

COURT GIVES THUMBS-UP FOR USE OF THUMBNAIL PICTURES ONLINE

In the online world, where intellectual property rights can be violated with the simple click of a mouse, innovation sometimes finds itself engaged in a game of chicken with the law. Recently, online-photo-search engine Ditto.com played just such a game, taking their fight to the Ninth Circuit Court of Appeals. The Ninth Circuit's holding protects Ditto.com's use of copyrighted photos as transformative fair use. But the holding also addresses inline linking and framing, warning that they can violate copyright even in the face of a fair use.

Unlike traditional text-based search engines, Ditto.com (formerly known as Arriba Soft Corp.) displays search results visually.¹ Specifically, the results are displayed in the form of “thumbnail” images.² It is a fun, clever alternative to the conventional text-only search engine, and it offers more than two million digital images to view.³ But despite their novelty, Ditto.com’s thumbnails pose a problem: they are unauthorized copies of copyrighted material culled from third-party websites.⁴

In April 1999, photographer Leslie Kelly sued Arriba Soft Corp. (“Arriba”), alleging that their website infringed on his copyrights by creating thumbnails of his photographs and displaying them on their website.⁵ The Ninth Circuit, in its recent opinion, held that the reproduction of thumbnail pictures for the purpose of creating an online visual search engine constitutes transformative fair use under § 107 of the Copyright Act.⁶ However, it held that Arriba’s inline linking and framing of Kelly’s work violated his exclusive right to publicly display his photos,⁷ making it the first decision of its kind.⁸

¹ Kelly v. Arriba Soft Corp., 280 F.3d 934, 938 (9th Cir. 2002).

² Michael Bartlett, *Appeals Court to Consider ‘Fair Use’ of Online Images*, NEWSBYTES, Aug. 21, 2001, at <http://www.newsbytes.com/news/01/169255.html>.

³ Robert Clarida, *Fair Use on the Web - A Whole New Ballgame?*, LEGALLANGUAGE.COM, Nov. 2000, at <http://www.legallanguage.com/lawarticles/Clarida003.html>.

⁴ *Id.* The Arriba program searches the web autonomously for images, “crawling” through the internet and sending copies of images back to its server. *Kelly*, 280 F.3d at 938.

⁵ Kelly v. Arriba Soft Corp., 77 F.Supp. 2d 1116, 1117 (D. Cal. 1999). Kelly claimed that Arriba Soft’s “Arriba Vista Image Searcher” violated his copyrights by indexing 35 of his photos and utilizing them in its database. *Id.* See also Bartlett, *supra* note 2.

⁶ Kelly v. Arriba Soft Corp., 280 F.3d 934, 941 (9th Cir. 2002).

⁷ *Id.* at 938.

⁸ *Id.* at 945 (stating that, “No cases have addressed the issue of whether inline linking or framing violates a copyright owner’s public display rights”).

Ditto.com - How the Website Works ...

The Ditto.com website enables users to access images by entering a query, which subsequently produces a list of visual images or “thumbnails.”⁹ When a user clicks on a thumbnail, the website brings the user to the image’s originating webpage.¹⁰ However, this has not always been the case; Arriba Soft previously used techniques known as “inline linking” and “framing” to provide images to its users.¹¹

In the first six months of 1999, a user who clicked on a thumbnail would be brought to an “Images Attributes” page, which contained the original image imported from its source website.¹² This importation of an image is known as “inline linking.”¹³ Notably, the image would be displayed along with the Arriba banner and its advertising banners, and the user would not be made aware that the image in fact originates from another website.¹⁴ Beginning in July 1999, each thumbnail was accompanied by a “Source” link and a “Details” link.¹⁵ A user who clicked on either the thumbnail or the “Source” link encountered two new windows: The first displayed the full image imported from its source website (through a process known as “framing”), while behind it the second window displayed the actual originating webpage from which the image was imported.¹⁶

... And What Got It In Trouble

Kelly brought his claim in California District Court in 1999, arguing that the use of his photos violated his copyright protections under federal law.¹⁷ In December of 1999, U.S. District Court Judge Gary L. Taylor ruled that despite establishing a prima facie case of infringement, Arriba’s use of the pictures was justified under the “fair use” doctrine.¹⁸ Kelly appealed the decision, and on February 6,

⁹ Bartlett, *supra* note 2.

¹⁰ *Kelly*, 280 F.3d at 939, n.2.

¹¹ *See id.* at 938-39.

¹² *Id.* at 938.

¹³ *Id.* Inline linking results in a page where the imported content appears to be a part of the webpage that is being viewed. *Id.*

¹⁴ *Id.*

¹⁵ *Id.* at 939.

¹⁶ The court explained: From July 1999 until sometime after August 2000, the results page contained thumbnails accompanied by two links: “Source” and “Details.” The “Details” link produced a screen similar to the Images Attributes page but with a thumbnail rather than the full-sized image. Alternatively, by clicking on the “Source” link or the thumbnail from the results page, the site produced two new windows on top of the Arriba page. The window in the forefront contained the full-sized image, imported directly from the originating website. Underneath that was another window displaying the originating webpage. This technique is known as framing. The image from a second website is viewed within a frame that is pulled into the primary site’s webpage. *Kelly*, 280 F.3d at 939.

¹⁷ *Kelly*, 77 F.Supp. 2d at 1117.

¹⁸ *Id.* at 1121.

2002, the Ninth Circuit Court of Appeals affirmed in part and reversed in part.¹⁹ The Circuit Court distinguished between Ditto.com's use of the thumbnail image and the full-sized image, finding the only the latter a violation of Kelly's copyright.²⁰

Summary of the Ninth Circuit Decision

The Appeals Court analyzed the thumbnail reproductions and the display of Kelly's images through inline linking and framing as two separate and distinct actions.²¹ In considering the thumbnail issue, the court analyzed Arriba's use of Kelly's images under the "fair use" exception.²² The fair use doctrine is set forth in the Copyright Act,²³ and allows a judge to balance the black-letter protections of the copyright statute with its underlying policy goal of fostering creativity.²⁴ In balancing these competing concerns, judges consider four factors in making their determination.²⁵ The four factors are: (1) purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit or educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; (4) the effect of the use upon the potential market for or value of the copyrighted work.²⁶

The Court focused primarily on the first and fourth factors in their analysis.²⁷ As to the first factor, the Court found that while Arriba's website had a commercial purpose, its use of Kelly's images was not highly exploitative, because Arriba was neither selling Kelly's images nor was it using them to attract viewers to its own website.²⁸ The Court concluded that this prong of the first factor weighed only slightly in favor of Kelly.²⁹ However, the Court found that Arriba's use of Kelly's images was transformative, since the images as used on Arriba's website were serving an entirely different function

¹⁹ *Kelly*, 280 F.3d at 938.

²⁰ *Id.* The Court found that the "creation and use of the thumbnails in the search engine is a fair use, but the display of the larger image is a violation of Kelly's exclusive right to publicly display his works." *Id.* The Court then remanded to assess damages and to determine whether injunctory relief was appropriate. *Id.*

²¹ *Id.* at 939.

²² *Id.* at 941 (finding with little discussion that Arriba's actions amounted to a prima facie case of infringement).

²³ 17 U.S.C. § 107 (1976).

²⁴ *Kelly*, 280 F.3d at 940 (citing *Dr. Seuss Enters, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1399 (9th Cir. 1997)). *Dr. Seuss* is cited for the proposition that "courts [can] avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster." *Id.*

²⁵ 17 U.S.C. § 107 (1994).

²⁶ *Id.*

²⁷ *See Kelly*, 280 F.3d at 940-44.

²⁸ *Id.* at 940.

²⁹ *Id.* at 941.

than Kelly's original photographs.³⁰ Kelly's original images were primarily artistic, while Arriba used the images as a functional tool to enable users to maneuver their way around the Internet through visual aids.³¹ The Court found that Arriba's use of Kelly's work in its visual search engine benefited the public without causing injury to the integrity of Kelly's work.³² Therefore, the first factor weighed in Arriba's favor.

The Court briefly addressed the second and third factors. As to the second factor, the Court acknowledged that Kelly's works are creative in nature, which lends itself to stronger copyright protection than a fact-based work.³³ Yet, the Court also noted that Kelly's works had been previously published, lending themselves more readily to their fair use.³⁴ As such, the Court found that the second fair use factor only tipped slightly in Kelly's favor.³⁵

As to the third factor, the Court found that Arriba's copying of Kelly's works was not unreasonable in light of its purpose – the creation of a visual search engine.³⁶ Therefore, the Court found that the third factor did not weigh either in favor or against Arriba Soft.³⁷

In the Court's analysis of the fourth factor, the Court, again, looked to the transformative nature of Arriba's use of the thumbnails.³⁸ Citing a Supreme Court opinion, the court stated that a "transformative work is less likely to have an adverse impact on the market of the original than a work that merely superseded the copyrighted work."³⁹ Because Arriba's use of Kelly's work was highly transformative, the adverse impact it would have on the market for Kelly's work would be minimal.⁴⁰ The Court identified at least two potential markets for Kelly's images – to use them to attract visitors to his own website, and to license them out to interested parties.⁴¹ In both cases, the Court found that the thumbnails would not serve as a substitute for the original works of art.⁴² First, the Court found that

³⁰ *Id.* at 941. Here, the Court's relevant inquiry was whether "Arriba's use of the images merely superseded the object or instead added a further purpose or different character." *Id.*

³¹ *Id.*

³² *Id.* at 942. The Court stated that "Arriba's use of Kelly's images promotes the goals of the Copyright Act and the fair use exception. The thumbnails do not stifle artistic creativity because they are not used for artistic purposes and therefore do not supplant the need for the originals."

³³ *Kelly*, 280 F.3d at 943.

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Kelly*, 280 F.3d at 943 (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 591 (1994)).

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.*

Arriba's use of the thumbnails would ultimately lead users to Kelly's site, not away from it.⁴³ Second, the Court held that because the thumbnails, when enlarged, lose their clarity and resolution, it was unlikely that the thumbnails would ever be used only for display.⁴⁴ Thus, anyone wishing to use Kelly's work would still have to obtain a license.⁴⁵

Having found that 1) Arriba's use of Kelly's images were highly transformative,⁴⁶ 2) Kelly's works were creative and published,⁴⁷ 3) Arriba did not unreasonably copy Kelly's works in light of its purpose,⁴⁸ 4) Arriba's use of the thumbnails would not have an adverse market effect on Kelly's work,⁴⁹ the Court concluded that Arriba's use of Kelly's images as thumbnails in its search engine is a fair use.⁵⁰

The Court then went on to analyze the inline linking and framing issues with respect to Kelly's work.⁵¹ Since Arriba imported the images directly from Kelly's website, the court focused on whether this violated Kelly's exclusive right to publicly display his work, rather than his right to reproduce the works.⁵² The Court looked to the Copyright Act definitions of both "publicly" and "display," and the legislative history supporting them.⁵³ It concluded that the linking and framing of Kelly's images was, in fact, a public display, thus violating Kelly's copyright.⁵⁴

The Court then addressed the issue of liability. In determining whether Arriba should be held directly liable for violating Kelly's right of public display, it looked to two previous cases where defendant websites had actively reproduced and displayed copyrighted material without authorization from the copyright holder.⁵⁵ In both *Webbworld* and *Hardenburgh*, the websites were held directly liable

⁴³ *Id*

⁴⁴ *Id*

⁴⁵ *Kelly*, 280 F.3d at 943.

⁴⁶ *Id.* at 941.

⁴⁷ *Id.*

⁴⁸ *Id.* at 943.

⁴⁹ *Id.* at 943.

⁵⁰ *Id.* at 944.

⁵¹ *Kelly*, 280 F.3d at 944.

⁵² *Id*

⁵³ *Id.* In its analysis of the terms and legislative history, the court found that "the right of public display applies to original works of art as well as to reproductions of them. *Id.* (citing H.R.REP. NO. 94-1476, at 64 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5677. The Court also analyzed the public display right in the context of computer and Internet access, concluding that transmissions over such mediums were well within the ambit of publicly displaying a work. *Id.* The Court found this to be true regardless as to whether there were actual recipients of the display. *Id.*

⁵⁴ See *Kelly*, 280 F.3d at 947.

⁵⁵ See *Kelly*, 280 F.3d at 947. The Court cites two cases: *Playboy Enters., Inc. v. Webbworld*, 991 F. Supp. 543 (N.D. Tex. 1997), and *Playboy Enters., Inc. v. Russ Hardenburgh, Inc.*, 982 F. Supp. 503 (N.D. Ohio 1997). Both cases stand for the proposition that the defendants were directly liable for infringement because "they did more than act as mere providers of access or passive conduits." *Id.* Rather, both "took an active role in creating the display of the copyrighted images." *Kelly*, 280 F.3d at 946.

for violating the copyright holder's exclusive right to display its works.⁵⁶ While Kelly's images were not copied onto Arriba's server but, rather, were imported directly from Kelly's website, the Court found that this distinction weak.⁵⁷ It stressed that, like the cases discussed, Arriba was an active participant in finding and displaying Kelly's images simply by creating and using its linking and framing computer software.⁵⁸ Thus, the Court held Arriba directly liable for violating Kelly's right of public display.⁵⁹

What Does The Future Hold For Fair Use and Framing on the Internet?

Transformative Fair Use

At least one lawyer in the intellectual property arena has stated: "[This case] could be a first indication that the courts are willing to recognize a much broader scope for fair use on the Web than they have in connection with conventional print and broadcast media."⁶⁰ Indeed, both the District and Appellate courts seemed eager to find fair use in Arriba's use of Kelly's thumbnail images, largely based on their findings that the use was "transformative." Both focused on the fact that the photos serve an entirely different function in the context of Arriba's website. Thus, this decision may open a door for future online innovators, allowing them to use pre-existing, copyrighted material in new and interesting ways, so long as the respective functions of the material do not overlap.

This is particularly interesting, because while the Supreme Court in *Acuff-Rose* firmly held that transformative use was to be found in parody,⁶¹ defining the boundaries of transformative fair use has been considerably murkier in other contexts. Generally, courts are willing to find transformative fair use in instances of criticism, commentary, or biography, focusing their inquiry as to what function the use of the alleged infringing material serves in the context of the new work. For example, courts have held that modeling photographs used in the context of a news report constitutes a transformative fair use, since the function of displaying the photograph is different than its original purpose, i.e., to be used in a portfolio.⁶² Likewise, use of

⁵⁶ *Id.* at 947.

⁵⁷ *Id.* at 946.

⁵⁸ *Id.* at 947.

⁵⁹ *Id.*

⁶⁰ *Clarida*, *supra* note 3. Although he was referring to the District Court opinion, the sentiment remains the same in light of the Ninth Circuit opinion.

⁶¹ *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994). Other cases in which courts have found parodies to be transformative fair use include *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257 (11th Cir. 2001) (parody of *Gone With the Wind* held transformative), and *Liebowitz v. Paramount Pictures Corp.*, 137 F.3d 109 (2d Cir. 1998) (parody of famous Demi Moore photograph held transformative).

⁶² *See Nunez v. Carribean International News Corp.*, 235 F.3d 18 (1st Cir. 2000).

a screen shot of a game for comparative advertising purposes,⁶³ use of a film clip to illustrate the career of an actor in his biography,⁶⁴ or use of a film clip during a news story about the death of an actor⁶⁵ have also been held to be transformative fair uses of the original material.

However, some courts are reluctant to use the transformative use test at all, especially in cases in which the defendant used the plaintiff's work in its entirety.⁶⁶ Courts have rightly declined to find fair use where defendants have copied the plaintiff's works without adding any further purpose, value, or meaning to the work.⁶⁷

Even in cases where there is an arguably transformative purpose, Courts will generally favor the copyright holder's exclusive rights.⁶⁸ For example, in *Castle Rock Entertainment, Inc. v. Carol Publishing Group*,⁶⁹ the Court addressed the issue as to whether or not a book of trivia based on the sitcom, *Seinfeld*, infringed upon the exclusive rights of the copyright holders of the television series.⁷⁰ In its analysis, the court analyzed the allegedly infringing work under the fair use defense. In addressing the issue as to whether or not the book's use of the *Seinfeld* episodes was transformative, the Court all but ignored the functionality component of the test.⁷¹ Instead, the Court held that "any transformative purpose possessed by the [trivia book] is slight to nonexistent."⁷² Yet, one could clearly argue that the function of a trivia book does not supplant

⁶³ See *Sony Computer Entertainment America, Inc. v. Bleem*, 214 F.3d 1022 (9th Cir. 2000).

⁶⁴ *Hofheinz v. A & E TV Networks*, 146 F. Supp. 2d 442, 447 (S.D.N.Y. 2001) (using a plaintiff's film clip in the context of a biography of one of the stars of the film constitutes transformative fair use).

⁶⁵ *Video-Cinema Films, Inc. v. Cable News Network, Inc.*, 2001 U.S. Dist. LEXIS 15937, at *22 (S.D.N.Y. 2001) (use of short film clip in news story about actor's death held transformative).

⁶⁶ *Worldwide Church of God v. Philadelphia Church of God*, 227 F.3d 1110, 1118 (9th Cir. 2000) (copying plaintiff's religious work in its entirety and distributing it to a new religious organization not transformative); *Infinity Broad. Corp. v. Kirkwood*, 150 F.3d 104, 108 (2d Cir. 1998) (rebroadcasts of plaintiff's work over telephone through a telephone service not transformative); *Ringgold v. Black Entertainment Television, Inc.*, 126 F.3d 70, 79 (2d Cir. 1997) (use of plaintiff's art as part of the background scenery in movie not transformative); *Viacom Int'l Inc. v. Fanzine Int'l, Inc.*, 2000 U.S. Dist. LEXIS 19960 (S.D.N.Y. 2000) (defendant's use of exact reproductions of plaintiff's cartoon characters in a magazine without editorial comment or criticism "could not be more devoid of the 'transformative' nature that characterizes fair use"); *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F.Supp.2d 349, 351 (S.D.N.Y. 2000) (rebroadcasting plaintiff's songs over the Internet not a transformative use).

⁶⁷ See, e.g., *Worldwide Church of God*, 227 F.3d at 1110; *Infinity Broad. Corp.*, 150 F.3d at 104; *Ringgold*, 126 F.3d at 70; *Viacom Int'l Inc.*, 2000 U.S. Dist. LEXIS 19960; *UMB Recordings, Inc.*, 92 F. Supp. 2d at 349, *supra*, note 66.

⁶⁸ *Castle Rock Entm't, Inc. v. Carol Publ'g Group*, 150 F.3d 132 (2d Cir. 1998).

⁶⁹ *Id.*

⁷⁰ *Id.* at 135.

⁷¹ *Id.* at 142.

⁷² *Id.* at 142.

the function of or need for the sitcom itself. If anything, it might actually attract more viewers to the show. As such, the Court could very well have concluded that the work was transformative.

Thus, in light of the wary path judges have previously taken when applying transformative fair use, this decision may offer new breathing room for the creation of transformative works, and open a door for future online innovators. This cautious grant of latitude may allow Web developers to use pre-existing, copyrighted material in new and interesting ways, so long as their functions do not overlap. Whether such a generous interpretation of the fair use defense will transcend to include creators in more traditional mediums remains to be seen.

Inline Linking and Framing

However, the decision also serves as a warning: websites that display third party material through framing or inline linking may be directly liable for violating that third party's exclusive right to publicly display their work. While no previous cases have ever directly addressed the precise issues of framing and inline linking, several courts have addressed other web-related functions, such as posting⁷³, hyperlinking⁷⁴, peer-to-peer file sharing⁷⁵, and the maintenance of electronic bulletin boards.⁷⁶ Despite technical differences in their services, the courts have consistently held web operators who assist in the infringing process liable, whether they are responsible for personally downloading infringing material or creating the means by which to facilitate infringement. Thus, while the present case is the first to grapple with this particular technology of inline linking and framing, it remains consistent with previous Internet

⁷³ See, e.g., *Playboy Enters., Inc. v. Webworld, Inc.*, 991 F. Supp. 543 (N.D. Tex. 1997). There, a website owner posted copyrighted material without permission from the copyright owner. The Court held the website owner liable for direct infringement because the website owner took an active role in posting the copyrighted material.

⁷⁴ See, e.g., *Bernstein v. JC Penney, Inc.*, 1998 U.S. Dist. LEXIS 19048, 50 U.S.P.Q.2d (BNA)1063 (C.D.Cal. 1998). There, a photographer sued JC Penney for posting a link to a website that contained a link to a site that contained infringing copies of the photographer's work. The court granted the defendant's motion to dismiss without leave to amend.

⁷⁵ *A&M Records, Inc. v. Napster*, 239 F.3d 1004, 1020 (9th Cir. 2001). There the Court upheld a preliminary injunction, finding that there was a high likelihood that Napster was liable for contributory infringement, since it knew and assisted in the infringing conduct of others.

⁷⁶ *Playboy Enters., Inc. v. Russ Hardenburgh, Inc.*, 982 F. Supp. 503 (N.D. Ohio 1997). There, an electronic bulletin board operator was held directly liable for posting copyrighted material on its board. However, there are several cases where electronic bulletin board operators were not held directly liable for copyright infringement, where they played no active role in seeking out or posting the infringing material. See, e.g., *Costar Group Inc. v. Loopnet, Inc.*, 164 F. Supp. 2d 688, 695-96 (D.Md. 2001); *Marobie-FI, Inc. v. Nat'l Ass'n of Fire & Equip. Distribs.*, 983 F. Supp. 1167, 1176-79 (N.D.Ill.1997); *Religious Tech. Ctr. V. Netcom Online Communication Servs., Inc.*, 907 F. Supp. 1361, 1372-73 (N.D.Cal. 1995).

case law. Since Arriba both created the software that was trolling the Internet for copyrighted works and had knowledge that they were being publicly displayed through the inline linking and framing processes, the Court was correct in holding Arriba directly liable. Hopefully, this decision will not chill innovators from discovering future beneficial uses of such technology.

Conclusion

Courts are generally wary as they apply traditional legal doctrine to the developing frontier of the Internet, and often err on the side of the protectionist. However, the outcome in this case, on the whole, is a well-balanced one. The Court gives sufficient breathing room to the innovative idea of a visual search engine by holding that thumbnail images used in such a context constitutes transformative fair use. By holding that framing and inline linking a copyrighted image violates a copyright holder's display right, the Court is allowing the copyright holder to retain control over where and how to display his work on the Internet.

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