infringing conduct will have an effect on vicarious copyright infringement 	<ul style="list-style-type: none"> • Vicarious defendant must have “an apparent or actual partnership” with the direct infringer, “authority to bind” the direct infringer in transactions with third parties, or “exercise joint ownership or control [with the direct infringer] over the infringing product” • No such relationships successfully demonstrated since 2005
Financial Benefit Requirement	<ul style="list-style-type: none"> • May be satisfied by infringement that draws customers to defendant’s business even when defendant charges direct infringer a flat fee • Draw may be hypothetical • Amount of money received by defendant may be insignificant 	<ul style="list-style-type: none"> • Post-<i>Grokster</i> cases do not address this requirement • Pre-<i>Grokster</i> precedent requires actual profit-sharing regime with direct infringer, not a draw

For contributory infringement, trademark plaintiffs must demonstrate knowledge of specific instances of infringement. In contrast, copyright plaintiffs benefit from a knowledge requirement that can countenance a mere generalized knowledge of infringement. In addition, some courts allow notice of infringement from the plaintiff, as opposed to a verified understanding of the infringement by the defendant, to satisfy the knowledge standard for contributory copyright infringement. Notice does not satisfy the knowledge requirement for contributory trademark infringement. In evaluating material contribution for contributory trademark liability, courts require that the defendant supply the instrumentality used to infringe or that the defendant directly control and monitor that instrumentality. Some courts allow more indirect contributions to infringement to satisfy the material contribution standard for copyright.

Table 2 – Contributory Infringement after *Grokster*

	Copyright Law	Trademark Law
Knowledge Requirement	<ul style="list-style-type: none"> • Some courts permit generalized expectations of infringement to satisfy the requirement • Some courts permit mere notice of infringement to satisfy the requirement 	<ul style="list-style-type: none"> • Generalized knowledge or “reasonable anticipation” of infringement does not satisfy the requirement • Mere notice does not satisfy the requirement
Material Contribution Requirement	<ul style="list-style-type: none"> • Some courts, particularly in the online context, look to the power wielded by the defendant rather than the directness of its relationship with the primary infringer 	<ul style="list-style-type: none"> • “Central participation” required in the infringement; defendant must supply the instrumentality used to infringe or directly control and monitor it

Judges are aware of the doctrinal double standard described above. Sometimes they take care to note that the rules for secondary liability must be evaluated differently depending on the type of intellectual property at issue.⁸² But they do not articulate an underlying rationale for these doctrinal differences. In this Part, I speculate on why the divergence has occurred, for both vicarious and contributory infringement, and whether it makes sense. The Article concludes with some suggestions for where courts can turn for guidance in developing a more coherent

82. See, e.g., *Rosenthal v. MPC Computers, LLC*, 493 F. Supp. 2d 182, 191 n.4 (D. Mass. 2007); *Monotype Imaging, Inc. v. Bitstream, Inc.*, 376 F. Supp. 2d 877, 892 n.18 (N.D. Ill. 2005).

body of secondary infringement law.

A. VICARIOUS INFRINGEMENT

Does it make sense to preserve the vicarious liability cause of action for copyright owners but not for trademark holders? Vicarious liability means responsibility for another's wrongs "irrespective of one's own participation in them."⁸³ The rationale behind vicarious liability differs from most other types of liability (e.g., negligence) because the doctrine does not require any fault on the part of the defendant. In fact, vicarious liability is specifically designed to avoid consideration of fault.⁸⁴ Although there have been many suggested reasons for why one party should be responsible for the tortious conduct of another party in the absence of fault, the most frequent suggestion is that vicarious liability is justified by the need to distribute losses to solvent parties when direct tortfeasors lack the means to compensate victims for their injuries.⁸⁵

As stated in Part I, the *Grokster* decision did not directly address vicarious liability, instead determining liability on the basis of a newfound strain of contributory infringement law. Nevertheless, judges often fail to distinguish between vicarious and contributory infringement and the Supreme Court has repeatedly lumped the two doctrines together.⁸⁶ Thus, even though the *Grokster* decision does not directly address a claim for vicarious infringement, its reasoning may offer some clues as to the Court's general outlook on the philosophy behind vicarious copyright responsibility. The decision suggests some sympathy with generally expanding secondary infringement law in situations where direct infringers are not providing adequate restitution. The direct infringement at issue in *Grokster* was the reproduction and distribution of copyrighted content by users of the Grokster peer-to-peer file sharing network. The Court explained that "the argument for imposing indirect liability [was] a powerful one" because of the impossibility of enforcing rights in the copyrighted works against the millions of direct infringers who used Grokster.⁸⁷ As a result, "the only practical alternative" was to seek liability against the file sharing service "on a theory of contributory or vicarious infringement."⁸⁸ In other words, the Court chose to work backwards, first

83. John Gardner, *Complicity and Causality*, 1 CRIM. L. & PHIL. 127, 130 n.2 (2007).

84. See P.S. ATIYAH, VICARIOUS LIABILITY IN THE LAW OF TORTS 13 (1967); Fleming James, Jr., *Vicarious Liability*, 28 TUL. L. REV. 161, 161 (1954) (explaining that the reasons behind vicarious liability "are no part of a philosophy which rests liability on personal moral shortcoming"); *id.* at 172 (stating that vicarious liability "has subordinated fault to the need for compensation").

85. See ATIYAH, *supra* note 84, at 22; ARTHUR BEST & DAVID W. BARNES, BASIC TORT LAW: CASES, STATUTES AND PROBLEMS 390 (2003); see also Polygram Int'l Publ'g, Inc. v. Nevada/TIG, Inc., 855 F. Supp. 1314, 1326 (D. Mass. 1994) (explaining that the test for vicarious copyright infringement is a proxy for, among other things, "the defendant's ability to spread losses").

86. See, e.g., Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 439 (1984); Inwood Labs, Inc. v. Ives Labs, Inc., 456 U.S. 844, 846, 854-55 (1982); see also Diane von Furstenberg Studio v. Snyder, No. 1:06cv1356 (JCC), 2007 U.S. Dist. LEXIS 66633, at *13 (E.D. Va. Oct. 23, 2007).

87. Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd., 545 U.S. 913, 929-30 (2005).

88. *Id.* at 930.

establishing that there was a social problem worthy of its involvement and then recharacterizing the law of secondary liability to hold the defendant liable to solve that problem.

If this is a valid method of legal reasoning—i.e., determining liability based on the prudential concerns of copyright holders who cannot achieve adequate relief from direct infringers—then the next question is why these prudential concerns do not provoke the same judicial result when the plaintiff is a trademark owner. One reason might be that the scope of the problem does not seem as large when online manipulation of trademarks is compared to the scourge of peer-to-peer file sharing. Vicarious liability is only justified when the nature of the harm caused by the direct actor is such that the direct actor cannot satisfy the relief needs of the wronged plaintiff. Recognition of the doctrine in particular areas of the law can be traced to specific technological and societal changes that have made the acts of direct tortfeasors so harmful and widespread that courts or legislatures felt compelled to take action.⁸⁹ For example, after noting the dangers to the general public of automotive travel, courts and legislatures imposed vicarious liability on automobile owners for the negligent actions of drivers.⁹⁰ Similarly, struck by the increasing social problem of local terrorism of racial minorities, some states passed laws making municipalities vicariously liable for injuries sustained from mob violence within their corporate limits.⁹¹ So the real question is whether there is a perceived threat sufficient to warrant expanding the scope of the law to include a new group of vicarious defendants. If the perception is that trademark holders are managing just fine with conventional suits against direct infringers, then there is no need to impose vicarious liability on the intermediaries associated with those direct infringers.

To some degree, this may explain the discrepancies in the two vicarious liability doctrines. Others have noted today's "heightened public consciousness over copyright issues."⁹² Music and motion picture companies have mounted a major campaign to indoctrinate citizens as to the dangers of copyright infringement, placing anti-piracy public service announcements at the beginning of motion picture screenings and DVDs and attempting to force colleges to instruct their charges on the dos and don'ts of online file swapping. The entertainment industry continues to paint a picture of rampant piracy and endangerment of America's edge

89. See Harold J. Laski, *The Basis of Vicarious Liability*, 26 YALE L.J. 105, 111 (1916); KEETON, *supra* note 20, at 500.

90. See *S. Cotton Oil Co. v. Anderson*, 86 So. 629, 631-35 (Fla. 1920); KEETON, *supra* note 20, at 522-23; Legislation, *Vicarious Liability: Statutes as a Guide to Its Basis*, 45 HARV. L. REV. 171, 173-74 (1931).

91. See KEETON, *supra* note 20, at 528-29; R.F. Chase, Annotation, *Municipal Liability for Personal Injury or Death Under Mob Violence or Antilynching Statutes*, 26 A.L.R.3d 1142 (1969); *Vicarious Liability: Statutes as a Guide to Its Basis*, *supra* note 90, at 172.

92. See John Tehranian, *Infringement Nation: Copyright Reform and the Law/Norm Gap*, 2007 UTAH L. REV. 537, 539 (2007); see also Brett M. Frischmann, *Evaluating the Demsetzian Trend in Copyright Law*, 3 REV. L. & ECON. 649, 650 (2007) (remarking that "copyright law itself also has risen to prominence in law schools, law firms, corporations, educational institutions, governments, and the public consciousness").

in cultural exporting.⁹³ Concern over digital piracy of copyrighted works has captured the sympathies of our elected leaders. Just recently, apparently goaded by these concerns even in the midst of financial crisis, Congress passed new intellectual property legislation that increased the power of copyright holders by creating civil enforcement mechanisms for successful copyright plaintiffs.⁹⁴

There does not seem to be the same sense that businesses with strong trademarks are in danger of succumbing to a tidal wave of online infringement. Although recognized by some courts as grounds for a claim of trademark infringement, the phenomenon of initial interest confusion through the purchase of trademarked keyword search terms seems to arouse little ire on the part of the consuming public.⁹⁵ Anecdotally speaking, I can relate that the vast majority of students in my trademarks courses are unsympathetic to such claims. Meanwhile, rather than expanding trademark holder rights, the most significant recent legislation involving trademarks, the Trademark Dilution Revision Act of 2006, attempted to cabin the dilution cause of action, limiting dilution protection to marks that were famous among the general purchasing public and bolstering First Amendment and fair use defenses.⁹⁶ Recent Supreme Court cases concerning trademark rights have gone in favor of defendant competitors, not those asserting rights in a mark.⁹⁷ In sum, it does not appear that the public or government representatives perceive a great danger from internet-based counterfeiters. Without the presence of a perceived catastrophic threat to trademark holder interests, there is little reason to adopt a regime of expansive vicarious liability protection.

Why has the potential for online trademark infringement failed to capture public attention? The answer may lie in the nature of the particular intellectual property rights at issue and how they may be appropriated by others. As Laura Heymann has noted: "Copyright law controls distribution of the material qua material;

93. See LAWRENCE LESSIG, *FREE CULTURE: HOW BIG MEDIA USES TECHNOLOGY AND THE LAW TO LOCK DOWN CULTURE AND CONTROL CREATIVITY* 62-79 (2004); Brooks Boliek, *H'wood Steps Up Antipiracy Fight*, HOLLYWOOD REP., July 23, 2003, at 1; Trent Seltzer, RIAA, MPAA, and the Digital Piracy Issue: Comparing Public Relations Strategies and Effectiveness (May 26, 2005) (unpublished manuscript, available at http://www.allacademic.com/meta/p14465_index.html) (describing educational outreach and consumer awareness initiatives of MPAA).

94. See *Prioritizing Resources and Organization for Intellectual Property Act of 2008*, Pub. L. No. 110-403, 122 Stat. 4256 (2008).

95. When the state of Utah enacted a law specifically preventing the sale of trademarked keyword search terms, protests from search engines and a concerned public convinced the legislature to repeal the law only one year later. See Mary Candice Barrett, Note, *State Regulation of Keyword Advertising: A Lesson from the Utah Legislature*, 15 J. INTELL. PROP. L. 281, 283-84 (2008).

96. See Barton Beebe, *A Defense of the New Federal Trademark Antidilution Law*, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1143, 1157 (2006).

97. See, e.g., *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004) (holding that absence of likelihood of confusion is not required for party asserting trademark infringement fair use defense); *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003) (ruling that the Lanham Act could not be used to remedy the failure to attribute the source of a creative product whose copyright had passed into the public domain); *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205 (2000) (holding that product design is only protectable under the Lanham Act upon a showing of secondary meaning).

trademark law controls how the source of that material is presented to the public.”⁹⁸ This may have some bearing on the relative lack of concern regarding those who facilitate online infringement of trademarks. Digital technology permits infringers to perfectly replicate a copyrighted item, in effect, removing all control over distribution of that expressive product from the hands of the copyright owners. On the surface, it seems reasonable to believe such technology places any business model relying on control over the distribution of copyrighted works in jeopardy.⁹⁹ In contrast, the digital revolution does not offer a way for trademark infringers to perfectly replicate most trademarked products.¹⁰⁰ Rather, such technology only provides a means for altering the mark holder’s ability to shape the public’s associations between its mark and the mark’s larger meaning.¹⁰¹ While such conduct may be threatening, by not engaging in the wholesale appropriation of the trademark holder’s product, the online direct trademark infringer’s threat seems relatively less grave and, by extension, the threat posed by those related in some fashion to the direct trademark infringer seems less grave as well.

Of course, both trademarks and copyrighted works are examples of nonrivalrous goods. When I make an unauthorized copy of the latest Lil Wayne album, I have not deprived anyone of their own physical copy of the album. Similarly, if I use the Kodak mark on my own product, I have not stopped the Eastman-Kodak Company from continuing to use that same mark on all of its packaging. Thus, copyright infringers are no more taking the “entire product” than trademark infringers. Nevertheless, there may be a difference in how the public conceives of infringement that involves a complete copy of the original item of value and infringement that only involves appropriation of a brand name but not the underlying good. Copyright interests have done their best to encourage a view of copyrightable material as in limited supply.¹⁰² They have been adamant that digital copying is “stealing” and “piracy,” drawing a parallel to thefts of physical property that do represent appropriations of the “entire product.” Trademark infringers, on the other hand, are only taking someone else’s brand name, an important consumer signaling tool, but not something the public believes represents the entire value of the mark holder’s goods or services.

Such an explanation for the vicarious liability divide is not completely satisfying. At times, the public does take the threat posed by trademark infringers seriously. Congress recently passed legislation that not only enhanced the penalties

98. Laura A. Heymann, *The Trademark/Copyright Divide*, 60 SMU L. REV. 55, 77 (2007).

99. Some disagree as to the gravity of the threat posed by online infringers to copyright interests. See, e.g., Felix Oberholzer & Koleman Stumpf, *The Effect of File Sharing on Record Sales: An Empirical Analysis*, 115 J. POL. ECON. 1 (2007) (determining that file sharing does not reduce record sales).

100. One exception might be trademarked “virtual” products offered for sale in online worlds like Second Life and World of Warcraft. See generally Mark Bartholomew, *Advertising in the Garden of Eden*, 55 BUFF. L. REV. 737 (2007); Candidus Dougherty & Greg Lastowka, *Virtual Trademarks*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 749 (2008).

101. See Heymann, *supra* note 98, at 100.

102. See LAWRENCE LESSIG, REMIX 34 (2008).

for copyright infringement, but for trademark infringement as well.¹⁰³ President Bush attempted to link counterfeiting to the war on terror.¹⁰⁴ In general, the story of trademark law in this century has been one of expanding mark holder rights.¹⁰⁵ Moreover, at the same time, continued mass infringement via peer-to-peer file sharing and other technologies suggest a general lack of sympathy for copyright holders.¹⁰⁶ One potential inference from the ubiquity of blatant copyright infringement in our daily lives is that most of us do not believe that copyright holders are threatened by direct infringement. Without perceiving a true threat to the copyright interests, the public is likely to be hostile to efforts to shift their losses to vicarious infringers. Therefore, it is not clear that the divergence in vicarious infringement doctrine can be explained solely by public sentiment that copyright holders in the digital age are in danger but trademark holders are not. Nevertheless, there does seem to be a distinction in how the copyright interests have tried to demonstrate a crisis for their industry from the actions of intermediaries and the failure of trademark interests to do so. Vicarious liability operates as a mechanism for shifting risk. Before it will be endorsed by legal decision-makers, there must be some perception that an intolerable amount of risk exists.

B. CONTRIBUTORY INFRINGEMENT

While vicarious liability exists to redistribute risk in the absence of fault, contributory liability seeks to apportion liability on the basis of moral desert. Unlike vicarious infringement, contributory infringement demands proof of a culpable mental state before liability will attach. In some fashion, the contributory defendant must know of the illegal activity of another in order to be liable. In tort, the question has typically been whether a reasonable person, standing in the shoes of the defendant, would have been aware of the misdeeds of another. This culpability requirement signals a concern with making actionable only that conduct that is deemed blameworthy, separate and apart from concerns over the consequences of the contributory defendant's behavior.¹⁰⁷

If anything, the *Grokster* decision has reinforced this concern with blameworthiness, at least for contributory copyright infringement.¹⁰⁸ *Grokster*

103. See Prioritizing Resources and Organization for Intellectual Property Act of 2008, Pub. L. 110-403, 122 Stat. 4256 (2008).

104. See Fact Sheet: Protecting American Innovation (Oct. 13, 2008), available at <http://georgewbush-whitehouse.archives.gov/news/releases/2008/10/20081013-7.html> ("Terrorist networks use counterfeit sales to finance their operations.").

105. See Greg Lastowka, *Google's Law*, 73 BROOK. L. REV. 1327, 1366 (2008); Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1896 (2007).

106. See Tehranian, *supra* note 92, at 537, 543-48; Jyh-Shen Chiou et al., *The Antecedents of Music Piracy: Attitudes and Intentions*, 57 J. BUS. ETHICS 161, 161 (2005).

107. The knowledge requirement can be interpreted in various ways. One might also argue that knowledge of the infringing activity is required if contributory liability is meant to deter facilitation of such conduct in the future. See Emily Zarins, Comment, *Notice Versus Knowledge Under the Digital Millennium Copyright Act's Safe Harbors*, 92 CAL. L. REV. 257, 290 (2004).

108. See Yen, *supra* note 1, at 229 (emphasizing "*Grokster's* reliance on fault" instead of strict

created a new type of contributory infringement, inducement infringement, that places even greater emphasis on identifying a culpable mental state on the part of the contributory defendant than does typical contributory infringement law. The *Grokster* decision left unclear what sort of contribution requirement, in addition to proof of intent to cause infringement, is required for liability. The decision did make clear, however, that there was no need for a court to engage in a weighing of the costs and benefits of imposing liability on a defendant that satisfies the standard for inducement liability. While most contributory copyright defendants can potentially take advantage of a safe harbor for the supply of a technology that is capable of substantial noninfringing uses, *Grokster* holds that such a safe harbor is not available upon a finding of an intent to induce infringement.¹⁰⁹

The question here becomes, therefore, why courts seem to believe that contributory copyright infringement is more worthy of moral opprobrium than contributory trademark infringement. The answer may lie in the nature of the disputes at issue and the parties responsible for bringing them to the courts' attention. The copyright interests have devoted tremendous resources to anti-infringement litigation, garnering significant legal victories against technological intermediaries, particularly file sharing networks.¹¹⁰ By presenting certain select defendants to courts for determination of path-breaking claims of contributory infringement, the copyright interests won generous precedents that expanded the scope of contributory copyright law.¹¹¹ Since the 1984 *Sony* decision, a defeat for copyright interests, the entertainment industry has been able to implement a litigation strategy that makes the most of relatively unsympathetic defendants like the Napster and Grokster file sharing services. Napster's nineteen-year-old cofounder was caught red handed, stressing to his employees "the need to remain ignorant of users' real names and IP addresses 'since they are exchanging pirated music.'"¹¹² In *Grokster*, the defendant's emails demonstrated an "unequivocal" intent to cause others to break the law.¹¹³ In the Supreme Court's view, Napster was "notorious" and Grokster, by unambiguously trying to emulate Napster and encourage others to infringe, was equally wrong.¹¹⁴ When these entities are viewed as the face of secondary copyright infringement, there is little discomfort in

liability).

109. *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.* 545 U.S. 913, 934-37 (2005). Whether or not judges are making use of the safe harbor for substantial noninfringing uses is another question. See Peter S. Menell & David Nimmer, *Legal Realism in Action: Indirect Copyright Liability's Continuing Tort Framework and Sony's De Facto Demise*, 55 UCLA L. REV. 143, 173-87 (2007).

110. See Peter K. Yu, *Escalating the Copyright Wars*, 32 HOFSTRA L. REV. 907, 913 (2004).

111. See Pamela Samuelson, *Three Reactions to MGM v. Grokster*, 13 MICH. TELECOMM. & TECH. L. REV. 177, 195 (2006) (noting that the entertainment industry has been selective in which peer-to-peer file sharing services it targeted with litigation); see also Alfred C. Yen, *Torts and the Construction of Inducement and Contributory Liability in Amazon and Visa*, 32 COLUM. J.L. & ARTS 513 (describing history of contributory copyright infringement lawsuits against an expanding list of online intermediaries).

112. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1020 n.5 (9th Cir. 2001).

113. *Grokster*, 545 U.S. at 938.

114. *Id.* at 924.

imposing liability.¹¹⁵

There has been no similar attempt to create an overarching trademark litigation strategy to beat back the tide of online infringement. In coordinating a unified litigation scheme to advance copyright protection, copyright owners could rely on well-funded and well-organized trade organizations like the RIAA and MPAA.¹¹⁶ No such organization exists for trademark holders. The International Trademark Association, formerly the United States Trademark Association, and the Association of National Advertisers lobby Congress for changes in trademark law and sometimes submit amicus briefs in cases involving important trademark issues. But they lack the financial might and delegated authority of the entertainment industry's trade associations, which have the ability to initiate litigation. Moreover, while a great deal of valuable music and motion picture copyrights are consolidated in a handful of movie studio and record companies,¹¹⁷ trademark rights are relatively atomized. They are held by virtually every successful business, and there is no trade organization vested with discretion to prosecute the mark holders' collective legal interests. The result is a relatively scattershot legal strategy for mark holders. Perhaps as a result, there is no real face of secondary trademark infringement.¹¹⁸

IV. CONCLUSION

The divergence in the secondary liability regimes for copyright and trademark shows little sign of abating. Since the *Grokster* decision issued in 2005, vicarious infringement continues to be interpreted in a manner that is more generous to copyright plaintiffs. But there are signs in the case law that vicarious infringement may no longer even be a realistic cause of action for trademark holders. At the same time, courts continue to hold online intermediaries liable for contributory copyright infringement with showings of knowledge that would not suffice for contributory trademark infringement claims. And the material contribution standard is scrutinized more narrowly for trademark defendants, with fewer

115. See generally Jessica Litman, *War Stories*, 20 CARDOZO ARTS & ENT. L.J. 337 (2002) (describing the litigation strategy of "content owners" and its deleterious impact on copyright law).

116. See JULIE E. COHEN ET AL., COPYRIGHT IN A GLOBAL INFORMATION ECONOMY 31 (2d ed. 2006) (describing the "large budgets and considerable clout" of the trade associations representing the core copyright industries); RIAA, Piracy: Online and On the Street, <http://www.riaa.com/physicalpiracy.php> (last visited Apr. 10, 2009) (describing RIAA's strategy to bring infringement claims on behalf of its members); MPAA, Legal Cases, http://www.mpaa.org/NewsStand_Legal.asp (last visited Apr. 10, 2009) ("One of MPAA's top priorities is to protect the copyrights held by its member companies. This frequently involves litigation against persons who have violated our members' copyrights or have assisted others to violate those rights.")

117. The membership of the RIAA creates, manufactures, or distributes the overwhelming majority of the audio recordings produced and sold in this country. See RIAA, Who We Are, <http://www.riaa.com/aboutus.php> (last visited Apr. 10, 2009).

118. The last Supreme Court pronouncement on secondary trademark liability came in 1982. The defendant in that case was a generic drug manufacturer, not exactly a candidate for demonization. See *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844 (1982). In fact, the same year as the *Ives* decision, Congress passed legislation to help generic drug manufacturers. See Drug Price Competition and Patent Term Restoration Act of 1984 (Hatch-Waxman Act), Pub. L. No. 98-417, 98 Stat. 1585 (1984).

relationships deemed subject to contributory liability.

This Article speculates that the dichotomy in secondary infringement law developed for reasons that are not legally sound. Differential treatment of secondary trademark and copyright defendants should be based on more principled criteria than which intellectual property interest group has the more savvy public relations campaign or litigation strategy. Perhaps there is a more logical reason for the secondary liability divide, but it remains unspoken. Courts need to be urged to examine the reasons behind such differential treatment and to articulate a compelling rationale for the divergence.

Judges sometimes explain their secondary liability decisions by reference to common law tort principles. Further exploration of these principles may be useful in evaluating secondary infringement. For example, such exploration could reinforce the principle that vicarious infringement law should address questions of socially necessary risk-shifting and not issues of personal blame or fault. I do not think, however, that the answer to the divergence in secondary infringement law is as simple as telling the courts to go back and study more intently the common law rules of indirect liability. Advising courts to “follow the common law” when it comes to secondary liability is a bit like telling them to “do it the right way” without explaining what the right way is. The problem is not that courts have failed to study the common law in enough detail. In part, the judicial freedom provided by the amorphous contours of common law indirect liability is what got us into this mess in the first place.¹¹⁹

Tort law is a broad area of legal doctrine containing all sorts of complex and contradictory principles. The law of tortious contributory liability is notoriously ambiguous. Civil aiding and abetting law is the body of tort doctrine most closely analogous to contributory infringement law in that it requires knowledge of tortious conduct and a significant contribution to the conduct for liability to attach.¹²⁰ Yet the content of these requirements remains so unpredictable, despite their existence in American law for decades, that they offer little guidance for courts seeking a philosophical grounding for their secondary infringement decisions.¹²¹

Other potential sources of tort doctrine are similarly lacking in predictable content. One might be inclined to urge intellectual property courts to apply traditional notions of “proximate cause” to determine when one party should be held accountable for the infringing acts of another. But, like aiding and abetting, proximate cause is a difficult concept to pin down.¹²² It is sometimes described as

119. See Litman, *supra* note 115, at 365.

120. See Taylor v. Airco, Inc., 503 F. Supp. 2d 432, 447-48 (D. Mass. 2007); see also S.E.C. v. Johnson, 530 F. Supp. 2d 315, 322 (D.D.C. 2008) (setting out requirements for aiding and abetting securities fraud).

121. One commentator describes the current state of civil aiding and abetting law as one of “[g]eneral confusion.” Nathan Isaac Combs, Note, *Civil Aiding and Abetting Liability*, 58 VAND. L. REV. 241, 255 (2005). Courts themselves have expressed frustration at the undeveloped nature of the doctrine. See, e.g., Halberstam v. Welch, 705 F.2d 472, 489 (D.C. Cir. 1983).

122. See WILLIAM L. PROSSER, HANDBOOK OF THE LAW OF TORTS § 45, at 311-12 (1941) (noting the degree of attention, and confusion, surrounding proximate cause doctrine); Mark F. Grady, *Proximate Cause Decoded*, 50 UCLA L. REV. 293, 294 (2002) (“[M]any believe that proximate cause is

an analysis of foreseeability.¹²³ Foreseeability, however, is an amorphous concept itself with little predictive force for courts or potential defendants.¹²⁴ Proximate cause may also be read to incorporate a host of other considerations besides foreseeability, such as whether the defendant's action immediately preceded the injury at issue or whether the injury was "dependent" on the defendant's action, but these are vague concepts as well.¹²⁵ Hence, some argue that reliance on proximate cause principles is really a doctrinal smokescreen for using ad hoc public policy justifications to determine whether the material contribution standard has been satisfied.¹²⁶ Thus, calling for the use of "proximate cause" principles in contributory infringement disputes seems like a mistake. Particularly in a field like intellectual property, where public policy concerns often guide judicial analysis, it seems better to address such policy-based concerns head on instead of hiding behind legal terminology devoid of real content.¹²⁷

Moreover, some aspects of common law tort doctrine would be counterproductive if applied to the specialized context of intellectual property law. Gideon Parchomovsky and Alex Stein have recently demonstrated that tort law operates in a fundamentally conservative manner.¹²⁸ For example, in assessing fault, courts look to a backdrop of accepted custom. Departures from the backdrop usually result in liability.¹²⁹ Because secondary infringement law often involves issues stemming from the introduction of new technologies, application of these principles would retard modernization, something that legal theorists generally say the law of secondary infringement must guard against.¹³⁰

Before applying common law principles to questions of secondary infringement, we need to perform a more thorough examination of the "wrongs" involved in facilitating nonrivalrous consumption. Given *Grokster's* emphasis on the culpability of secondary defendants and the decline in the vicarious trademark infringement cause of action, we may be witnessing a judicial shift to greater emphasis on the contributory, rather than the vicarious, cause of action for

basically incoherent, that its cases cannot be predicted, and even that they illustrate some fundamental disorder of the common law.").

123. See *Boim v. Quranic Literacy Inst.*, 291 F.3d 1000, 1012 (7th Cir. 2002); *Mo. Pac. R.R. Co. v. Am. Statesman*, 552 S.W.2d 99, 103 (Tex. 1977).

124. See W. Jonathan Cardi, *Purging Foreseeability*, 58 VAND. L. REV. 739, 740 (2005) ("For those responsible for understanding tort doctrine, the concept of foreseeability is a scourge, and its role in negligence cases is a vexing, crisscrossed morass.").

125. See Joseph Lavitt, *The Doctrine of Efficient Proximate Cause, The Katrina Disaster, Prosser's Folly, and the Third Restatement of Torts: Cracking the Conundrum*, 54 LOYOLA L. REV. 1, 12-18 (2008).

126. See G. EDWARD WHITE, *TORT LAW IN AMERICA: AN INTELLECTUAL HISTORY* 101-02 (expanded ed. 2003).

127. See Thomas C. Galligan, Jr., *A Primer on the Patterns of Negligence*, 53 LA. L. REV. 1509, 1523 (1993) ("[J]udges should not rely on, or hide behind, words like . . . foreseeable, unforeseeable, . . . and whatever other magic mumbo jumbo courts could use to obfuscate the policies that were really at the heart of their decisions.").

128. Gideon Parchomovsky & Alex Stein, *Torts and Innovation*, 107 MICH. L. REV. 285 (2008).

129. See *id.* at 290-98.

130. See, e.g., Mark A. Lemley & R. Anthony Reese, *Reducing Digital Copyright Infringement Without Restricting Innovation*, 56 STAN. L. REV. 1345 (2004).

secondary infringement. This would suggest a trend towards greater concern with fault-based reasons for holding indirect infringers liable.¹³¹ What seems to be going on in secondary infringement law is an unarticulated sense that aiding copyright infringement is more dangerous, more blameworthy, more wrong than facilitating trademark infringement. There is no reason why this difference needs to remain in the shadows. In fact, by leaving it unsaid, courts unnecessarily add to the opaque quality of an area of law that is already overly vague and threatening to innovation.

131. This may be a good thing. Vicarious infringement liability requires an analysis of the potential impact on the market for the plaintiff's intellectual property from the vicarious defendant's business model. Often these business models involve new technologies like search engines and peer-to-peer file sharing platforms. Hindsight tells us that it is notoriously difficult to predict the impact of infringing technology. See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429-31 (1984) (advocating judicial deference to Congress in refashioning copyright law to address new technologies). Limiting secondary liability to questions of personal culpability and fault keeps judges out of the business of forecasting technological and economic likelihoods. It also retrains judicial attention towards concepts regularly applied in other areas of the law.