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Google Image Search

Court Deals a Blow to Fair Use in Adult Site Litigation

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INTERNET ISSUES

Adult material has always proliferated on the Internet. It is a safe bet that a nude photograph posted on a Web site will be copied and displayed on dozens of other sites within days of its original posting. If that image is copyrighted, each replication represents a potential act of infringement.

For an online purveyor of copyrighted adult material to recover damages for such infringements, the trick is to connect a deep-pocket defendant to the offending conduct. The average Web master of a site containing infringing adult material simply does not have assets worth chasing, if he can be found at all.

Perfect 10, Inc. (P10), which operates a subscriber-based adult site and also sells a magazine by the same name, has set out to link deep-pocket defendants to copying that P10 knows is virtually inevitable given the genre of its offerings. P10's most recent target is Google, Inc., and, more particularly, Google's Image Search service.

In February, a federal judge in California issued an opinion granting a preliminary injunction in favor of plaintiff P10 in *Perfect 10, Inc. v. Google, Inc.*, 416 F.Supp.2d 828 (C.D. Cal. 2006).[1] The result is anomalous in that the court found no infringement where Image Search displayed within a frame a full-size infringing copy of a copyrighted image, but found a likelihood of infringement where Google produced low-resolution thumbnails of those same images.

The ruling on thumbnails turned upon an analysis of fair use, the statutory exception to copyright infringement. Prior to the *P10* decision, search engines looked to the U.S. Court of Appeals for the Ninth Circuit's decision in *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 816 (2003), which held that it was fair use to display thumbnail images to help Web users to find what they were looking for. After the *P10* decision, *Kelly* may not be quite the safe haven it was once thought to be. Because of the importance of fair use as applied to the Internet and to other litigation challenges facing Google in particular,[2] the *P10* opinion merits closer scrutiny.[3]

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Previous Litigations

Before P10 sued Google, the company filed a copyright, trademark and unfair competition case against the credit card-based age verification services (AVS) used by adult sites to keep minors out. AVSs, like Cybernet's Adult Check service, charge a fee for each password, and pass back a portion of that fee to the "referring" site. P10's theory was that the AVS had reason to know that the referring sites were populated with thousands of infringing scans. By making money from infringing content, P10 alleged the AVS firms should be held liable for contributory or vicarious copyright infringement. P10 won a preliminary injunction in the case against the AVS services, and the case settled shortly thereafter.[4]

P10 also pursued the banks that pro-cess credit card char-ges for adult sites[5] and later Visa and Mastercard, on basically the same theory. The court in the Visa and Mastercard action dismissed the complaint, holding that the defendants were too remote from actual infringing content.[6]

In late 2004, P10 set its sights on Image Search. To understand the complaint against Google, a brief explanation of Image Search is required. First, the Web crawler stores on Google's servers "cached" thumbnails of images found on the Web. When a user searches for a given image of Maria Sharapova, for example, Image Search produces a page of thumbnails that Google's software concludes should be pictures of the tennis star.

When the user selects an image, Google takes the viewer to a new page consisting of a split-screen with a gray bar dividing the top and bottom "frames." The top frame shows the thumbnail of the image selected with the Web address where the image may be found and the legend: "Image may be scaled down and subject to copyright." The bottom frame is the actual site found by Google's search "bots" containing the image of Maria Sharapova.

Google's "framing" technique displays the actual content of the retrieved site by means of an "in-line link." There are two differences between the appearance of the site as displayed in the search result frame and the actual site. In Image Search, the retrieved site is accompanied by the two-inch Image Search frame showing the thumbnail with the retrieved site displayed beneath the legend: "Below is the image in its original context on the page."

Also, the address bar displays the Google Image Search URL followed by the search string and then the retrieved address. When the user clicks on the "remove frame" option, the retrieved site appears.

P10's motion for a preliminary injunction sought to enjoin Google from displaying both the thumbnail images of P10 copyrights photographs and from in-line linking to sites displaying the P10 images. To determine if P10 was entitled to enjoin the in-line linking method employed by Image Search, the court inquired whether Google, by the "framing" technique described above, could be said to have publicly displayed the copyrighted image itself. To display a copyrighted work publicly is a violation of one of the exclusive rights conferred by copyright under 17 U.S.C. §106.

Framing, Not Displaying

Google succeeded in defeating P10's argument regarding the use of frames to display sites containing the full-size images of P10 copyrighted photos. The outcome turned upon whether Image Search's in-line link to the offending site constituted a "display" by Google of the copyrighted material. To resolve this issue, the court chose to apply the "server" test instead of the "incorporation" test.

The server test turns on whether the computer that actually displays the picture is the source of the image code itself. The incorporation test creates liability upon any site operator whose site incorporated infringing material displayed on another site.

Obviously, a ruling applying the incorporation test would have been earth-shattering to the way in which the Internet functions today because framing and in-line linking

are ubiquitous.

Google sought exoneration on the basis of the server test, stating that its server was not displaying the full-size image retrieved by Image Search. The court agreed, ruling that Google was not liable based on in-line linking to full size P10 images:

> The [server] test is based on what happens at the technological-level as users browse the web, and thus reflects the reality of how content actually travels over the internet before it is shown on users' computers. ... Applying the server test, the Court concludes that for the purposes of direct copyright infringement, Google's use of frames and in-line links does not constitute a 'display' of the full-size images stored on and served by infringing third-party sites.

P10 also tried to hold Google liable under theories of secondary liability for delivering in-line links to infringing full-size copies. Contributory liability generally requires knowledge of, and a material contribution to, the infringement. When a device such as a VCR can be used to infringe—i.e. make illegal copies—but also can be used for commercially significant non-infringing uses, contributory infringement will not be found.[7]

Because Google's search engine is capable of myriad non-infringing uses and because Google does not itself materially contribute to direct infringement by third-party sites, the court in *P10* declined to enjoin Google on this theory. It also held that Google lacked the "right and ability to control" both of which are required for vicarious liability.

Thumbnails

P10's claim for infringement based on Google's display of thumbnail images received more favorable treatment from the court. Unlike the full-size images discussed above, Image Search displays the thumbnail images it retrieves on Google servers.

Because that display necessarily yields copies of P10's copyrighted photographs—though much reduced in size and resolution—the court concluded that Google could avoid liability for such copies only if its use was fair use, based on under the four fair use factors: (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work.

Addressing the first fair use factor to its display of thumbnails, Google contended that the Ninth Circuit's opinion in *Kelly v. Arriba Soft Corp.* was determinative.

Kelly involved defendant Arriba's image search engine that produced thumbnails of images and relied on site advertising for revenue.[8] The court concluded that, because the defendant's use of the retrieved images was not highly exploitative, the commercial nature of the use weighed only slightly against a finding of fair use. Ultimately, the court found for the defendant overall on the issue of fair use.

P10 tried to distinguish *Kelly* by suggesting that Google's AdSense Program involved a greater degree of commercial exploitation than in *Kelly*. Under AdSense, a third-party site shows Google sponsored advertising and gives a portion of the revenue to Google. In response, Google asserted that its policies preclude a site from participating in AdSense if its images would be retrieved by Image Search.

This policy was presumably designed to bring Image Search within the confines of *Kelly* by ensuring that the text-search function and the retrieval of images were separate.

P10 challenged the efficacy of this policy by submitting screen shots of third-party sites that displayed infringing content next to Google ads.

The interplay between Image Search and AdSense troubled the court because it meant that Google derived revenue from the delivery of thumbnails of copyrighted images: "If third-party sites that contain infringing copies of P10 photographs are also AdSense partners, Google will serve advertisements on those sites and split the revenue generated from users who click on the Google-served advertisements."

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Because of the procedural context of P10 motion, Google was not permitted to respond to P10's argument that it failed to enforce the AdSense policy of not partnering with sites that displayed images retrieved by Image Search.

'Transformative' Nature

The court continued its analysis of the first fair use factor by turning to Google's argument that Image Search's use of retrieved images was "transformative" in nature in that Image Search enabled a single request to instantly produce dozens of reduced size images, facilitating the user's ability to make productive use of the Internet.

Here it appears Google was blindsided by an item of evidence which P10 produced for the first time on its motion for preliminary injunction.

The P10 complaint contained no mention of any alleged market for the thumbnails of P10 images generated by Image Search.

In early 2005, after it filed suit against Google, P10 entered into a licensing agreement with Fonestarz Media Limited for the sale and distribution of P10 reduced-size images for download to and use on cell phones.

P10 submitted a declaration to the CEO of Fonestarz expressing disappointment that the thumbnails he licensed from P10 were readily available through a Google search.

P10 argued, and the court found, that the thumbnails that Image Search retrieved had "superseded" P10's images because mobile users can download and save thumbnails displayed by Image Search instead of paying Fonestarz for a licensed P10 image.

This made Image Search's use of P10's thumbnails "consumptive" rather than purely "transformative."

The Fonestarz declaration, coupled with the AdSense issue discussed above, prompted the court to find for P10 on the first fair use factor.[9]

It also led the court to resolve against Google the more important fourth fair use factor—the potential market for or value of the copyrighted work—also based on an alleged adverse impact of Image Search on the market for P10 thumbnails.

The U.S. Supreme Court has held that the fourth factor is the most important.[10] These two findings tipped the balance in favor of P10 on the injunction application as applied to thumbnails.

Conclusion

Will the decision have an impact beyond the genre in which P10 trafficked—adult entertainment? P10's claim concerning the market for thumbnail images of nude females was untested either by the discovery process or a trial. Given the boundless thirst that exists for adult material generally, however, it appears plausible that someone could make money selling thumbnails of nudes for use in cell phones. It is difficult to imagine a similar market impact claim being successfully made for thumbnails in other genres of photography, e.g. landscapes, pictures of buildings, etc.

The possible decline of *Kelly* as precedent could be the more important result of the *P10* decision. Image search engines are a rather amazing innovation. What other way is there to review a set of photographs that may have the image one needs other than to view a "low-res" collection of those photographs? No amount of verbiage can replace a picture. Yet the withdrawal of the fair use defense could impair the robust functionality of this important Internet search tool.

1. The filing of *P10 v. Google* was discussed in an earlier article, P. Pizzi, "Perfect 10 v. Google," NYLJ, Jan. 4, 2005.

2. Fair use is important in other copyright actions against Google, including pending litigation about Google Book Search and Google News, See P. Pizzi, "Google's Book Project: Search Engine Seeks to Digitize Industries' Content Cache," Jan. 4, 2006, and *Agence France Presse v. Google*, Civil Action No. 1:05CV00546, U.S.D.C., D.D.C.

3. The court in *P10* has yet to issue a formal preliminary injunction order based upon its opinion, and both sides have filed appeals to the Ninth Circuit.

4. *Perfect 10 v. Cybernet Ventures, Inc.*, 213 F.Supp.2d 1146 (C.D.Cal. 2002).

5. *Perfect 10 v. CC Bill, LLC*, 340 F.Supp.2d 1077 (C.D. Cal 2004).

6. *Perfect 10, Inc. v. Visa International Service Association*, 2004 WL 1773349 (N.D.Cal.), 71 U.S.P.Q.2d 1914 (N. D. Cal. 200).

7. *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984).

8. 336 F.3d 811, 816 (9th Cir. 2003).

9. The second fair use factor—the nature of the copyrighted work—was deemed to favor P10 only slightly because the pictures in question, though creative, had appeared elsewhere in print and on the Web. The third fair use factor—the amount and substantiality of the portion used—favored neither party.

10. *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 566 (1985).

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