PROTECTING ONLINE AUCTION SITES FROM
THE CONTRIBUTORY TRADEMARK LIABILITY
STORM: A LEGISLATIVE SOLUTION TO THE
TIFFANY INC. V. EBAY INC. PROBLEM

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INTRODUCTION

Instead of walking to the store on a rainy day, I logged onto eBay’s
website¹ to look for a new piece of jewelry. A simple search of the
keyword “tiffany” drew 10,711 results, 3646 in the jewelry and watch
category.² Almost all of the pieces were listed as “guaranteed,” “authentic
Tiffany & Co.,” or “100% authentic,” but all were listed well below the
genuine Tiffany’s price.³ Without the ability to physically inspect before
purchase, I, as an online consumer, had to trust the seller’s description if I
wanted to buy an item. However, according to Tiffany Inc. (“Tiffany”),
“[t]he eBay website is currently, and has been, infested with many
thousands of counterfeit Tiffany items.”⁴ In fact, Tiffany contends that the
bulk of its branded jewelry offered on eBay is counterfeit.⁵

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would like to thank my family and friends for their continuing support and Professor Joel
Reidenberg for his comments on the early drafts of this Note.
2. Id. (search “All Categories” for “tiffany”; then follow “see all tiffany items”
hyperlink).
3. For example, a bracelet that retails for $285 directly from Tiffany, Tiffany & Co.,
http://www.tiffany.com (search “ten row chain heart bracelet”), is offered for a “Buy It
Now” (fixed price sale) price of $129.99, EBay, supra note 1 (search “5026943438”) (eBay
only allows access to completed auctions for a limited time, so this listing is on file with the
4. First Amended Complaint para. 20, Tiffany Inc. v. eBay Inc., 2004 WL 1413904
(S.D.N.Y. July 14, 2004) (No. 04CV4607) [hereinafter Complaint]. Tiffany claims that as a
result of this infestation thousands of consumers have been defrauded on eBay because they
thought they were bidding on authentic Tiffany jewelry. Id. Conversely, some eBay users
might deny that they are being defrauded because they knowingly purchase counterfeit
Tiffany jewelry. However, the trademark law principle of post-sale confusion operates as a
justification to protect against the confusion of unsuspecting third parties who view the
buyer’s counterfeit item. See Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-
Le Coultre Watches, Inc., 221 F.2d 464, 466 (2d Cir. 1955). For more information on post-
sale confusion, see Anne M. McCarthy, Note, The Post-Sale Confusion Doctrine: Why the
General Public Should Be Included in the Likelihood of Confusion Inquiry, 67 Fordham L.
Rev. 3337 (1999).
5. Complaint, supra note 4, para. 22.

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To help solve this problem, Tiffany filed suit in the U.S. District Court for the Southern District of New York against eBay Inc. ("eBay") for "facilitation and participation in the counterfeiting, infringement and false advertising of the federally registered trademarks owned, licensed and/or used by Tiffany." Tiffany's primary claim amounts to accusing eBay of contributory trademark infringement for the individuals who use eBay to sell counterfeit Tiffany products. Tiffany argues that eBay should maintain primary responsibility for monitoring counterfeiters. There is no doubt that the sellers' conduct is illegal, but to what extent does eBay, or any other online auction site, bear responsibility for its sellers' actions? While this Note deals only with U.S. law, the resolution of this issue will reach outside the U.S. because eBay's virtual marketplace brings American buyers and sellers together with foreign buyers and sellers. Thus, this suit will significantly impact trademark owners, other online auction sites, counterfeiters, and the millions of registered eBay users worldwide.

6. In its complaint, Tiffany claims that $30 billion worth of counterfeit goods are sold annually over the Internet, accounting for "[ten] percent of the total counterfeit market." Id. ¶ 14. In 1989, the Seventh Circuit called the general sale of counterfeit merchandise "endemic—perhaps pandemic." Louis Vuitton S.A. v. Lee, 875 F.2d 584, 588 (7th Cir. 1989). The court also pointed out that filing suit against each direct infringer is not feasible, nor would it help stop counterfeiting. Id. For suggestions on how both the trademark owners' counsel and the auction sites' counsel should respond to alleged online counterfeiting on an auction website, see The Comm. on Trademarks and Unfair Competition, Online Auction Sites and Trademark Infringement Liability, 58 Rec. Ass'n B. N.Y. City 236, 249-50 (2003) [hereinafter The Comm. on Trademarks].

7. Complaint, supra note 4, para. 4. This Note will only discuss the federal claims dealing with counterfeiting and infringement.


9. See Complaint, supra note 4, para. 31.

10. The federal statute provides:

   Any person who shall, without the consent of the registrant—
   (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided.


11. See Bobelian, supra note 8, at 1.

12. eBay Inc., Quarterly Report (Form 10-Q), at 38 (Mar. 31, 2005), available at http://www.sec.gov/Archives/edgar/data/1065088/000095013405008154/07687e10vq.htm [hereinafter eBay Quarterly Report]. Currently, eBay has online auction websites in the United States, Australia, Austria, Belgium, Canada, China, France, Germany, Hong Kong, India, Ireland, Italy, Malaysia, the Netherlands, New Zealand, the Philippines, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, and the United Kingdom. Id. at 6. As eBay expands its empire in places like China, cross-border trade should rise from its current level of fifteen percent. Meg and the Power of Many, The Economist, June 11, 2005, at 65, 67. For information on the related problem of Internet jurisdiction, see Joel R. Reidenberg, Technology and Internet Jurisdiction, 153 U. Pa. L. Rev. 1951 (2005).
This is an issue of first impression in the United States. However, in 2001, Rolex sued eBay's German subsidiary, claiming trademark infringement for the sale of watches clearly marked "as 'fake' or 'replica.'" Rolex sought damages and an injunction preventing the sale of all counterfeit Rolex branded watches on the site. Both the lower and the appellate level courts found in favor of eBay because of its lack of knowledge about the specific instances of trademark infringement. Nevertheless, the Federal Supreme Court of Germany ruled that while eBay cannot be financially responsible for damages, it must implement a monitoring system to prevent the listing of goods marked as counterfeit and other goods that are obviously fake.

This Note examines whether an online auction site, such as eBay, should be liable in the United States when a third party sells counterfeit goods through the website's services. Under current case law, Tiffany and eBay both have equally credible arguments. In order to balance rights owners' and online auction sites' competing interests, this Note looks to

13. See Cathleen Flahardy, Tiffany & Co. Cracks Down on Ebay Counterfeiters: Kate Spade and Prada Join the Fight to Protect Their Brands, Corp. Legal Times, Sept. 2004, at 20. However, federal courts have dealt with contributory trademark liability in the context of traditional marketplaces, as opposed to virtual ones. See infra Part I.D. Additionally, in Hendrickson v. eBay, Inc., one federal court grappled with the issue of eBay's contributory copyright liability for the sale of counterfeit documentaries. 165 F. Supp. 2d 1082 (C.D. Cal. 2001). The court specifically considered "whether eBay [could] be held secondarily liable for providing the type of selling platform/forum and services that it provided, however limited or automated in nature, to sellers of counterfeit copies of the film 'Manson.'" Id. at 1087. However, the court correctly noted that the Hendrickson case revolved around the law of the Digital Millennium Copyright Act ("DMCA"), which does not impact trademark cases. Id. at 1083. In the end, the court held that the safe harbor provisions of the DMCA shielded eBay from contributory copyright liability. Id. at 1094. For more information on the DMCA and the Hendrickson case, see infra Part I.D. For a discussion of the Lanham Act claims in Hendrickson, see infra Part I.C.3.e.


15. Ruetz, supra note 14, at N67. However, Tiffany's case differs from the German case because of the differences in American trademark law. See The Comm. on Trademarks, supra note 6, at 250.


18. eBay's lack of financial responsibility is due to European statutory provisions. Id. at 323.

19. Id. Accordingly, eBay "could not be held responsible for trade mark infringements that are not detectable by such a filtering process (for example, a forged Rolex watch being offered for a price appropriate to an original and without a suggestion of its forged character)." Id. at 323. For more information on this case, see id.; Ruetz, supra note 14.

20. This Note will focus on eBay because of the law suit by Tiffany, but the issues discussed are of relevance to other online auction sites. For a current list of online auction websites see The Auction Board, http://theauctionboard.com (follow "Online Auctions" hyperlink) (last visited Sept. 29, 2005).
Title II of the Digital Millennium Copyright Act ("DMCA") to create a parallel legislative solution. A safe harbor designed specifically to address the contributory trademark infringement occurring at online auction sites best resolves the dilemma at hand.

Part I of this Note presents the reader with the necessary background to understand the conflict between Tiffany and eBay by providing the reader with a description of eBay, a brief summary of the policies behind American trademark law, a review of contributory trademark infringement in a physical setting and in cyberspace, and a discussion of the DMCA’s safe harbor provisions, for comparison. In Part II, this Note analyzes the arguments for and against eBay’s contributory liability under the current case law. Finally, Part III argues that neither of the positions presented in Part II adequately resolves the problem of counterfeiting on eBay. Instead, this Note recommends that Congress enact trademark legislation similar to the DMCA’s safe harbor to resolve the current dilemma and balance both parties’ interests.

I. EBAY’S HISTORY AND THE APPLICABLE LAW

This first part provides a framework for understanding the conflict between trademark owners and online auction sites. Part I.A outlines eBay’s operations, with specific attention towards how it currently addresses counterfeiting. Part I.B summarizes the pertinent parts of the Lanham Act and its policies. Part I.C analyzes the common law origins of contributory trademark infringement and how the doctrine has evolved in both physical and cyber settings. Finally, Part I.D looks at contributory copyright liability in the context of the DMCA.

A. EBAY—The Online Auction Site

In its short ten-year existence, eBay\(^\text{21}\) has developed from a programmer’s holiday weekend project\(^\text{22}\) into the fastest growing company ever.\(^\text{23}\) In the fall of 1995, the first eBay bidder won an auction for a “broken laser pointer” with a $14 bid.\(^\text{24}\) In the year 2004, the registered users of eBay collectively bought $34.2 billion worth of merchandise.\(^\text{25}\) They purchased everything from jewelry and beauty supplies to cars and

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21. The online auction website now known as eBay began its life with the official name AuctionWeb, and operated as such until September 1, 1997. Adam Cohen, The Perfect Store 79 (2002). However, from the beginning, users referred to the site as eBay. Id.
22. Id. at 4.
23. Patricia Sellers, eBay’s Secret, Fortune, Oct. 10, 2004, at 160, 162, 168 (noting that eBay grew faster than Microsoft, Yahoo, or Dell “during the first eight years of its existence”).
24. Cohen, supra note 21, at 4-5.
25. EBay Inc., Annual Report (Form 10-K), at 22 (Dec. 31, 2004), available at http://www.sec.gov/Archives/edgar/data/1065088/000095013405003827/f05426e10vk.htm#010 [hereinafter eBay Annual Report]. This figure represents the “[t]otal value of all successfully closed listings between users on eBay’s trading platforms during the year, regardless of whether the buyer and seller actually consummated the transaction.” Id. at 23.
antiques. With more than 135 million registered users, 56 million of them active in 2004, eBay, known as “The World’s Online Marketplace,” has become a fixture in modern commerce. Sellers include everyone from college students who sell old textbooks to entrepreneurs who have created at-home careers selling collectibles to traditional retailers who unload extra stock.

Ebay’s concept is simple. Like most online auction sites, eBay states that even though it is “commonly referred to as an online auction web site, it is important to realize that [eBay] is not a traditional ‘auctioneer.’ Instead, the [site] acts as a venue.” It provides a virtual space where sellers and buyers can meet, much like a flea market, with some of the characteristics of classified advertisements and auctions. Before

26. See EBay, supra note 1.
27. EBay Annual Report, supra note 25, at 3. An active user is “any user who bid on, bought, or listed an item during the prior 12-month period.” Id.
28. EBay, supra note 1.
30. See EBay, supra note 1 (follow “Books” hyperlink under “Categories”; then follow “Textbooks, Education” hyperlink under “Categories within Books”).
31. See At 10 Years, Has eBay Lost Its Allure?, supra note 29. EBay estimates that about 500,000 Americans earn at least some of their living by selling goods on eBay. Meg and the Power of Many, supra note 12, at 65.
32. See EBay, supra note 1. Dell and Best Buy count themselves among the traditional retailers who sell extra stock on eBay. Sellers, supra note 23, at 172. Tiffany, like many high end retailers, does not sell extra stock to resellers or through any other indirect means. Complaint, supra note 4, paras. 10-11.
33. Despite its simplicity, eBay’s modern version of the person-to-person (“P2P”) market greatly improves upon the economically inefficient traditional forms, like classified advertisements and flea markets. David Bunnell, The Ebay Phenomenon: Business Secrets Behind the World’s Hottest Internet Company 13 (2000). In traditional P2P markets, “[p]ricing benchmarks are difficult or impossible to find.” Id. Additionally, geography frequently impedes the meeting of buyers and sellers. Id. However, eBay solves both of these problems. Id. at 14; see also Cohen, supra note 21, at 10. Further, eBay’s system “efficiently move[s] goods from people who value them less to people who value them more,” and thus “eBay increases ‘social utility.’” Id.; see also id. at 6-7. Moreover, eBay does not have the burden of carrying stock, like traditional retailers. Meg and the Power of Many, supra note 12, at 66.
participating, all users must accept eBay’s User Agreement.\textsuperscript{36} Then, sellers can auction their items for a fixed amount of time to the highest bidder or for a set price.\textsuperscript{37} Sellers choose an eBay category, write a title, describe their item, and dictate payment options.\textsuperscript{38} Buyers browse through categories or keyword search to reach the listings, which may include photographs, before bidding.\textsuperscript{39} Sellers pay fees for these basic services.\textsuperscript{40} Initially, eBay charges an insertion fee for listing an item.\textsuperscript{41} However, it also charges a final value fee\textsuperscript{42} if the item is sold.\textsuperscript{43} Sellers also pay fees for additional services such as multiple pictures, reserve prices, or special listing placement.\textsuperscript{44} In 2004, eBay’s consolidated net revenues equaled $3.27 billion.\textsuperscript{45}

EBay’s creator, Pierre Omidyar, conceived of his website as a place “where a social contract [would] prevail[].”\textsuperscript{46} To this day, Omidyar

\begin{itemize}
\item \textsuperscript{36} For a copy of eBay’s User Agreement, see Your User Agreement, \textit{supra} note 34. Under the rules of the User Agreement, users agree not to sell illegal or counterfeit items. \textit{Id.} paras. 5.1, 6.2.
\item \textsuperscript{37} What Is eBay?, \textit{supra} note 35. Seventy percent of the total value of goods are sold through the auction format, while thirty percent account for the fixed-price sales. \textit{Meg and the Power of Many, supra} note 12, at 66.
\item \textsuperscript{38} How to Sell, http://pages.ebay.com/help/sell/basics.html (last visited Sept. 29, 2005).
\item \textsuperscript{39} How Do I Buy an item?, http://pages.ebay.com/help/buy/questions/buy-item.html (last visited Sept. 29, 2005).
\item \textsuperscript{40} Creating a Seller’s Account, http://pages.ebay.com/help/sell/seller_account.html (last visited Sept. 29, 2005).
\item \textsuperscript{41} Fees as of September 29, 2005, are as follows:
\begin{itemize}
\item Initial or Reserve Price
\item $0.01-$0.99
\item $1.00-$9.99
\item $10.00-$24.99
\item $25.00-$49.99
\item $50.00-$199.99
\item $200.00-$499.99
\item $500.00+
\end{itemize}
\end{itemize}
\begin{itemize}
\item Fee
\item $0.25
\item $0.35
\item $0.60
\item $1.20
\item $2.40
\item $3.60
\item $4.80
\end{itemize}
\item \textsuperscript{42} Fees as of September 23, 2005, are as follows:
\begin{itemize}
\item Winning Bid
\item item not sold
\item $0.01-$25.00
\item $25.01-$1,000.00
\item $1,000.01+
\end{itemize}
\begin{itemize}
\item Fee
\item $0.00
\item 5.25% of the winning bid
\item 5.25% of the initial $25.00 ($1.31) plus 2.75% of the remaining ($25.01-$1,000.00)
\item 5.25% of the initial $25.00 ($1.31) plus 2.75% of the initial $25.01-$1,000.00 ($26.81) plus 1.50% of the remaining ($1,000.01+)
\end{itemize}
\textit{Id.}
\item \textsuperscript{43} \textit{Id.}
\item \textsuperscript{44} \textit{Id.} Many users complained about the January 2005 fee increase, which was implemented to “balance the market, for instance to produce more differentiation between standard listings and optional features which sellers can pay extra for.” \textit{Meg and the Power of Many, supra} note 12, at 66.
\item \textsuperscript{45} EBay Annual Report, \textit{supra} note 25, at 22. EBay’s advertising and non-transaction revenue contributed $94.3 million to the total figure. \textit{Id.} at 25.
\item \textsuperscript{46} Cohen, \textit{supra} note 21, at 8; see also Sellers, \textit{supra} note 23, at 172 (“Omidyar envisioned eBay as a self-regulating marketplace where users are responsible for their trades.”).
requests that eBay users deal honestly with strangers.\footnote{47} Initially, when disputing users emailed him, Omidyar encouraged them to work the problem out amongst themselves.\footnote{48} To this end, eBay created the “Feedback Forum.”\footnote{49} Through this system, users criticized and praised other users for the entire community to see.\footnote{50} Praises and criticisms impact users through numerical ratings which indicate reputation.\footnote{51} Ultimately, this allows the community to deal with problem users in the manner it sees fit.\footnote{52}

The eBay community was further strengthened with the advent of the message boards, which divided into the “Q&A Board” and the “eBay Cafe.”\footnote{53} The eBay Cafe board developed a quasi-neighborhood watch system, where regular contributors would virtually gang up on those who committed fraud or those who unfairly abused the Feedback Forum to run others out of business.\footnote{54}

Despite the community’s strength and wherewithal for self-regulation, eBay eventually needed to officially deal with fraud.\footnote{55} In 1997, eBay’s first lawyer developed the “Legal Buddy” program in response to a


\footnote{48} Cohen, supra note 21, at 27.

\footnote{49} Id. For an analysis of the Feedback Forum and its faults, see Mary M. Calkins, My Reputation Always Had More Fun than Me: The Failure of eBay’s Feedback Model to Effectively Prevent Online Auction Fraud, 7 Rich. J.L. & Tech. 33 (2001).


\footnote{51} See Bunnell, supra note 33, at 56. For further information on the Feedback Forum, see id. at 56-58; What Is Feedback?, http://pages.ebay.com/help/feedback/questions/feedback.html (last visited Sept. 29, 2005).

\footnote{52} Cohen, supra note 21, at 27-28. However, when a user’s feedback score drops below a certain level, eBay de-registers the user. Id.


\footnote{54} See Cohen, supra note 21, at 52.

\footnote{55} Additionally, eBay intervened to ban certain items such as firearms, alcohol, tobacco, murder memorabilia less than a century old, one’s virginity, and Nazi items except documents, coins, and historical books. Sellers, supra note 23, at 172. Enforcement of these prohibitions appears to be at least partially reactive to another user reporting the violation. See Human Remains, http://pages.ebay.com/help/policies/remains.html (last visited Sept. 29, 2005) (citing “listing cancellation” as one of the results of offering human remains in violation of eBay’s policies). However, eBay can likely screen out, by keyword, prohibited items automatically before the listing even appears online. See Complaint, supra note 4, para. 34. For a complete list of prohibited items, see Prohibited and Restricted Items: Overview, http://pages.ebay.com/help/policies/items-ov.html (last visited Sept. 29, 2005). Despite the ban on firearms, guns continue to be sold on eBay. See Caught in the Net: eBay, Foreign Pol’y, Jan. 1, 2005, at 92. As a member of the British Parliament explained, sellers list an empty box and then he or she adds a free gun when shipping to the winning bidder. Id. For more information on the problem of the sale of stolen merchandise on eBay, see David Rubenstein, eBay: The Cyber Swap Meet, 13 U. Miami Bus. L. Rev. 1 (2004).
watchmaker’s complaint that users were selling counterfeit watches on eBay. Through the program, eBay agreed to remove illegal listings from the site after the company combed through the listings to identify the infringing items. Nevertheless, eBay made it clear that it would not “take responsibility for actively vetting its millions of auctions in advance” because such “an undertaking... would be so labor-intensive it could... put eBay out of business.” Additionally, such a policy would contradict eBay’s laissez-faire business model.

Notwithstanding eBay’s current contention that “only 0.01% of transactions are reported as fraudulent,” eBay continued the Legal Buddy program’s objectives with the Verified Rights Owners Program (“VeRO”). Through VeRO, eBay now helps to remove infringing listings, but rights owners must first file a Notice of Claimed Infringement form under the penalty of perjury in order for an item to be removed. VeRO also offers participants the opportunity to create an informational page to assist eBay users. eBay itself prohibits the sale of counterfeit items and provides users with basic information concerning trademarks and domain names. However, users themselves can only report “listing

56. See Cohen, supra note 21, at 91.
57. See id.
58. Id.
59. Meg and the Power of Many, supra note 12, at 66 (quoting Meg Whitman, CEO, as saying, “We make a small number of rules and get the heck out of the way, because the entrepreneurial talents of our users will solve a lot of the problems”).
61. Cohen, supra note 21, at 214. eBay also cooperates with law enforcement personnel, who search the site for illegal merchandise including endangered species and postal meters. Carrie Kirby, Keeping Order Online, S.F. Chron., Jan. 29, 2001, at D5. In one case, eBay turned over the address of a user selling a baby tiger without a subpoena to a special agent for the U.S. Fish and Wildlife Service. Id. However, the privacy issues related to this practice are yet to be resolved. Id.
62. Trademark owners and copyright owners are both participants in this program. See Cohen, supra note 21, at 214.
64. Id. These procedures fulfill eBay’s and the rights owners’ duties under the DMCA. Hendrickson v. eBay, Inc., 165 F. Supp. 2d 1082, 1085 & n.3 (C.D. Cal. 2001); see infra notes 175-76, 178-85 and accompanying text.
65. eBay Help: Community Standards: Policies and Conduct: eBay’s Verified Rights Owner (VeRO), http://pages.ebay.com/help/community/vero-aboutme.html (last visited Sept. 29, 2005). These “about me” pages provide users with information about the VeRO participants’ trademarks, products, and efforts to prevent illegal sales on eBay. See id.
violations or problems with another eBay member,”68 but not potentially infringing items.69 Additionally, eBay started daily self monitoring of the site for infringing items.70 However, it maintains that “the [s]ite acts as a venue.”71 Therefore, it has “no control over the quality, safety or legality of the items advertised, [or] the truth or accuracy of the listings.” 72 These disclaimers, however, may not be enough to protect eBay from legal liability.

B. The Lanham Act and Its Policies

On July 5, 1946, President Harry S. Truman signed the Lanham Act into law, the foundation of American federal trademark law.73 The Lanham Act was introduced as a bill “to place all matters relating to trademarks in one statute and to eliminate judicial obscurity . . . and [to] [make] relief against infringement prompt and effective.”74 The Senate decided to modernize trademark law from the Act of February 20, 1905, in order to “ke[ep] pace with . . . commercial development.”75 In order for the Lanham Act to remain the basis of American trademark law, it has been amended numerous times to keep pace with technological developments in the business world.76

The Lanham Act purports to promote three competing policies: (1) to prevent consumer confusion, (2) to protect the goodwill of businesses, and

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69. See Reporting Listings when You Are Not the Rights Owner, http://pages.ebay.com/help/confidence/contact-rights-owner.html (last visited Sept. 29, 2005). Even though selling counterfeits directly violates eBay’s policies, eBay likely prevents individual users from reporting infringing items because users are not trained to identify counterfeits and because competing sellers could damage each others’ business by making frequent reports of infringement. See id. eBay may also have implemented this policy in response to the notice provisions of the DMCA. See infra note 178-87 and accompanying text for a discussion of these provisions.

70. My Listing Was Removed Through VeRO, http://pages.ebay.com/help/confidence/vero-removed-listing.html (last visited Sept. 29, 2005). But see At 10 Years, Has EBay Lost Its Allure?, supra note 29 (noting executive concern’s that “it’s impossible to police a site receiving as many as 2,000 new listings per second”).

71. Your User Agreement, supra note 34. But see Hendrickson v. eBay 165 F. Supp. 2d 1082, 1084 n.2 (C.D. Cal. 2001) (indicating that eBay’s self-classification “as merely an online venue that publishes ‘electronic classified ads’” is “grossly oversimplify[d]”).

72. Your User Agreement, supra note 34, para. 3.1.


75. Id. at 4; id. at 1276.

(3) to promote competition within the market. The law against direct trademark infringement, in the form of counterfeiting, provides an example. Section 43(a) of the Lanham Act bars sellers from using others’ trademarks to sell their own goods when the use creates confusion as to the source of the goods. However, this protection does not extend to generic terms that are necessary to describe certain products. Additionally, the use of another’s trademark that does not cause confusion as to origin, and

77. See Windsor, Inc. v. Intravco Travel Ctrs., Inc., 799 F. Supp. 1513, 1520-21 (S.D.N.Y. 1992); see also S. Rep. No. 1333, at 4, as reprinted in 1946 U.S.C.C.A.N. 1274, 1275 (citing the three-part rational for trademark protection as “to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not”); McCarthy, supra note 76, §§ 2:1-2:2. For example, the First Circuit held that “[t]he injury in an infringement case is . . . to the public because of confusion caused by the similar marks.” Keds Corp. v. Renee Int’l Trading Corp., 888 F.2d 215, 218 (1st Cir. 1989). The second policy drives the Lanham Act’s protection of dilution against famous marks. 15 U.S.C. § 1125(c) (2000) (allowing a court to consider “the duration and extent of the use of the mark” as well as “the duration and extent of advertising and publicity” to determine if a mark deserves protection); see also TCPIP Holding Co. Inc. v. Haar Commc’ns Inc., 244 F.3d 88, 95 (2d Cir. 2001) (noting that “the Dilution Act is designed solely for the benefit of the sellers”). The processes of registration and cancellation of trademarks are guided by the final policy. Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976) (explaining that because “no matter how much money and effort the user of a generic term has poured into promoting the sale of its merchandise . . ., it cannot deprive competing manufacturers of the product of the right to call an article by its name,” trademark protection will not be awarded to generic terms).


[1] Latent trademark infringement inhibits competition and subverts both goals of the Lanham Act. By applying a trademark to goods produced by one other than the trademark’s owner, the infringer deprives the owner of the goodwill which he spent energy, time, and money to obtain. At the same time, the infringer deprives the consumer of their ability to distinguish among the goods of the competing manufacturers.

Id. (citations omitted).

79. The statute provides:

a) Civil Action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, 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, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.


80. “A generic term is one that refers, or has come to be understood as referring, to the genus of which the particular product is a species.” Abercrombie, 537 F.2d at 9. The Abercrombie court provides “ivory” as an example of a generic term when used to refer to goods produced from elephant tusks. Id. at 9 n.6.

81. Id. at 9.
sponsorship, or approval is not barred.\textsuperscript{82} Thus, this civil penalty protects the goodwill that businesses build in their trademarks, while it prevents consumer confusion as to the source of goods and services.\textsuperscript{83} By not restricting the use of necessary words, the statute also allows for competition in the market among businesses selling similar goods.\textsuperscript{84} Likewise, non-confusing use allows one to compare his own product to another's by using the other's trademark.\textsuperscript{85} As new trademark issues arise, the law must continually balance these three main principles to achieve the correct equilibrium.\textsuperscript{86}

C. Contributory Trademark Infringement

1. The Origins of Contributory Trademark Infringement: \textit{Inwood Laboratories, Inc. v. Ives Laboratories, Inc.}

Despite Congress's intent to codify trademark law through the Lanham Act and its numerous amendments,\textsuperscript{87} certain important trademark principles remain only in common law.\textsuperscript{88} For example, courts find no statutory support for contributory trademark liability,\textsuperscript{89} but instead rely upon the U.S. Supreme Court's opinion in \textit{Inwood Laboratories, Inc. v. Ives Laboratories, Inc.}.\textsuperscript{90}

In \textit{Inwood}, the Court considered whether a manufacturer or distributor of generic drugs could be held liable for the direct trademark infringement of pharmacists.\textsuperscript{91} In this case, the pharmacists directly infringed trademarks by intentionally selling generic drugs provided by manufacturers and

\begin{itemize}
\item \textsuperscript{82} See 15 U.S.C. § 1125(a)(1).
\item \textsuperscript{83} See id.
\item \textsuperscript{84} See Abercrombie, 537 F.2d at 9.
\item \textsuperscript{85} See August Storck K.G. v. Nabisco, Inc., 59 F.3d 616, 620 (7th Cir. 1995) (praising comparative advertising because it helps consumers evaluate new products against a familiar one).
\item \textsuperscript{86} See, e.g., H.W. Carter & Sons, Inc. v. William Carter Co., 913 F. Supp. 796, 803-04 (S.D.N.Y. 1996) (noting that in trademark suits courts must balance these three policies against one another).
\item \textsuperscript{87} See supra note 76 and accompanying text.
\item \textsuperscript{88} The exclusion of common law concepts from the Lanham Act does not lead to the conclusion that Congress intended for the statute to also exclude them. See Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 861 n.2 (1982) (White, J., concurring). \textit{But see} NuPulse, Inc. v. Schlueter Co., 853 F.2d 545, 549 (7th Cir. 1988) (“When we view the Lanham Act in its totality, it is clear that Congress intended to create a self-contained statutory device to deal with all kinds of trademark infringement and unfair competition.”).
\item \textsuperscript{89} Power Test Petroleum Distribrs., Inc. v. Manhattan & Queens Corp., 556 F. Supp. 392, 394 (E.D.N.Y. 1982) (noting that “the doctrine of contributory infringement has developed as a judicial gloss on the infringement provision of the Lanham Act”).
\item \textsuperscript{91} \textit{Inwood}, 456 U.S. at 846.
\end{itemize}
distributors under brand names. In announcing its holding, the Supreme Court explained that "liability for trademark infringement can extend beyond those who actually mislabel goods with the mark of another." Consequently, the Court held that a manufacturer or a distributor of generic drugs could be held contributorily liable for the direct infringing actions of pharmacists. Relying on William R. Warner & Co. v. Eli Lilly & Co., Justice Sandra Day O'Connor, writing for the majority, determined the test to be the following:

If a manufacturer or distributor intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, the manufacturer or distributor is contributorily responsible for any harm done as a result of the deceit.

Accordingly, the Inwood fact pattern fell under the latter scenario because the defendants' liability turned on (1) supplying the drug which ultimately infringed a trademark and (2) constructive or actual knowledge of the pharmacists' actions. The Court remanded the case to resolve the factual elements of this test. More importantly, the Court's decision empowered trademark owners to effectively police their marks by holding more financially sound parties—such as the generic drug manufacturers and distributors in Inwood—accountable. Additionally, trademark owners benefited from the ability to attack one manufacturer or distributor who contributed to the direct counterfeiting of many individual pharmacists, rather than mount separate suits against each pharmacist. The following section examines the modifications that the Inwood test underwent to fit landlords and franchisors in a physical setting.

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92. See id.
93. Id. at 853.
94. See id. at 855.
95. 265 U.S. 526, 530 (1924) (holding that "[t]he wrong was in designedly enabling the dealers to palm off").
96. Inwood, 456 U.S. at 854. Another court described contributory trademark infringement as "supplying the ammunition" that allow[s] the wrongful user to complete the infringement." Power Test Petroleum Distrs., Inc. v. Manhattan & Queens Corp., 556 F. Supp. 392, 394 (quoting Stix Prods., Inc. v. United Merchants & Mfrs., Inc., 295 F. Supp. 479, 496 (S.D.N.Y. 1968)).
97. Inwood, 456 U.S. at 854.
98. Id. at 856-59.
99. See Louis Vuitton S.A. v. Lee, 875 F.2d 584, 588 (7th Cir. 1989); cf. In re Aimster Copyright Litig., 334 F.3d 643, 645-46 (7th Cir. 2003) (recognizing that suing individual copyright infringers is futile and unhelpful to the larger problem).
100. See Louis Vuitton, 875 F.2d at 588.
2. Contributory Trademark Liability in Physical Settings

a. Landlords

After Inwood, lower courts could freely apply the law of contributory trademark infringement to manufacturers and distributors who supplied products which eventually infringed a trademark, but the Inwood Court did not define any further boundaries to this doctrine. 101 Nevertheless, under Hard Rock Cafe Licensing Corp. v. Concession Services, Inc., 102 and subsequently in Polo Ralph Lauren Corp. v. Chinatown Gift Shop 103 and Fonovisa, Inc. v. Cherry Auction, Inc., 104 federal courts applied the Inwood test for contributory trademark infringement to landlords, including flea market operators. 105

The flea market in Hard Rock Cafe operated by renting stalls to vendors, charging fees for reservations and storage, charging admission fees to customers, and running concession stands. 106 However, the operator paid for general advertising and crowd control security. 107 When renting the stalls, the vendors agreed to the rules prohibiting sales of illegal products like counterfeit goods. 108 Among their other duties, two security guards and one manager walked around the market a few times per day looking for violations of the operator’s rules. 109

101. See Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259, 265 (9th Cir. 1996) (indicating that “[t]he Court in Inwood, however, laid down no limiting principle that would require defendant to be a manufacturer or distributor”); Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc., 955 F.2d 1143, 1148 (7th Cir. 1992) (recognizing that “it is not clear how the doctrine applies to people who do not actually manufacture or distribute the good that is ultimately palmed off”).
102. 955 F.2d at 1149.
103. 855 F. Supp. 648, 650 (S.D.N.Y. 1994) (holding “that plaintiff has pleaded a legally sufficient cause of action against [the landlord]... for contributory [trademark] infringement” based on the authority of Inwood and Hard Rock Cafe). Importantly, the Tiffany case is also in the Southern District of New York. Complaint, supra note 4.
104. 76 F.3d at 265. “Hard Rock Cafe’s application of the Inwood test is sound; a swap meet can not disregard its vendors’ blatant trademark infringements with impugnity. Thus, Fonovisa has also stated a claim for contributory trademark infringement.” Id.
105. In spite of the Hard Rock Cafe court’s affirmation of the theory of contributory trademark liability, the court rejected the possibility that landlords might be vicariously liable for any direct infringement by their tenants. Hard Rock Cafe, 955 F.2d at 1150. The court explained that vicarious liability would require “that the defendant and the infringer have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.” Id. In this case, the facts did not support such a finding. Id.
106. Id. at 1146.
107. Id.
108. Id.
109. Id. Similarly, in Fonovisa, the defendant, Cherry Auction, operated a swap meet, by renting booth space to individual vendors and charging an entrance fee to customers. Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259, 260 (9th Cir. 1996). These fees covered general advertising and parking. Id. Nevertheless, Cherry Auction reserved the right to eject vendors for any reason. Id.
In order to apply the *Inwood* test, the U.S. Court of Appeals for the Seventh Circuit, in *Hard Rock Cafe*, drew a parallel between a landlord, who under tort law "is responsible for the torts of those it permits on its premises" if the landlord has actual or constructive knowledge of the activities, and a manufacturer or distributor, who can be contributorily liable as explained in *Inwood*. Even though a flea market operator is not supplying the goods that ultimately infringe, it supplies "the necessary marketplace" for the direct infringers to sell their counterfeit merchandise. Without the space, the direct infringers could not easily continue their activities. To distinguish, the court noted in dicta that a temporary service provider who, for example, supplies services to set up a flea market stand, might not be contributorily liable even if it knew of the direct infringement. A vendor could likely seek help from someone else or complete the setup himself.

Therefore under this modified *Inwood* test, a defendant's liability would turn on (1) supplying a necessary product that the recipient utilizes to directly infringe a trademark, and (2) knowing or having a reason to know, through actual or constructive knowledge, of the direct infringer's actions. In employing the *Hard Rock Cafe* analysis, courts have also focused on the level of supervision and control each landlord maintained over the direct infringers.

While the second prong of the *Inwood* test remained constant, the *Hard Rock Cafe* court more fully developed the knowledge standard. In finding that the flea market operator could be contributorily liable for the

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10. *Hard Rock Cafe*, 955 F.2d at 1149.

11. See supra notes 91-96 and accompanying text. According to the Supreme Court, the manufacturer or distributor must also know of the infringements taking place or have reason to know of them. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 855 (1982).

12. *Fonovisa*, 76 F.3d at 265. In the contributory copyright section of the opinion, the court calls the operator's provisions a "material contribution" to the direct infringement because the direct infringer could not act without the "space, utilities, parking, advertising, plumbing, and customers." *Id.* at 264. Similarly, a regular landlord provides the place for the direct infringer to sell his counterfeit wares. *See Polo Ralph Lauren Corp. v. Chinatown Gift Shop*, 855 F. Supp. 648, 650 (S.D.N.Y. 1994). However, the test for contributory copyright liability turns on whether "[o]ne who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another." *Fonovisa*, 76 F.3d at 264.


15. *Fare Deals*, 180 F. Supp. 2d at 690.


17. *SB Designs v. Reebok Int'l, Ltd.*, 338 F. Supp. 2d 904, 913 (N.D. Ill. 2004) (acknowledging that "[t]he Seventh Circuit's expansion of contributory liability is premised on a defendant's direct control and monitoring of the instrumentality used by a third party to infringe the plaintiff's mark"); accord *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 985 (9th Cir. 1999); *Fare Deals*, 180 F. Supp. 2d at 689.

18. *Hard Rock Cafe*, 955 F.2d at 1149.
trademark infringement of the independent sellers, the Seventh Circuit noted that the operator “has no affirmative duty to take precautions against the sale of counterfeits.”

Nevertheless, the operator will be held accountable for being aware of what a reasonable person would know. Additionally, the court restated that “a person... [who] suspect[s] wrongdoing and [who] deliberately fail[s] to investigate” is willfully blind and is considered knowledgeable under the Lanham Act. To this end, the Seventh Circuit observed in dicta that the manager of the flea market had the opportunity to see the counterfeit t-shirts’ cut labels and low sale price, from which the manager could have reasonably concluded that the merchandise was counterfeit. Nevertheless, he failed to investigate.

On the other hand, the court noted that the trademark owner, Hard Rock Cafe, had not publicized that it was the sole source for genuine Hard Rock Cafe t-shirts, nor did consumers know that genuine t-shirts are never lower quality with cut labels.

b. Franchisors

The Eleventh Circuit’s decision in *Mini Maid Services Co. v. Maid Brigade Systems, Inc.* also provided guidance to lower courts applying the knowledge prong of this test. First, the court urged that district courts examine “the nature and extent of the communication between [the accused contributory infringer] and [the direct infringer] regarding the infringing acts.” Additionally, courts should scrutinize “the extent and nature of the violations.” The Eleventh Circuit explained that with systematic and major trademark infringement comes a higher probability of

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119. *Id.*
120. *Id.*
121. *Id.* (citing its own opinion in *Louis Vuitton S.A. v. Lee*, 875 F.2d 584, 590 (7th Cir. 1989)). As the *Hard Rock Cafe* court points out, the difference in finding actual knowledge/willful blindness and reason to know will determine the award of attorneys fees. *Id.* at 1151. In a footnote, the court noted that willful blindness is determined under a subjective standard, while reason to know falls under an objective standard. *Id.* at 1151 n.5.
122. *Id.* at 1149.
123. *Id.*
124. *Id.* (comparing *Louis Vuitton*, 875 F.2d at 590, because “genuine Vuitton or Gucci bags [are] unlikely to display poor workmanship or purple vinyl linings”). As a matter of procedure, the Seventh Circuit remanded the case to the lower court to determine the factual issue of knowledge. *Id.* at 1150.
125. 967 F.2d 1516, 1522 (11th Cir. 1992) (holding that a “franchisor may be held accountable only if it intentionally induced its franchisees to infringe another’s trademark or if it knowingly participated in a scheme of trademark infringement carried out by its franchisees”).
126. *Id.* The Eleventh Circuit specifically announced these standards in order to limit the contributory liability of franchisors with “renegade franchise[s].” *Id.* at 1522 n.4. In this case, the plaintiff sued a franchisor for the trademark infringement of a franchisee. *Id.* at 1518.
127. *Id.* at 1522.
128. *Id.*
knowledge. \textsuperscript{129} Lastly, in certain circumstances, contributory liability could derive from "a bad faith refusal to exercise a clear contractual power to halt the infringing activities." \textsuperscript{130} However, an established contractual relationship is the prerequisite for liability in this circumstance. \textsuperscript{131}

3. Contributory Trademark Liability in Cyberspace

This section explores the application of the concepts developed in the physical world to cyberspace trademark cases. First, Part I.C.3.a addresses the contributory trademark liability of domain name registrars. Part I.C.3.b discusses the contributory liability of Internet Service Providers who host domains. Finally, Part I.C.3.c focuses on the trademark portion of \textit{Hendrickson v. eBay Inc.}, \textsuperscript{132} where eBay was charged under printer-publisher liability.

a. Domain Name Registrars

In \textit{Lockheed Martin Corp. v. Network Solutions, Inc.}, \textsuperscript{133} the Ninth Circuit had the opportunity to apply the principles of \textit{Hard Rock Cafe} to domain names. The court held that a domain name registrar \textsuperscript{134} could not be contributorily liable for the trademark infringement caused by a domain name \textsuperscript{135} because it only provided a service, not a product. \textsuperscript{136} Both the district court and the appellate court also stressed that the defendant, unlike the defendant in \textit{Fonovisa}, could not "reasonably be expected to monitor the Internet" for evidence of infringement by its registrants. \textsuperscript{137} Such a task

\textsuperscript{129} \textit{Id.}
\textsuperscript{130} \textit{Id.} The court specifically created this list of inquiries to protect franchisors from renegade franchisees. \textit{Id.} at 1522 n.4.
\textsuperscript{131} See \textit{id.} at 1522.
\textsuperscript{132} 165 F. Supp. 2d 1082 (C.D. Cal. 2001).
\textsuperscript{133} 194 F.3d 980 (9th Cir. 1999). This case predated the Anticybersquatting Consumer Protection Act of 1999. See 15 U.S.C. § 1125(d) (2000). However, analysis of this case is still useful because of its discussion of \textit{Fonovisa} and \textit{Hard Rock Cafe}.
\textsuperscript{134} The defendant’s services consisted of two features in addition to the actual registration: (1) running a check for duplicate domain names and (2) maintaining a directory to link domain names with the internet protocol numbers of the servers. Lockheed Martin Corp. v. Network Solutions, Inc., 985 F. Supp. 949, 953 (C.D. Cal. 1997), \textit{aff’d}, 194 F.3d 980 (9th Cir. 1999).
\textsuperscript{135} Direct infringement occurs when the domain name, also a trademark registered to another party, is used in commerce and in connection with the sale, offer for sale, distribution, or advertising of goods or services. See \textit{id.} at 950. The act of registering a domain name, equal to or confusingly similar to a trademark, is not infringement. See \textit{id.} at 961.
\textsuperscript{136} Lockheed, 194 F.3d at 984. First, the court identified the two-prong test: (1) did the domain name registrar supply a product and (2) did the domain name registrar have actual or constructive knowledge of any direct infringement. \textit{Id.} However, the court found it unnecessary to answer the knowledge prong because it affirmed the district court’s finding that the defendant did not supply a product, but a service. \textit{Id.} at 984-85. Second, it continued with its analysis by examining the level of control and monitoring, as per \textit{Fonovisa} and \textit{Hard Rock Cafe}. \textit{Id.} at 985.
\textsuperscript{137} \textit{Id.} (quoting Lockheed, 985 F. Supp. at 951).
would be too burdensome considering the volume of information on the Internet. However, in dicta, the district court suggested that an internet service provider ("ISP") in a similar situation was more like a flea market operator because it "provide[s] the actual storage and communication for [the] infringing material." Then, in a footnote, the court acknowledged that its analogy might not work because of the Communications Decency Act of 1996 ("CDA"), which "created a tort immunity for [ISPs]." Moreover, the district court recognized that an ISP could not monitor the limitless number of postings to its websites.

b. Internet Service Providers Who Host Domains

Delving deeper into cyberspace in *Gucci America, Inc. v. Hall & Associates*, the Southern District of New York took up the issue of an ISP's contributory trademark liability for the infringement of its domain-hosting customers. In this case, the direct infringer used the ISP's services to advertise counterfeit Gucci jewelry. At the outset, the court ruled that *Lockheed* did not foreclose "the application of contributory [trademark] infringement in the Internet context." Next, it held that the CDA did not grant the ISP immunity because the CDA was not meant to change the bounds of intellectual property law. Accordingly, the court found that the plaintiff had stated a triable claim for relief on contributory

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139. See id. at 962.
141. *Lockheed*, 985 F. Supp. at 962 n.7 (citing Zeran v. Am. Online, Inc., 129 F.3d 327, 330-31 (4th Cir. 1997)). Then the court further complicated matters by citing the CDA's intent not to change existing intellectual property law. Id. (citing 47 U.S.C. § 230(d)(2)). See infra note 147 for the relevant text of the CDA.
144. Id. at 410-11. In domain hosting, the internet service provider ("ISP") provides the user with the ability to run his own website on his own domain, instead of using the ISP's domain. Id. at 411 n.4. (citing Columbia Ins. Co. v. Seescandy.com, 185 F.R.D. 573, 578 n.1 (N.D. Cal. 1999)). This service has been described as parallel to renting office space. Id. See Gregory C. Walsh, *Copyrights & Trademarks: Internet Service Provider Liability for Contributory Trademark Infringement After Gucci*, 2002 Duke L. & Tech. Rev. 25, for further analysis of *Gucci*.
146. Id. at 416 (internal quotation omitted).
147. According to the CDA, "No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider." 47 U.S.C. § 230(c)(1) (2000). However, "[n]othing in this section shall be construed to limit or expand any law pertaining to intellectual property." Id. § 230(e)(2). The *Gucci* court discussed the legislative history of the CDA and concluded that the act "was meant to overrule cases holding ISPs liable for defamation." *Gucci*, 135 F. Supp. 2d at 417.
trademark infringement against the ISP because no statute barred this claim.\textsuperscript{148}

c. eBay as Printer Publisher

Even though the plaintiff in \textit{Hendrickson v. eBay, Inc.}\textsuperscript{149} did not state a claim for contributory trademark infringement,\textsuperscript{150} his Lanham Act claim warrants discussion here because this case addressed eBay’s liability for trademark infringement occurring on its site. Hendrickson, as the copyright and trademark/trade dress owner, sued eBay for the third-party sale of counterfeit copies of a documentary about Charles Manson documentary through eBay auctions.\textsuperscript{151} His trademark infringement claim charged eBay on the basis of printer-publisher liability.\textsuperscript{152} However, in a pretrial order the court ruled that if it found eBay liable for trademark infringement, eBay would be treated as an innocent infringer, in part because it had no knowledge of the direct infringements.\textsuperscript{153} Treatment as an innocent infringer limits the remedies to an injunction against any further publication of the infringing advertisements in question.\textsuperscript{154} Fittingly, the court rejected the plaintiff’s request for an injunction covering all future possible infringing advertisements because this would require eBay to “monitor the millions of new advertisements posted on its website each day and determine, on its own, which of those advertisements infringe[s].”\textsuperscript{155} The court supported its decision by announcing that eBay did not have a “duty to monitor its own website for potential trade dress violation[s].”\textsuperscript{156} Like the \textit{Lockheed} court,\textsuperscript{157} the Central District of California believed that monitoring in virtual space would be too onerous.\textsuperscript{158}

D. Contributory Copyright Infringement

Despite their perceived similarities, copyright and trademark law are quite different.\textsuperscript{159} To begin with, copyright protection stems from a direct

\begin{itemize}
  \item \textsuperscript{148} \textit{See Gucci}, 135 F. Supp. 2d at 416-17, 422.
  \item \textsuperscript{149} 165 F. Supp. 2d 1082 (C.D. Cal. 2001).
  \item \textsuperscript{150} \textit{Id.} at 1095.
  \item \textsuperscript{151} \textit{Id.} at 1086.
  \item \textsuperscript{152} Here, eBay was treated as a direct infringer under 15 U.S.C § 1125(a) (2000) because it falsely advertised the trademarked goods. \textit{id.} at 1086.
  \item \textsuperscript{153} \textit{Id.} at 1095.
  \item \textsuperscript{154} Lanham Act, 15 U.S.C. § 1114(2).
  \item \textsuperscript{155} \textit{Hendrickson}, 165 F. Supp. 2d at 1095.
  \item \textsuperscript{156} \textit{Id.}
  \item \textsuperscript{157} \textit{See supra} notes 137-38 and accompanying text.
  \item \textsuperscript{158} \textit{Hendrickson}, 165 F. Supp. 2d at 1095.
  \item \textsuperscript{159} Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 439 n.19 (1984) (noting that the Supreme Court has “consistently rejected the proposition that a similar kinship exists between copyright law and trademark law”); \textit{see also} McCarthy, \textit{supra} note 76, § 6:1 (describing the common confusion among the different types of intellectual property rights).
\end{itemize}
constitutional grant of power. On the other hand, the Supreme Court has explicitly rejected this direct support for trademark protection. Importantly, the test for contributory copyright liability also differs substantially from the trademark test. Additionally, the policies behind each area of law are very distinct. For example, in *Mazer v. Stein*, the Supreme Court explained the rationale behind the constitutional grant of copyright law power as an economic philosophy: The state provides authors with a personal benefit as an incentive to create and disseminate valuable works of art to the public. Accordingly, copyright law aims to enrich the public, while the authors' gain is secondary. An author’s natural property right to his or her own creations also serves as a supporting policy behind the grant of copyright.

1. DMCA

Currently, the DMCA also differentiates copyright law from trademark law, specifically in the area of contributory infringement. While encouraging the development of the Internet, Title II of the DMCA simultaneously provides “strong incentives for service providers and copyright owners to cooperate to detect and deal with copyright infringements that take place in the digital networked environment” and offers service providers guidance on their direct, contributory and vicarious liability for the infringing actions of their customers. Specifically, § 512

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160. U.S. Const. art. I, § 8, cl. 8 (“To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”).
161. Trade-Mark Cases, 100 U.S. 82, 94-95 (1879) (holding that Congress’ power to regulate trademarks can only come from its power to regulate interstate commerce).
162. Under copyright law, “‘[o]ne who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a ‘contributory’ infringer.’” Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259, 264 (9th Cir. 1996) (quoting Gershwin Pub. Corp. v. Columbia Artists Mgmt., Inc., 443 F.2d 1159, 1162 (2d Cir. 1971)). For more information on modern contributory copyright jurisprudence, see Brandon Michael Francavillo, Comment, *Pretzel Logic, the Ninth Circuit’s Approach to Contributory Copyright Infringement Mandates that the Supreme Court Revisit Sony*, 53 Cath. U. L. Rev. 855 (2004).
163. For a comparison with trademark law policies, see supra note 77 and accompanying text.
165. Id. at 219.
166. See id.
167. See David Nimmer, Nimmer on Copyright § 1.03(A) (2005).
169. S. Rep. No. 105-190, at 20 (1998). However, the Senate specified that it did not intend to clarify the current case law of this subject. Id.
provides a safe harbor that limits service provider ("SP") liability, but it "does not abolish contributory infringement."170

In particular, § 512(c) limits the liability of SPs for the "[i]nformation [r]esiding on [their] [s]ystems or [n]etworks at [the] [d]irection of [u]sers" based on three factors: knowledge, financial benefit, and expeditious removal.171 First, the SP must lack either actual knowledge of the direct copyright infringement or the conditions that make the infringement obvious.172 Alternatively, if the SP learns about the infringement or the conditions, it must quickly prevent access to the infringing material.173 Second, the SP must not directly earn money from the infringement if it can control the infringing activity.174 Third, if the SP is properly notified, according to the notification requirements listed in the statute,175 it must quickly prevent access to the infringing material.176 Failure to meet all three parts of this test results in no shelter from liability for the SP.177

Importantly, the copyright owner must comply with strict notification requirements in order for the safe harbor to require that the SP prevent access to the infringing material.178 To begin with, the notice must be in

170. In re Aimster Copyright Litig., 334 F.3d 643, 655 (7th Cir. 2003). If a service provider ("SP") does not fit into the safe harbor, it must be evaluated under the contributory copyright liability test in order to be found liable. See id.
171. 17 U.S.C. § 512(c)(1). The text of the statute provides that covered SPs
   (A)(i) do[] not have actual knowledge that the material or an activity using the
   material on the system or network is infringing;
   (ii) in the absence of such actual knowledge, [are] not aware of facts or
   circumstances from which infringing activity is apparent; or
   (iii) upon obtaining such knowledge or awareness, act[] expeditiously to
   remove, or disable access to, the material;
   (B) do[] not receive a financial benefit directly attributable to the infringing
   activity, in a case in which the service provider has the right and ability to control
   such activity; and
   (C) upon notification of claimed infringement as described in paragraph (3),
   respond[] expeditiously to remove, or disable access to, the material that is claimed
   to be infringing or to be the subject of infringing activity.

Id.
172. Id.
173. Id.
174. Id.
175. See infra notes 178-86 and accompanying text for notification elements.
177. See id.
178. See id. § 512(c)(3). The text of the notifications requirements reads as follows:
(3) Elements of notification.
   (A) To be effective under this subsection, a notification of claimed
   infringement must be a written communication provided to the designated agent
   of a service provider that includes substantially the following:
   (i) A physical or electronic signature of a person authorized to act on
   behalf of the owner of an exclusive right that is allegedly infringed.
   (ii) Identification of the copyrighted work claimed to have been infringed,
   or, if multiple copyrighted works at a single online site are covered by a
   single notification, a representative list of such works at that site.
   (iii) Identification of the material that is claimed to be infringing or to be
   the subject of infringing activity and that is to be removed or access to which
written form and directed to the designated agent of the SP.\textsuperscript{179} To be effective, the notice must contain a physical or electronic signature of a person authorized to represent the copyright owner.\textsuperscript{180} In addition, the notice must identify the copyrighted work, the allegedly infringing material, and the location of the infringing material.\textsuperscript{181} The complaining party’s contact information should also be included.\textsuperscript{182} The notice must then contain a statement that the complaining party has a good faith belief that infringement is occurring.\textsuperscript{183} Finally, the complaining party must certify that all the information in the notice is truthful and that, under penalty of perjury, he or she is authorized to represent the copyright owner.\textsuperscript{184} If the notification only contains identification of the copyrighted work, contact

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\item[(iv)] Information reasonably sufficient to permit the service provider to contact the complaining party, such as an address, telephone number, and, if available, an electronic mail address at which the complaining party may be contacted.
\item[(v)] A statement that the complaining party has a good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law.
\item[(vi)] A statement that the information in the notification is accurate, and under penalty of perjury, that the complaining party is authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.
\end{enumerate}

\begin{enumerate}
\item[(B)(i)] Subject to clause (ii), a notification from a copyright owner or from a person authorized to act on behalf of the copyright owner that fails to comply substantially with the provisions of subparagraph (A) shall not be considered under paragraph (1)(A) in determining whether a service provider has actual knowledge or is aware of facts or circumstances from which infringing activity is apparent.
\item[(ii)] In a case in which the notification that is provided to the service provider’s designated agent fails to comply substantially with all the provisions of subparagraph (A) but substantially complies with clauses (ii), (iii), and (iv) of subparagraph (A), clause (i) of this subparagraph applies only if the service provider promptly attempts to contact the person making the notification or takes other reasonable steps to assist in the receipt of notification that substantially complies with all the provisions of subparagraph (A).
\end{enumerate}

\textit{Id.}

179. \textit{Id.} The statute requires that SPs appoint a designated agent:

\begin{enumerate}
\item [(2)] Designated Agent.—The limitations on liability established in this subsection apply to a service provider only if the service provider has designated an agent to receive notifications of claimed infringement described in paragraph (3), by making available through its service, including on its website in a location accessible to the public, and by providing to the Copyright Office, substantially the following information:
\item [(A)] the name, address, phone number, and electronic mail address of the agent.
\item [(B)] other contact information which the Register of Copyrights may deem appropriate.
\end{enumerate}

\textit{Id.} § 512(c)(2).

180. \textit{Id.} § 512(c)(3).

181. \textit{Id.}

182. \textit{Id.}

183. \textit{Id.}

184. \textit{Id.}
information of the complaining party, and identification of the allegedly
infringing work, the SP must reasonably attempt to contact the complaining
party to obtain the remaining elements of the notice. Incomplete
notification does not, however, provide a basis for an SP’s knowledge of
the direct infringement or of the circumstances that make infringement
obvious. Thus, the DMCA safe harbor encourages rights owners and
SPs to cooperate to prevent copyright infringement on the Internet.

2. EBay’s Contributory Copyright Liability Under the DMCA

The copyright portion of the Hendrickson case provides an especially
pertinent discussion of the DMCA’s § 512(c) safe harbor provision and its
requirements. There, the court identified the main issue as “whether
eBay [could] be held secondarily liable for providing the type of selling
platform/forum and services that it provided, however limited or automated
in nature, to sellers of counterfeit copies of the film ‘Manson.’” The
court first considered whether eBay could receive shelter from liability
through the DMCA’s safe harbor.

The court analyzed eBay’s actions under subsection (c) because the
plaintiff charged that users were exploiting eBay’s “materials” to directly
infringe the copyright. With respect to the first prong, the court held that
eBay did not have actual or constructive knowledge. The plaintiff’s
notice to eBay did not impact this finding because his emails did not
identify the specific infringing items. Therefore, the notification did not
fulfill the section’s notice requirements. Without identification of the
infringing items, eBay could not distinguish the legal sales of the Manson
documentary from the illegal ones. In light of the plaintiff’s failure to
provide proper notification, the court did not find it necessary to analyze
prong three of the test or the agent requirement. Instead, the court
deemed that eBay automatically fulfilled the requirements of the take down

185. Id.
186. Id.
187. See id. § 512(c).
189. Id. at 1087. The plaintiff argued that under the contributory copyright liability
portion of Fonovisa, he stated a claim for relief against eBay. Id.
190. Id. at 1087-88. Without much analysis, the court concluded that eBay qualified as
an online service provider, as per the DMCA’s requirements in 17 U.S.C. § 512(k)(1)(B). Id.
(stating that the court in Fonovisa allowed the plaintiff to state a claim for contributory
copyright liability against the flea market operator for the infringements of individual
vendors).
191. Id. at 1088. See supra note 171 and accompanying text for the text of § 512(c).
193. See id.; see also supra notes 178, 181 and accompanying text.
194. Hendrickson, 165 F. Supp. 2d at 1093. See supra notes 178-87 for the notice
requirements.
195. See Hendrickson, 165 F. Supp. 2d at 1090-91. The court noted that exact
identification of the infringing listings may not be necessary in all circumstances. Id. at
1090. For example, only the title is necessary when no legal copies of a movie exist. Id.
196. Id. at 1092 & n.13.
prolong because no action is required by the SP without proper notification by the rights holder.\textsuperscript{197}

Under the second prong, the court held that eBay did not have the right or ability to control the infringing activity, so a determination of its financial interest was moot.\textsuperscript{198} The court explicitly rejected the plaintiff’s contention that eBay had the right and ability to control because eBay could take down listings after notification.\textsuperscript{199} The court reasoned that the plaintiff’s contention directly conflicted with both § 512(c)(1)(C)\textsuperscript{200} and the purpose of the DMCA to provide incentives for preventing infringement.\textsuperscript{201} The court further stated that the infringing activity—the actual sale of the illegal copies of the documentary—“[is] consummated ‘offline.’”\textsuperscript{202} Thus, eBay, never having possessed the goods, does not maintain control like a traditional auction site.\textsuperscript{203} Because eBay successfully completed all three prongs of the test, the district court found that the safe harbor provisions of § 512(c) protected eBay from liability.\textsuperscript{204}

\section*{II. \textit{Tiffany Inc. v. eBay Inc.:} The Arguments For and Against eBay’s Contributory Liability}

To date, no United States federal court has ruled on the issue of whether an online auction site can be held contributorily liable for the trademark infringements of its third-party sellers.\textsuperscript{205} As discussed in Parts I.C.1 and I.C.2, courts have dealt with similar issues, but only in the physical world.\textsuperscript{206} Can these principles effectively translate into cyberspace? How should the concepts developed in cyber trademark law impact the outcome of the Tiffany case? This part presents the legal and policy arguments for and against Tiffany’s claim of contributory trademark infringement. Specifically, this part addresses the elements of the modified test developed in \textit{Hard Rock Cafe} and \textit{Fonovisa}, namely whether eBay supplied a necessary product to its infringing users, whether eBay has knowledge or reason to know about the direct infringement, and whether eBay maintains direct supervision and control over the instrumentality used to infringe.\textsuperscript{207} Finally, Part II.D addresses the policy arguments for each party.

\begin{itemize}
\item \textsuperscript{197} \textit{Id.} at 1092.
\item \textsuperscript{198} \textit{Id.} at 1093.
\item \textsuperscript{199} \textit{Id.} Section 512(c)(1)(C) requires an SP to quickly remove access to infringing material upon proper notification. See supra note 171.
\item \textsuperscript{200} \textit{Hendrickson}, 165 F. Supp. 2d at 1093.
\item \textsuperscript{201} \textit{Id.} at 1093-94; see also supra note 169 and accompanying text.
\item \textsuperscript{202} \textit{Hendrickson}, 165 F. Supp. 2d at 1094.
\item \textsuperscript{203} \textit{Id.;} see also Corbis Corp. v. Amazon.com, Inc., 351 F. Supp. 2d 1090, 1110 (W.D. Wash. 2004) (holding that Amazon.com had no right or ability to control products of third party vendors, as it never had them in its control).
\item \textsuperscript{204} \textit{Hendrickson}, 165 F. Supp. 2d at 1094.
\item \textsuperscript{205} As a result, the outcome of the Tiffany lawsuit is highly unpredictable.
\item \textsuperscript{206} See supra Part I.C.1-2.
\item \textsuperscript{207} See supra notes 116-17 and accompanying text.
\end{itemize}
In order to support its groundbreaking lawsuit with existing precedent and to anticipate eBay's initial motions to dismiss, Tiffany could begin by restating the Gucci court's conclusion that Lockheed did not foreclose "the application of contributory [trademark] infringement in the Internet context." Second, Tiffany could stress that the CDA does not grant immunity to ISPs for contributory infringement because the CDA did not intend to alter current intellectual property law. Next, Tiffany must address the three prongs of the modified test.

A. Did eBay Supply a Necessary Product to Its Infringing Users?

1. Tiffany's Arguments

At the outset, Tiffany must prove that eBay supplied a necessary product to its infringing users. Accordingly, Tiffany could argue that, like the defendants in the flea market cases, eBay provides its infringing users with the necessary marketplace to sell their counterfeit wares. The direct infringers "rent" space to list their items through the insertion fee, just as the traditional vendors rent stall space. In both situations, the sellers could not complete their infringing activities without the supplied marketplace. The situation at bar differs from the service hypothetical presented in Hard Rock Cafe, because here the direct infringers cannot easily find another source to supply them a marketplace. In fact, an online auction site's unique characteristics make it the only true marketplace for a variety of goods that were previously difficult to sell.

Tiffany could also argue that the tort law analogy from Hard Rock Cafe applies even though eBay's premises are virtual. EBay, like a traditional landlord, maintains self-contained premises to which it has permitted individual sellers to enter. Therefore, it too should be responsible for the torts committed by those permitted entry onto its property.

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209. Id. at 421. See supra note 147 for the text of the CDA.
210. See supra note 116 and accompanying text.
211. See Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259, 265 (9th Cir. 1996).
212. Complaint, supra note 4, para. 21.
213. See Creating a Seller's Account, supra note 40.
216. See supra note 33.
217. See id.
218. See Hard Rock Cafe, 955 F.2d at 1149 (drawing an analogy between a manufacturer or distributor and a landlord who "is responsible for the torts of those it permits on its premises" if it has knowledge of the illegal activities committed by those on its premises).
219. See EBay, supra note 1.
220. See How to Sell, supra note 38.
221. See Hard Rock Cafe, 955 F.2d at 1149.
2. EBay’s Arguments

To contest Tiffany’s position, eBay could argue that it is only a virtual venue. As a venue, eBay supplies no necessary products, but only services to its users. Unlike the operators in the flea market cases, eBay did not provide sellers with tangible real estate, parking, or plumbing. Instead, it supplies vendors with a service package that includes posting a listing, running an auction through automated services, and emailing the winning bidder. Similar to the service provider hypothetical employed in Hard Rock Cafe, the vendors could have gone elsewhere for eBay’s temporary services. They could have sold their products directly by using classified advertisements, their own websites, or even a card table on a street corner. Indirect options, such as boutiques, also present an alternative. EBay and the other online auction sites do not maintain the only alternative market for silver jewelry.

Finally, in response to the landlord tort responsibility contention initially presented in Hard Rock Cafe, eBay could argue that even if virtual space is considered a product, the illegal transaction does not occur in the virtual space because it occurs through the mail. Thus, eBay does not incur the same responsibility required by Hard Rock Cafe.

B. Does EBay Have Knowledge or a Reason to Know of the Direct Infringement?

1. Tiffany’s Arguments

To prevail on its claim, Tiffany must also argue that eBay has knowledge or reason to know of the direct infringement. However, without more factual information, the argument that eBay knew of the direct infringement of Tiffany’s trademarks are merely conjectural. Because willful blindness equals actual knowledge for the purpose of the Lanham Act, the arguments in support of willful blindness are relevant here. Under this

222. See Your User Agreement, supra note 34.
223. See id.; cf. Lockheed Martin Corp. v. Network Solutions, Inc., 194 F.3d 980 (9th Cir. 1999) (identifying registration of domain names to be a service, not a product).
224. See EBay, supra note 1.
225. How to Sell, supra note 38.
226. See Fare Deals, Ltd. v. World Choice Travel.com, Inc., 180 F. Supp. 2d 678, 690 (D. Md. 2001); Meg and the Power of Many, supra note 12, at 66 (reporting that “Ms. Whitman [eBay’s chief executive officer] scowls: the notion that users have no alternatives is, she says ‘awfully arrogant’”).
227. Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc., 955 F.2d 1143, 1149 (7th Cir. 1992) (likening a landlord’s liability under tort law to a manufacturer or distributor’s liability under Invwood).
229. See supra note 116 and accompanying text.
230. Hard Rock Cafe, 955 F.2d at 1149; see also supra note 119 and accompanying text.
subjective standard, Tiffany could argue that because eBay admittedly monitors its listings, eBay could clearly see that many sellers offer multiple pieces of new Tiffany jewelry priced well below retail. Suspicion may also develop after users report that certain sellers are offering counterfeit goods. Either of these circumstances could lead eBay to suspect wrongdoing because, unlike the plaintiff in Hard Rock Cafe, Tiffany has publicized that it is the sole source for new authentic Tiffany jewelry. Although eBay refuses to take real responsibility for actively investigating all sellers who fall into the above categories, eBay does provide its buyers with an optional service, for a small fee, where an independent party authenticates listings at the buyer’s request. eBay could employ this authentication service itself in an effort to prevent the sale of counterfeit items after screening the listings using automated means. Nevertheless, doing so would likely reduce eBay’s profits because a decrease in listings by counterfeiters will result in a decrease in fees.

Alternatively, Tiffany could argue that eBay simply had a reason to know of the direct infringers because their existence is very obvious from the evidence described above. The additional arguments in support of the objective standard that eBay has reason to know stem from practices that are likely common to most online auction sites. Tiffany could argue that a reasonable online auction site operator browses its website for operational purposes. Such a reasonable entity would also keep records and statistics about the fees paid by each type of seller, the most frequently entered search terms in each category and other similar information. Despite the large number of listings, the operator could still come across individual sellers who offer numerous pieces of new Tiffany jewelry for sale below

231. Hard Rock Cafe, 955 F.2d at 1151 n.5.
232. My Listing Was Removed Through VeRO, supra note 70.
233. In its complaint, Tiffany argues that “any seller of a significant lot—i.e., five pieces or more—of purported ‘Tiffany’ jewelry at a discount is almost certainly selling counterfeit merchandise.” Complaint, supra note 4, para. 11. eBay would not have to know the exact retail prices of Tiffany jewelry to determine that the prices listed on eBay are lower than retail. The reader is invited to conduct a similar experiment on www.ebay.com.
235. See Hard Rock Cafe, 955 F.2d at 1149.
236. See Complaint, supra note 4, paras. 10-11.
237. Cohen, supra note 21, at 91.
239. See id.
240. See EBay.com Fees, supra note 41.
241. See EBay, supra note 1; see, e.g., supra note 3 and accompanying text.
242. See Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc., 955 F.2d 1143, 1149, 1151 n.5 (7th Cir. 1992); see also supra note 119.
243. See Hard Rock Cafe, 955 F.2d at 1146.
This could provide eBay with a reason to know about the counterfeiting.

Additionally, Tiffany could employ some of the suggested factors from *Mini Maid* to support a finding that eBay had knowledge of the counterfeiting under either of the two knowledge theories. First, Tiffany could point to the communication, however automated, between the direct infringers and eBay about the infringing listings. The sellers communicate to eBay by listing their items, describing them, and providing photographs. eBay communicates by sending automated emails about the listings as well as the bids and the final winner. eBay also offers its sellers Sales Reports that include detailed information on a seller’s activities. Logically, this amount of communication about the infringing activity must lead to knowledge by eBay. Second, the sheer volume and repeated infringements taking place on eBay’s website could also lead to the conclusion that eBay must know about the infringement.

2. eBay’s Arguments

In response, eBay could stress that actual knowledge requires knowing the exact contents of each and every new listing. Last year, eBay reported more than 1.3 billion listings. In addition, eBay would have to be able to distinguish counterfeit items from real ones without ever actually possessing the items. Even eBay’s voluntary attempts to monitor its site

244. Complaint, supra note 4, para. 11.
245. *Mini Maid Servs. Co. v. Maid Brigade Sys., Inc.*, 967 F.2d 1516, 1522 (11th Cir. 1992) (suggesting that district courts look at “the nature and extent of the communication[s]” regarding the infringement, “the extent and nature of the violations,” and the existence of a contractual power to stop infringement); see also *supra* notes 127-30 and accompanying text.
246. *See Mini Maid*, 967 F.2d at 1522.
248. *Id.*
250. *See Mini Maid*, 967 F.2d at 1522.
251. *See id.*
252. Sellers maintain the ability to revise their listings throughout the auction, which suggests that effective monitoring by eBay must be continuous. *See Revising Your Listing*, http://pages.ebay.com/help/sell/edit_listing.html (last visited Sept. 29, 2005).
253. *EBay Annual Report*, supra note 25, at 22. This figure includes all non-store listings, regardless of whether anyone won the auction or it was removed. *Id.* at 23.
254. *See Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1149 (7th Cir. 1992); see also *Hendrickson v. eBay*, Inc., 165 F. Supp. 2d 1082, 1090-91 (C.D. Cal. 2001); Bunnell, *supra* note 33, at 140. Moreover, in *Hendrickson*, the court explained that “eBay has no involvement in the final exchange and generally has no knowledge whether a sale is actually completed (i.e., whether payment exchanges hands and the goods are delivered).” *Hendrickson*, 955 F.2d at 1094. However, with eBay’s acquisition of Paypal, an online payment system used in a large number of eBay auctions, eBay now has knowledge about payments. *See Meg and the Power of Many*, supra note 12, at 67. For more information on Paypal, see Paypal, http://www.paypal.com (last visited Sept. 29, 2005).
for counterfeits\textsuperscript{255} could not rise to the level of actual knowledge because this enormous task would require an army of employees to review each listing for counterfeits.\textsuperscript{256} This army would also have to become experts in the unique characteristics of trademarked goods, a task better suited to those who actually make the goods. However, eBay could also stop voluntary monitoring because case law indicates that it does not have a duty to monitor.\textsuperscript{257}

To refute Tiffany’s argument that eBay is willfully blind, eBay need only point to its lack of knowledge concerning its countless listings.\textsuperscript{258} Knowledge about its listings is necessary to create the suspicion of wrongdoing required for willful blindness.\textsuperscript{259} Moreover, acquisition of this knowledge runs contrary to eBay’s laissez-faire philosophy.\textsuperscript{260} Under this subjective standard,\textsuperscript{261} eBay’s admitted voluntary monitoring\textsuperscript{262} does not equate to willful blindness because eBay could argue that it does not possess the ability to distinguish genuine goods from counterfeits.\textsuperscript{263} Alternatively, eBay could rebut Tiffany’s proposal that sellers who list more than five Tiffany products at the same time are likely infringers,\textsuperscript{264} by pointing to sellers who legally sell five Tiffany items simultaneously.

Similarly, the “objective reason to know” standard must take into account the more than 1.3 billion listings\textsuperscript{265} that a reasonable online auction operator must view in order to have a reason to know.\textsuperscript{266} Unlike the defendants in the flea market cases, eBay maintains a website instead of actual premises.\textsuperscript{267} Because eBay has no duty to monitor under the applicable case law,\textsuperscript{268} no reasonably prudent online auction operator would have reason to know about the minuscule amount of fraud taking place on its site.

\textsuperscript{255} My Listing Was Removed Through VeRO, supra note 70.
\textsuperscript{256} Bunnell, supra note 33, at 56. As of 2000, eBay employed fewer than 500 people. Id. at 113.
\textsuperscript{257} See Lockheed Martin Corp. v. Network Solutions, Inc., 194 F.3d 980, 985 (9th Cir. 1999); Hendrickson, 165 F. Supp. 2d at 1095. Without an affirmative duty to monitor its website, eBay could easily discontinue all current monitoring methods and then claim that it has no actual knowledge or even a reason to know about any infringements that occur through the auctions. See Hard Rock Cafe, 955 F.2d at 1149.
\textsuperscript{258} See Hard Rock Cafe, 955 F.2d at 1149.
\textsuperscript{259} See id.
\textsuperscript{260} Bunnell, supra note 33, at 140.
\textsuperscript{261} See supra note 121.
\textsuperscript{262} See supra note 70 and accompanying text.
\textsuperscript{263} See Hard Rock Cafe, 955 F.2d at 1149.
\textsuperscript{264} Complaint, supra note 4, para. 11.
\textsuperscript{265} eBay Annual Report, supra note 25, at 22.
\textsuperscript{266} See Hard Rock Cafe, 955 F.2d at 1149.
\textsuperscript{267} See eBay, supra note 1.
\textsuperscript{268} See Lockheed Martin Corp. v. Network Solutions, Inc., 194 F.3d 980, 985 (9th Cir. 1999); Hendrickson, 165 F. Supp. 2d at 1095.
C. Does eBay Maintain Direct Supervision and Control over the Instrumentality Used to Infringe?

1. Tiffany's Arguments

Tiffany must also prove that eBay maintains direct control and supervision over the instrumentality used to infringe, namely the virtual space known as eBay.com. Accordingly, Tiffany could argue that in the same way that flea market operators maintain supervision and control, eBay wields control over and supervises its virtual premises.\textsuperscript{269} To begin with, eBay has rules of conduct, contained in the user agreement,\textsuperscript{270} and it also monitors the activities of its virtual space.\textsuperscript{271} Without the influence of the Hendrickson ruling,\textsuperscript{272} Tiffany might contend that eBay's control and supervision derives from its power to search and take down infringing listings.\textsuperscript{273} Additionally, Tiffany might also argue that eBay's power to prescreen listings demonstrates control. eBay could easily set up electronic bots\textsuperscript{274} that could "automatically . . . screen out and remove from its database all listings by sellers of five or more pieces of Tiffany jewelry."\textsuperscript{275} Tiffany could then argue that, having met all three parts of the modified test, a court could find eBay contributorily liable for the trademark infringements of its users.\textsuperscript{276}

2. eBay's Arguments

To refute Tiffany's arguments regarding supervision and control, eBay must emphasize that supervision has only been acknowledged in traditional premises, where the alleged contributory infringer possesses the counterfeit goods.\textsuperscript{277} eBay could then argue that this doctrine cannot be extended into the virtual world because the doctrine was premised upon a relatively small and manageable space.\textsuperscript{278} The virtual space that makes up eBay's website

\textsuperscript{269} Lockheed, 194 F.3d at 985.
\textsuperscript{270} Your User Agreement, supra note 34.
\textsuperscript{271} My Listing Was Removed Through VeRO, supra note 70.
\textsuperscript{272} See supra notes 188-204 and accompanying text. Application of this holding is restricted to contributory copyright infringement. See supra notes 188-204.
\textsuperscript{273} See Hendrickson, 165 F. Supp. 2d at 1093-94.
\textsuperscript{274} A bot is defined as "[a] software program that imitates the behavior of a human, as by querying search engines or participating in chatroom or . . . discussions." The American Heritage Dictionary of the English Language (4th ed. 2000), available at http://dictionary.reference.com/search?q=bot.
\textsuperscript{275} Complaint, supra note 4, para. 34.
\textsuperscript{276} See supra notes 116-17.
\textsuperscript{277} See Hendrickson, 165 F. Supp. 2d at 1094 (concluding that having never had possession of the goods, eBay cannot render any control, unlike a traditional auction house); see also Corbis Corp. v. Amazon.com, Inc., 351 F. Supp. 2d 1090, 1110 (W.D. Wash. 2004) (holding that Amazon.com had no right and ability to control products of third-party vendors, which it never had in its physical possession).
\textsuperscript{278} See Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc., 955 F.2d 1143, 1148 (6th Cir. 1992).
does not reflect either of these characteristics. Most importantly, the sheer number of listings posted per minute inhibits eBay's ability to take real control of its operations. Therefore, eBay cannot maintain supervision according to the standards in Hard Rock Cafe or Fonovisa.

Moreover, as Judge Robert J. Kelleher explained in Hendrickson, eBay could argue that its ability to remove infringing listings after a complaint does not demonstrate control. Even though Judge Kelleher based his reasoning on the DMCA, his rationale also applies in the trademark context. If eBay's ability to remove listings upon notification of their illegality demonstrates control, online auction sites would have no incentive to cooperate with rights owners when notified of trademark infringement. Instead, auction sites would likely eliminate all voluntary cooperative measures for fear of a court ruling that they have control. Thus, finding that eBay currently holds control over instrumentalities used by infringers would be counterproductive for trademark owners. Having failed to meet the requirements of the modified test, eBay could argue that it cannot be held contributorily liable.

D. Policy Arguments

1. Tiffany's Arguments

Tiffany could find further support for its arguments in Lanham Act and cyberspace policies. By holding eBay financially accountable for the vast amounts of counterfeiting occurring on its site, a court would force eBay to work to greatly decrease the number of infringements. Without a financial reason to prevent counterfeiting, eBay's incentives to not prevent counterfeiting, insertion and final value fees, take priority. Holding eBay accountable would enable trademark owners to protect the goodwill they have built in their marks without extensive and costly litigation against each individual seller. Further, absolving eBay of any liability would almost equate to condoning trademark infringement on Internet auction websites. Incidents of trademark infringement on the Internet would likely increase.

279. See EBay, supra note 1.
280. See supra note 70.
282. Id.
283. See id.
284. See id.; Bunnell, supra note 33, at 140.
285. See Hendrickson, 165 F. Supp. 2d at 1093-94; Bunnell, supra note 33, at 140.
286. See Complaint, supra note 4.
287. See Complaint, supra note 4, para. 35; supra notes 41-44 and accompanying text.
288. See Louis Vuitton S.A. v. Lee, 875 F.2d 584, 588 (7th Cir. 1989); cf. In re Aimster Copyright Litig., 334 F.3d 643, 645-46 (7th Cir. 2003) (recognizing suing individual copyright infringers as futile and unhelpful to the larger problem).
289. See The Comm. on Trademarks, supra note 6, at 255-56.
290. See id.
Tiffany could also argue that the decrease in counterfeit goods offered through eBay will protect consumers from confusion. Online consumers do not have the ability to physically inspect goods before purchase, so they can be more easily confused by misuse of trademarks. Knowing that trademarks indicate only genuine goods on eBay will therefore help consumers. The decrease in counterfeiting on eBay will also reduce the amount of post-sale confusion that results when the public later views counterfeit goods purchased on eBay. Moreover, this practice will help eBay by “enhanc[ing] its image and reputation as a safe place to trade.” Finally, it may also generally promote e-commerce by encouraging overly careful consumers and merchants to participate.

2. eBay’s Arguments

eBay also has supporting Lanham Act and e-commerce policy arguments on its side. If eBay’s cooperation with trademark holders demonstrates eBay’s ability to control, then future online auction sites will not voluntarily cooperate with trademark holders. Tiffany’s own efforts show that trademark owners can effectively work with eBay under the current VeRO system to prevent thousands of counterfeit sales on the site.

eBay could argue that, in order to protect and encourage development of the Internet, courts must not place hefty burdens on Internet companies. Specifically, holding eBay accountable will impose a great financial burden on eBay and the eBay community. As a result of eBay’s financial success, the company continually expanded its operations throughout the world and created highly effective technologies that make the eBay experience better for consumers. With the huge financial burden of preventing counterfeiting, eBay would likely scale back its geographic expansion and its development of new Internet technologies. Most importantly, eBay would likely pass its new costs on to its customers through a fee increase. If the costs of preventing counterfeit sales became too high, eBay might need to stop selling trademarked goods. Ultimately, eBay’s community of sellers and buyers will suffer.

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292. See id.
294. Bunnell, supra note 33, at 56.
295. Tiffany worked with eBay to remove 19,000 counterfeit auctions in a five-month period. Complaint, supra note 4, para. 37.
296. See The Comm. on Trademarks, supra note 6, at 255.
297. See Bunnell, supra note 33, at 56.
299. See The Comm. on Trademarks, supra note 6, at 255.
300. See id.
301. See eBay Quarterly Report, supra note 12, at 52.
302. See The Comm. on Trademarks, supra note 6, at 255.
Therefore, eBay could argue that consumers’ best interests require that eBay should not be held contributorily liable for users’ direct infringements.

III. RESOLUTION

As demonstrated in Part II, both Tiffany and eBay maintain strong positions on the issue of eBay’s contributory liability for the direct infringement of its third-party sellers.\(^{303}\) Unfortunately, the current contributory trademark jurisprudence does not necessarily indicate who should win.\(^{304}\) More importantly, the policy arguments on both sides reveal two unacceptable resolutions to the problem.\(^{305}\) If Tiffany prevails, eBay, in its current state, cannot continue to exist.\(^{306}\) Eventually, eBay, and all other online auction websites, could be forced to cease selling new trademarked goods or even close their virtual doors.\(^{307}\) On the other hand, if eBay triumphs, trademark infringement on the Internet will likely increase, giving rise to more consumer confusion and a decrease in the goodwill of many trademarks.\(^{308}\) Neither outcome is desirable. Fortunately, another option exists. Congress, as it did with the parallel problem of contributory copyright infringement on the Internet,\(^{309}\) should enact a digital safe harbor amendment to the Lanham Act to deal with the increase of Internet-based trademark infringement. Part III.A explains the proposed safe harbor for contributory trademark liability for online auction sites, which is substantially based on the DMCA safe harbor. Part III.B concludes that a limited duty to monitor must be added to the safe harbor. Finally, Part III.C addresses the remaining issue of an online auction site’s right and ability to control.

A. A Safe Harbor from Contributory Trademark Liability for Online Auction Sites

Notwithstanding the difference between copyright and trademark,\(^{310}\) Congress should enact an amendment parallel to the DMCA safe harbor\(^{311}\) to deal with contributory trademark infringement on the Internet. The same justifications would be valid: (1) to encourage the development of the Internet, (2) to present incentives for online auction sites and rights owners to cooperate in identifying and managing infringement in the digital environment, and (3) to offer guidance to online auction sites on their

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303. See supra Part II.
304. See supra Part I.C-D.
305. See supra Part II.D.
306. See supra notes 297-302 and accompanying text.
307. See supra notes 297-302 and accompanying text.
308. See supra notes 289-91.
309. See supra Part I.D.
310. See supra notes 159-68 and accompanying text.
311. See supra notes 171-87 and accompanying text for the DMCA’s safe harbor provision.
direct, contributory, and vicarious liability for infringements by their users.\textsuperscript{312}

Therefore, this Note proposes that Congress enact a safe harbor provision\textsuperscript{313} that protects online auction sites from contributory trademark liability if they comply with a three-part statute based on knowledge, financial benefit, and prompt take-down procedures. First, in order to benefit from the safe harbor, the online auction site must not possess either knowledge of the direct trademark infringement or knowledge of conditions that make the infringement obvious. If it gains knowledge of the direct infringement or the conditions that make it obvious, then the online auction site must promptly take down the infringing listing or prevent the infringing item from being listed. Second, the online auction site must not earn money as a direct result of the infringing activity if it possesses control over the instrumentality used to infringe. Finally, if a representative of the trademark owner alerts the online auction site of an infringing listing according to the prescribed notification procedures, then the site must quickly take down the listing.

Additionally, the safe harbor would require that a qualifying online auction site appoint an agent to receive notifications of trademark infringement by its users.\textsuperscript{314} The contact information of this agent must be readily accessible on the online auction site’s webpage.

\textsuperscript{312} See supra note 169 and accompanying text.

\textsuperscript{313} The proposed amendment is substantially based on the safe harbor provision of the DMCA, 17 U.S.C. § 512 (2000). For the original text, see supra note 171. The amendment would provide as follows:

\section*{§ 1 Limitations on Liability Relating to Goods Sold Online}

\textbf{(A) Online Auction Sites/Houses}

\textsuperscript{1} In general. An online auction site shall not be liable for monetary relief, for injunctive or other equitable relief, for infringement of trademark by reason of direct infringement of a third-party seller, if the online auction site:

\begin{itemize}
  \item[(a)] (i) does not have actual knowledge of the direct infringement; or
  \item[(ii)] in the absence of actual knowledge, does not have a reason to know, through knowledge of facts and circumstances from which the infringing activity is apparent; or
  \item[(iii)] upon obtaining such knowledge or awareness, acts expeditiously to take down or prevent the listing of the infringing material;
\end{itemize}

\begin{itemize}
  \item[(b)] does not receive a financial benefit directly attributable to the infringing activity, in a case in which the online auction site has the right and ability to control the instrumentality used to infringe; and
  \item[(c)] upon notification of claimed infringement as described in paragraph (2), responds expeditiously to take down the listing that is claimed to be infringing.
\end{itemize}

\textsuperscript{314} The proposed amendment would read as follows:

\textsuperscript{(2) Designated Agent. The limitations on liability established in this subsection apply to an online auction site only if the site has designated an agent to receive notifications of claimed infringement described in paragraph (3), by making available through its website in a location easily accessible to the public, substantially the following information:

\begin{itemize}
  \item[(a)] the name, address, phone number, and electronic mail address of the agent.
\end{itemize}
Like the DMCA notification, the proposed notification has seven necessary elements. The written notification must include a signature, physical or electronic, by an authorized representative of the trademark owner. The complaint must identify the owner’s trademark, the infringing listing, and any information necessary to locate the listing. The representative must also include her contact information, along with a statement that she has a good faith belief in the existence of the trademark infringement. Finally, the representative should include a statement attesting to the truthfulness of the notification and a certification under penalty of perjury that she is the trademark owner’s authorized representative. If the complaint includes only the identification of the trademark, the representative’s contact information, and the infringing listing, the online auction must alert the complaining party to the missing elements. However, noncompliant notifications will not give rise to

315. See supra notes 178-86 and accompanying text for the DMCA’s notification requirements.

316. The notification requirements would be the following:

(3) Elements of notification
(a) To be effective under this subsection, a notification of claimed infringement must be a written communication provided to the online auction site that includes substantially the following:

(i) A physical or electronic signature of a person authorized to act on behalf of the owner of the trademark that is allegedly infringed.
(ii) Identification of the trademark claimed to have been infringed, or, if multiple trademarks at a single online site are covered by a single notification, a representative list of such trademarks.
(iii) Identification of the listing that is claimed to be infringing and that is to be taken down, and information reasonably sufficient to permit the online auction site to locate the listing.
(iv) Information reasonably sufficient to permit the online auction site to contact the complaining party, such as an address, telephone number, and, if available, an electronic mail address at which the complaining party may be contacted.
(v) A statement that the complaining party has a good faith belief that use of the trademark in the manner complained of is not authorized by the trademark owner, its agent, or the law.
(vi) A statement that the information in the notification is accurate, and under penalty of perjury, that the complaining party is authorized to act on behalf of the owner of the trademark that is allegedly infringed.

(b) (i) Subject to clause (ii), a notification from a trademark owner or from a person authorized to act on behalf of the trademark owner that fails to comply substantially with the provisions of subparagraph (a) shall not be considered under paragraph (A)(1)(a) in determining whether an online auction site has actual knowledge or is aware of facts or circumstances from which infringing activity is apparent.

(ii) In a case in which the notification that is provided to the online auction site fails to comply substantially with all the provisions of subparagraph (a) but substantially complies with clauses (ii), (iii), and (iv) of subparagraph (a), clause (i) of this subparagraph applies only if the online auction site promptly attempts to contact the person making the notification or takes other reasonable steps to assist in the receipt of notification that substantially complies with all the provisions of subparagraph (a).
knowledge of the direct trademark infringement or of the conditions that make infringement obvious.

Finally, the proposed safe harbor includes a broad definition of the term "online auction site." The definition embraces both fixed-price sales and auction sales in order to include all types of retail sites that could be sued under contributory trademark liability for the infringement actions of third parties.

By providing online auction websites who follow the prescribed behavior with a safe harbor, the proposed amendment provides online auction sites with guidance as to their liability. Auction websites with actual knowledge of their users' direct infringements who take down the listings of infringing goods will provide the easiest cases for applying the proposed safe harbor. Under this safe harbor, courts will also likely not have trouble dealing with cases involving improper notification, as defined in section 1(A)(2). Hopefully, most online auction sites will fit into the first category.

Notwithstanding the proposed amendment's balance between the goals of trademark owners, the public, and online auction sites, the proposal does not resolve all of the issues with respect to eBay's contributory liability. First, the proposed amendment does not dictate whether eBay has a duty to monitor its website for infringements. Second, the proposal does not state whether eBay has the right and ability to control the instrumentality used to infringe. In Parts III.B and III.C, this Note argues that while eBay does have a limited duty to monitor its listings, it does not currently have the right or ability to control the instrumentality used to infringe.

B. The Duty to Monitor

In keeping with the goals of the proposed amendment and the spirit of eBay's business model, this Note also proposes that a limited monitoring obligation be added to the safe harbor requirements. In an effort to

317. The proposed definition is as follows:
(4) For the purposes of this section, an online auction site includes, but is not limited to, a website that allows third parties to offer their goods for sale on the online auction's website at fixed prices or to the highest bidder.

318. In seeking to include all retailers who allow third-party sellers to offer goods through their websites, this definition admittedly expands the concept of an online auction site beyond common understanding. However, this expansion is deemed necessary because of the increasing number of sites that allow independent sellers to offer goods for sale. For example, see Amazon.com's zShops at Amazon.com Help: About zShops, http://www.amazon.com/exec/obidos/._537854/ref=._x/104-5855768-6107136? (last visited Sept. 29, 2005).

319. See supra note 169 and accompanying text.
320. See supra Part III.A-B.
321. See supra notes 192-95 and accompanying text.
322. See supra note 312 and accompanying text.
323. See supra notes 58-59 and accompanying text.
324. The monitoring obligation would be as follows:
§ I(A)(1)
cooperate with rights owners, online auction sites must implement automated monitoring of their listings to detect sellers who simultaneously offer multiple goods\textsuperscript{325} with the same trademark\textsuperscript{326} or sellers who consistently list goods with a specific trademark. The monitoring system should flag all sellers who fall into the above categories for review by a staff member and possibly a representative of the trademark owner to determine the legality of the sellers’ conduct. Then, any infringing listings must be taken down expeditiously. Because the volume of daily listings would prevent an online auction site from screening all of them before the listings become public without detrimental delay,\textsuperscript{327} the monitoring system must scan all listings within forty-eight hours of posting.\textsuperscript{328} However, an online auction site could choose to scan all listings beforehand. Additionally, to prevent counterfeiting users from modifying their listing after the scanning process,\textsuperscript{329} online auction sites must also scan all listings at the close of auction. Any sellers with listings found to be in violation at closing will be reported to the trademark owners and flagged for further monitoring. The information gained through this monitoring process will be used to determine if an online auction site has knowledge of direct trademark infringement or conditions that make the infringement obvious.\textsuperscript{330} Importantly, online auction sites will have time to implement the proposed monitoring procedures.\textsuperscript{331} In the end, the duty to monitor must fall substantially on the online auction site because the site reaps profits, however indirectly or limited, from the direct infringement by its users.\textsuperscript{332}

(d) implements an automated monitoring system designed to flag, within forty-eight hours of listing, all third-party sellers who:

(i) simultaneously list a significant number of items with the same trademark;

or

(ii) consistently list goods with a specific trademark; and

(e) implement an automated monitoring system designed to flag all listings according to (d)(i) and (ii) at the close of the auction. Sellers with flagged listings under this subsection will be turned over to the trademark owner and identified for further monitoring by the online auction site.

(f) The knowledge gained from the monitoring process in subsections (d) and (e) will be considered under paragraph (A)(1)(a) in determining whether an online auction site has actual knowledge or is aware of facts or circumstances from which infringing activity is apparent.

325. Trademark owners who wish to participate in this automated system should conduct a reliable study to determine the minimum number of trademarked goods that a seller needs to simultaneously offer in order to be flagged by the monitoring system. Once determined, the number will not be released to eBay users.

326. See Complaint, supra note 4, para. 34.

327. See supra notes 70, 253.

328. If the volume of listings on an auction website greatly increases, this time period should be reviewed and adjusted accordingly.

329. See Revising Your Listing, supra note 252.

330. Thus, the flagging and the monitoring will often provide for facts and circumstances that make infringing activity apparent.

331. Without a grace period, eBay and other online auction sites would almost undoubtedly not meet the monitoring provision.

332. See supra notes 41-45 and accompanying text.
C. The Right and Ability to Control

In the trademark context, eBay’s ability to take down listings after notification of an infringement must not equate with eBay’s right and ability to control. This conclusion is based on the Hendrickson court’s rejection of the argument that eBay had the right and ability to control because of its ability to take down listings after notification in the copyright context.\(^{333}\)

Namely, under the proposed amendment, such a finding would contradict section 1(A)(1)(c).\(^{334}\) This section requires that online auction sites take down listings after proper notification in order to receive the protection of the safe harbor.\(^{335}\) Holding that an online auction site has the right and ability to control through this action would likely force liability under section 1(A)(1)(b)\(^{336}\) because currently most online auction sites do receive a direct financial benefit from third-party counterfeiters.\(^{337}\) Additionally, the Hendrickson court’s argument that such a finding would contradict the aim of the DMCA to encourage cooperation among rights owners and SPs also holds true in the trademark context.\(^{338}\) However, this Note leaves open the possibility that eBay may have the right and ability to control based on an alternative set of facts.

CONCLUSION

If enacted, the proposed safe harbor amendment should help prevent disputes like the one between Tiffany and eBay. Under the proposed safe harbor, if eBay chose\(^{339}\) to implement the monitoring provisions\(^{340}\) and followed the appropriate take-down procedures,\(^{341}\) Tiffany would not have a claim of contributory trademark liability. Instead, Tiffany’s complaint that eBay facilitated the sale of counterfeit Tiffany jewelry\(^{342}\) would be resolved. Namely, eBay’s users could not sell multiple pieces of Tiffany jewelry simultaneously or repeatedly.\(^{343}\) Alternatively, if eBay chose not to implement the monitoring procedures or not to follow the appropriate take-down requirements, Tiffany could have a claim of contributory trademark infringement against eBay. In such a case, a court would have to analyze the factual situation under the current common law test.\(^{344}\) However, this

\(^{333}\) See supra notes 199-201.
\(^{334}\) See supra note 313 and accompanying text.
\(^{335}\) See supra note 313 and accompanying text.
\(^{336}\) See supra notes 199-201 and accompanying text.
\(^{337}\) See, e.g., supra notes 40-45 and accompanying text.
\(^{338}\) See supra notes 199-201 and accompanying text.
\(^{339}\) EBay would likely choose to alter its practices to fit into the proposed safe harbor, as it did with the DMCA’s safe harbor. See supra note 64.
\(^{340}\) See supra note 324 and accompanying text.
\(^{341}\) See supra note 313 and accompanying text.
\(^{342}\) See supra notes 4-5 and accompanying text.
\(^{343}\) See supra note 4 and accompanying text.
\(^{344}\) See supra Part II. As demonstrated in Part II, the outcome of this case is highly unpredictable under existing precedent.
Note posits that eBay would likely follow the proposed safe harbor requirements because it attempts to adhere to the DMCA's safe harbor requirements.345

Therefore, in the same way as Congress responded to the epidemic of digital copyright infringement with the DMCA,346 it must now take action to curb the influx of trademark infringement taking place through online auction sites.347 Without legislative intervention, the courts will be faced to choose between two detrimental options: Either they could absolve the sites of liability and effectively freely allow trademark infringement on online auction sites,348 or they could severely burden auction sites' unique and valuable marketplace349 with liability, possibly to the point of extinction.350 As technology develops and the marketplace evolves, Congress must continually amend trademark law in order to stay true to the Lanham Act's original goals.351

345. See supra notes 61-64 and accompanying text.
346. See supra Part I.D.1 and accompanying text.
347. See supra notes 4, 6 and accompanying text.
348. See supra notes 289-90 and accompanying text.
349. See supra notes 299-302 and accompanying text.
350. See supra notes 28-33, 217 and accompanying text.
351. See supra note 77 and accompanying text for the Lanham Act’s supporting policies.