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• USER-GENERATED CONTENT: RECENT DEVELOPMENTS IN CANADA AND THE U.S. •

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Introduction

Although there is no widely accepted definition of user-generated content (“UGC”),¹ it may be described as material uploaded to the Internet by website users.² As will be seen, the extreme popularity of UGC is relatively recent. Legal theories are still developing on when liability will attach to those that post certain types of UGC or those that facilitate or otherwise enable such posting. This article will provide an overview of UGC, discuss a number of legal issues that relate to its use, and

offer some thoughts on “best practices” to minimize liability relating to UGC.

(a) Types of UGC

UGC exists in a variety of forms, including blogs;³ micro-blogs (such as those uploaded to Twitter);⁴ user reviews (such as product reviews made on Amazon.com);⁵ content uploaded to social networking sites (such as Facebook, LinkedIn and Google+); photographs and videos uploaded to file-sharing sites (such as Flickr, SnapFish and YouTube); information uploaded to wikis⁶ (such as Wikipedia and Wetpaint); and content uploaded to virtual world websites⁷ (such as Second Life).⁸

(b) Prevalence of UGC

It is estimated that there are currently over 172,000,000 identified blogs online, with over 100,000 new blogs being created each day.⁹ It has also been estimated that approximately 37% of U.S. Internet users in 2008 had a social network profile, 11% had blogs, 8% uploaded videos and

• In This Issue •

USER-GENERATED CONTENT: RECENT
DEVELOPMENTS IN CANADA AND THE U.S.

Len Glickman and Jessica Fingerhut49



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6% participated in a virtual world.¹⁰ It was estimated in June 2010 that the world annually spends over 110 billion minutes on social networks and blog sites, representing 22% of all time online.¹¹ In addition, in 2010, social network or blog sites were visited by 75% of global consumers who went online, a 24% increase over 2009.¹² It has also been predicted that by 2013 there will be nearly 135 million U.S. UGC consumers (*i.e.*, viewers) and more than 114 million UGC creators and that UGC creators will account for approximately 52% of all U.S. Internet users.¹³ Both the numbers of UGC consumers and creators are expected to significantly increase over the next several years.¹⁴

The two most visited websites on the Internet, Facebook and YouTube,¹⁵ are sites devoted to UGC. According to Facebook, which has more than 800 million active users, every day, more than 250 million photos are uploaded to the site and more than two billion posts are “liked” and commented on.¹⁶ Each day, YouTube exceeds three billion views and more than 48 hours of video are uploaded to the site every minute,¹⁷ the vast majority of which are UGC.¹⁸ Twitter has also become increasingly more popular with more than 106 million user accounts.¹⁹ It has been estimated that there are over 90 million “tweets” (posts uploaded to Twitter) created per day.²⁰ Wikipedia, ranked as the sixth most visited website,²¹ provides access to over 18 million UGC articles in 279 languages.²²

As might be expected, online entrepreneurs have been looking for ways to profit from the massive popularity of UGC. It has been projected that UGC websites, such as YouTube and Facebook, will earn \$4.3 billion in advertising revenue in 2011.²³ YouTube sells text ads, ban-

ners and graphic overlays for as much as \$20 per thousand viewers, targeting audiences based on video content or viewer demographics.²⁴ YouTube has entered into partnerships with the owners of YouTube's most popular videos whereby, in exchange for permitting YouTube to attach ads to their videos, the owners are entitled to share in the revenue generated from the ads attached to their videos.²⁵

(c) Incorporating UGC into Corporate Websites

Its widespread and increasing popularity has led many businesses to utilize UGC in their corporate websites to attract the millions of users who consume and create UGC. Utilizing UGC helps businesses increase website traffic (by boosting the site's search engine optimization²⁶), attract new customers, generate brand awareness and strengthen customer loyalty.²⁷

There are a number of methods by which companies can incorporate UGC into their business practices. By creating a company blog, corporations can reach out to their customers in an informal way, put a human face on the company, create brand loyalty and provide readily accessible, useful and interesting information.²⁸ Corporate blogs that invite comments and responses provide consumers with a way to interact with the company, creating a sense of community and increasing customer loyalty.

Integrating customer product reviews into their website designs is another way companies utilize UGC. User reviews can be in the form of simple text or, as Amazon.com has done, by uploading user-generated videos. According to one study, 82% of consumers who read product reviews online say their purchasing decisions are

directly influenced by these reviews.²⁹ In addition, 69% of consumers who read reviews share them with friends, family or colleagues, thereby amplifying the reviews' impact.³⁰ It has been suggested that including both positive and negative product reviews on a company's website establishes customer trust and loyalty.³¹

A number of companies use UGC in their advertising campaigns, a practice which enhances brand loyalty by enabling consumers to express their ideas and enthusiasm about products.³² For example, an ING Direct contest asked consumers to submit videos illustrating original ways to save money. The videos were uploaded to YouTube and ING Direct posted ten videos to its corporate website, where consumers could vote for their favourite video. In 2008, a Frito-Lay contest asked consumers to create and submit homemade Doritos commercials, which were posted online for consumers to vote for their favourite commercial. Frito-Lay aired the winning commercial during the 2009 Super Bowl broadcast and awarded the creators \$1 million for receiving the most votes in the *USA Today* rankings of Super Bowl advertisements.³³ After the success of its UGC-oriented advertising campaign, Frito-Lay decided to air three consumer-created commercials during the 2010 Super Bowl broadcast, one of which placed second in the *USA Today* ranking, earning the creator \$600,000.³⁴ During the 2011 Super Bowl broadcast, four consumer-created commercials scored within the top ten of the *USA Today* rankings, including the highest score, winning its creator \$1 million.³⁵

Some companies utilize social networking sites, such as Facebook and Twitter, to create brand

awareness as well as to disseminate information and promote events with more rapid and widespread coverage than traditional modes of communication.³⁶ For example, companies can create a company profile on Facebook. Users can express support by becoming “fans” of the company, leaving messages on its Facebook page and participating in discussion groups. Fans can be sent exclusive updates or offers and be invited to events.³⁷ In November 2009, IKEA developed an advertising campaign that creatively used Facebook’s “tagging” function to promote the opening of a new store in Sweden. Facebook allows users to attach their names to photographs (*i.e.*, to “tag” themselves) located in other users’ photo albums. IKEA created a Facebook profile for the store’s manager and uploaded images of IKEA showrooms to his photo album. IKEA then announced a promotion whereby the first person to tag his or her name to a product in the photographs would win it. Facebook users actively participated and spread word of the campaign to thousands of others by posting a link to their own profile pages and to those of their friends, further promoting the IKEA brand.³⁸

Companies can also use UGC as a means of damage control when faced with negative publicity. For example, Domino’s Pizza posted a video apology on YouTube in reaction to an earlier user-generated video that depicted two employees engaging in unhygienic conduct.

Legal Issues Surrounding UGC

(a) Copyright Issues

(i) Website Operators’ Liability for Infringing UGC Posted on Their Sites

The unauthorized posting of copyrighted UGC online is prohibited by both Canadian and U.S.

copyright law.³⁹ Therefore, if a user of a website uploads infringing content to the site, both the user and the website operator may, subject to any available defences, be liable for copyright infringement.⁴⁰ Copyright owners commonly sue only the website operator as a matter of convenience or to target perceived “deep pockets”.⁴¹

In Canada, website operators (and posters of UGC) would be able to raise a “fair dealing” defence if the UGC is used for certain enumerated purposes, including research, private study, criticism, review or news reporting, and if the source of the work has been sufficiently acknowledged.⁴² The U.S. *Copyright Act* provides for a broader, more open-ended “fair use” defence to copyright infringement and does not, unlike the Canadian statute, treat permitted uses as being exhaustive or provide that failure to acknowledge the source will be a bar to the defence.⁴³ As well, U.S. courts have identified certain uses, such as parody, as falling within the ambit of fair use.⁴⁴ The scope of the current Canadian fair dealing defence is less clear as there is a lack of a rich body of jurisprudence on the issue.⁴⁵ Although parody has not been expressly recognized by Canadian courts as a defence to copyright infringement, courts have suggested that it may qualify as protected “criticism”, provided that the requirements of the Act are satisfied.^{46, 47}

Website operators may also be shielded from liability for infringing UGC posted to their sites if they are unaware of the infringing content or remove it upon becoming aware of the infringing content. The Canadian *Copyright Act* provides immunity from liability for copyright infringement to those persons whose acts consist only of providing the means necessary for

another to communicate the copyrighted work.⁴⁸ The Supreme Court of Canada discussed this issue in the context of online activity in a 2004 decision⁴⁹ (“*SOCAN*”) and held that the *Copyright Act* does not impose liability for infringement on intermediaries, such as Internet service providers (“ISPs”), who supply software and hardware to facilitate use of the Internet and act merely as a conduit.⁵⁰ The attributes of a “conduit” include a lack of actual knowledge of the infringing content and the impracticality (both technical and economic) of monitoring the vast amount of material moving through the Internet.⁵¹ The Supreme Court held that each transmission must be looked at individually to determine whether the intermediary merely acts as a conduit for communications by other persons and does not itself engage in acts that relate to the content of the communication.⁵² The Supreme Court agreed with the Copyright Board’s general view that, for most transmissions, it is safe to conclude that only the person who posts a work communicates it.⁵³

However, where an ISP receives notice that infringing content has been posted on its facilities, a failure to remove that content may attract a finding that the ISP authorized the communication and liability for infringement.⁵⁴ In *SOCAN*, the Supreme Court indicated that Parliament should enact a statutory “notice and take down” procedure as has been done in the European community and the U.S.⁵⁵ The recently introduced Canadian federal Copyright Bill⁵⁶ proposes a “notice and notice” regime, whereby if a copyright owner were to send a notice in the prescribed form to an ISP that its works were being infringed on the ISP’s system, the ISP would be required to forward the notice to the

alleged infringing subscriber.⁵⁷ Under the regime, the ISP would be responsible for retaining information required to identify the alleged infringer for a period of six months.⁵⁸ A copyright owner’s only remedy against an ISP who failed to perform its obligations under the notice and notice regime would be damages in the amount of \$5,000 to \$10,000.⁵⁹

The extent to which the *SOCAN* decision applies to a website operator in the context of infringing UGC posted on its site is not clear. The case was decided before the meteoric rise of UGC and dealt with conduit-like ISPs — which were not defined — rather than corporate websites or UGC websites such as YouTube. The Supreme Court held that ISPs are protected from liability if they supply the “means” necessary for the communication of the work, namely “all software connection equipment, connectivity services, hosting and other facilities and services without which such communication would not occur”.⁶⁰ Whether the facilities and services of a website operator will be viewed as constituting the “means” necessary for communication so as to escape liability for infringing UGC has yet to be decided.⁶¹

By way of comparison, the situation is clearer in the U.S. The U.S. *Digital Millennium Copyright Act* [the *DMCA*] grants online service providers several “safe harbour” provisions as protection from liability for infringing information residing on their systems or networks at the direction of users, provided certain prescribed conditions are met.⁶² The immunity from liability applies only if the service provider does not know or should not reasonably have known about the infringing activity.⁶³ Upon obtaining such knowledge, the service provider must act expeditiously to re-

move the infringing material.⁶⁴ In addition, the service provider cannot receive a “financial benefit directly attributable to the infringing activity” if the service provider has the “right and ability to control” such activity.⁶⁵ The *DMCA* also provides for a notice and takedown regime. Upon proper notification of claimed infringement to the service provider’s designated agent, the service provider must respond to such takedown notices by expeditiously removing the alleged material.⁶⁶ The service provider is required to promptly notify persons whose materials are removed and provide them with an opportunity to send a written counter notice that the material was wrongly removed.⁶⁷ On receiving a proper counter notice, the service provider is required to promptly notify the claiming party of the objection and, if that party does not commence an action within 14 days, the service provider is required to restore the material to its location on the network.⁶⁸

A number of American cases have specifically dealt with whether website operators should be protected by the safe-harbour provisions of the *DMCA* for infringing UGC uploaded on their sites. In *Io Group, Inc. v. Veoh Networks, Inc.*⁶⁹ (“*Io v. Veoh*”), the U.S. District Court for the Northern District of California held that Veoh, a company which provides a website to enable users to upload and share video content over the Internet, was entitled to rely on the *DMCA* safe harbour for alleged copyright infringement.⁷⁰ Neither *Io* nor the Court disputed that Veoh was a “service provider” as defined by the *DMCA*⁷¹ and the court concluded that Veoh met the threshold requirements in order to be eligible for the safe harbour. The Court held that Veoh was not precluded from relying on the safe harbour

provisions simply because of its automated processing of user-submitted content and referred to a District Court of Maryland decision⁷² which had held that the defendant satisfied the requirement that material be stored at the direction of a user even though the defendant’s employees reviewed submitted photos and posted to the website only those that met the defendant’s criteria. The Court in that case concluded that the photos were uploaded at the volition of users and that the defendant’s employees were simply performing a “gateway” function that furthered the goals of the *DMCA*.⁷³ The Court in *Io v. Veoh* also concluded that although Veoh had the ability to control its own system, it did not have the ability to control the infringing activity.⁷⁴ In concluding that Veoh was entitled to the safe harbour protection, the Court noted that Veoh had a strong *DMCA* policy, took active steps to limit incidents of infringement on its website and worked diligently to keep unauthorized works off its website.⁷⁵ Although this case was a victory for UGC website operators, the Court provided no clear guidelines for determining when copyright infringements are beyond a service provider’s control.⁷⁶

A few months after the *Io v. Veoh* decision, another case involving Veoh (*UMG Recordings Inc. et al. v. Veoh Networks Inc. et al.*)⁷⁷ concluded that “service providers” as defined in the *DMCA* include website operators, such as Veoh, and that website operators are, therefore, entitled to rely on the *DMCA* safe harbour provisions.⁷⁸ In a related decision involving the same parties,⁷⁹ the Court reached a number of useful conclusions. In determining what constitutes “knowledge” of infringement, the Court emphasized that the burden of identifying infringing content is on

the content owner, not the website operator, who is not required to search for such material.⁸⁰ The general presence of copyrightable content on a website was held not sufficient to impute knowledge of infringement to the website operator.⁸¹ The Court also concluded that removing infringing material within two days of becoming aware of the material is sufficiently “expeditious” and that the ability of a website owner to remove material from its site does not reach the level of control required to prevent protection under the safe harbour provisions.⁸²

Viacom recently sued YouTube for copyright infringement, claiming that 150,000 unauthorized clips of Viacom programs were posted to its website and that YouTube had “deliberately chosen not to take reasonable precautions to deter rampant infringement on its site”.⁸³ Viacom argued that YouTube had actual and constructive knowledge that YouTube users were employing the site to copy and publicly perform Viacom’s copyrighted works and that, acting with this knowledge, YouTube enabled, facilitated and materially contributed to its users’ copyright infringement.⁸⁴ Viacom pointed out that even a cursory review of the YouTube website reveals numerous infringing videos of Viacom’s television shows, motion pictures and other audiovisual works.⁸⁵

The critical question considered in this case was whether the statutory phrases “actual knowledge that the material or an activity using the material on the system or network is infringing” and “facts or circumstances from which infringing activity is apparent” in the *DMCA* mean a general awareness that there are infringements or rather the existence of actual or constructive knowledge of specific and identifiable in-

fringements of individual items.⁸⁶ In June 2010, the U.S. District Court for the Southern District of New York held in favour of YouTube, finding that these statutory phrases describe knowledge of specific and identifiable infringements of particular individual items and that mere knowledge of the prevalence of such activity in general is not enough.⁸⁷ General knowledge that infringement is “ubiquitous” does not impose a duty on the website operator to monitor or search its service for infringements.⁸⁸ As a result, the Court granted YouTube summary judgment that it qualifies for the safe harbour provisions of the *DMCA*.⁸⁹

(ii) Collaboration Between UGC Website Operators and Copyright Owners

In 2007, a number of U.S. commercial copyright owners⁹⁰ and UGC website operators⁹¹ established a set of “Principles for User Generated Content Services” in order to “foster an online environment that promotes the benefits of UGC services and protects the rights of copyright owners”.⁹² The Principles’ objectives include eliminating infringing content on UGC websites, encouraging the uploading of wholly original and authorized user-generated audio and video content, and accommodating fair use of copyrighted content on UGC websites.⁹³ The Principles require UGC website operators to display information on their websites that promote respect for intellectual property rights and discourage users from uploading infringing content, and to use effective content identification technology to block infringing user-uploaded content from their websites.⁹⁴ In return for the website operators’ good faith adherence to the Principles, the copyright owners agree not to assert a claim of copyright infringement against

them.⁹⁵ It has been noted that the Principles illustrate the evolution of cyberspace toward a model of negotiated self-governance against a background of legally enforceable rules.⁹⁶

(b) Defamation and Other Liability Issues

(i) Defamation Issues

Defamation can be defined as a false statement to a person's discredit.⁹⁷ In order for an action to succeed, the defamatory remark must have been published, that is, it must have been communicated to some person other than the plaintiff.⁹⁸ Such communication can occur over the Internet.⁹⁹ For example, the posting of defamatory comments on a website has been held to constitute publication.¹⁰⁰ A recent Canadian case held that merely providing a hyperlink (which may be considered to be UGC) to defamatory material does not constitute publication of the material found at the hyperlinked sites.¹⁰¹ However, hyperlinking may amount to publication of third party content if the facts demonstrate that the particular hyperlink is accompanied by words of invitation or recommendation to view the defamatory material.¹⁰²

Many website operators do not monitor the content posted to their websites, providing users with the opportunity to post defamatory material.¹⁰³ False or misleading statements posted by a user may lead to claims of defamation against the website operator. In the U.S., the *Communications Decency Act*¹⁰⁴ [the *CDA*] provides immunity to Internet service providers, including website operators, for causes of action that arise out of Internet content posted by a third party.¹⁰⁵ Therefore, where defamatory material is posted by a third party, a website operator will not be

liable so long as the website operator is not the author of the content.¹⁰⁶ The Supreme Court of New York recently dismissed a defamation action against Facebook for defamatory statements posted by Facebook members, holding that Facebook is immune from liability under the *CDA*.¹⁰⁷ A U.S. television anchor recently sued her television station over defamatory comments posted by visitors on the station's website in connection with an article on the website relating to the anchor's arrest on drug possession charges. In ruling that the website owner was not liable for the postings of its users, the U.S. District Court for the Southern District of Mississippi, Southern Division provided this interpretation of the *CDA* immunity provision:

Persons who claim that they were harmed by a website's publication of user-generated content may sue the third-party user who generated that content, but they may not sue the interactive computer service that enabled the third-party user to publish the content online. Thus, an interactive computer service is entitled to immunity as long as it did not create or author the particular information at issue.¹⁰⁸

Another American case held that *CDA* immunity applies not only to website operators but to individual users who post allegedly defamatory material originating from another source.¹⁰⁹ This case established that an individual user who only posts the defamatory material is entitled to immunity, but noted that "at some point, active involvement in the creation of a defamatory Internet posting [will] expose a defendant to liability as an original source".¹¹⁰ A recent case considered at what point this line will be crossed and held that a "material contribution" test should be used in determining whether a defendant contributed sufficient additional material to

remove the immunity that the defendant would otherwise enjoy under the *CDA*.¹¹¹

In Canada, there are no statutory protections analogous to the provisions of the U.S. *CDA* to protect website operators from defamatory material posted on their sites and Canadian courts have yet to clarify the issue of whether and when a website operator will be held liable for such defamatory posts.¹¹²

(ii) Other Claims and the *CDA*

In addition to protecting website operators from defamation claims, the *CDA* provides immunity for a wide variety of claims, including causes of action alleging invasion of privacy, negligence, breach of contract, fraud, breach of warranty, violations of the U.S. *Fair Housing Act* and violations of the right of publicity.¹¹³ In *Fair Housing Council of San Fernando Valley v. Roommates.com LLC*¹¹⁴ (“*Roommates.com*”), the United States Court of Appeals for the Ninth Circuit held that where a website operator helps to develop unlawful content, it will not enjoy immunity under the *CDA*.¹¹⁵ In this regard, a website operator will be considered to have helped to develop unlawful content if it contributes materially to the alleged illegality.¹¹⁶ In *Roommates.com*, the defendant operated a roommate-matching service that required users to fill out a questionnaire, stating their gender, sexual orientation and family status, which requirement constituted a discriminatory practice under the *Fair Housing Act*. The Court held that the website operator was not entitled to immunity under the *CDA* since it was the developer, at least in part, of the prohibited content.¹¹⁷

A U.S. District Court in California recently denied a defendant’s motion to dismiss an action

on the grounds that the defendant was immune under the *CDA* because the Court could not determine at the pleadings stage whether the defendant, Zynga Game Network, Inc., an online “social game” developer, was responsible, in whole or in part, for creating or developing the “special offers” that deceived players of Zynga’s social networking games.¹¹⁸ The plaintiffs asserted that Zynga is not a “neutral” website that merely allows third parties to post advertisements, but a direct participant in the fraudulent transactions at issue.¹¹⁹

In another recent case, Twitter was sued by St. Louis Cardinals manager Tony La Russa for having opened an account for the name “Tony La Russa” by a user posing as La Russa.¹²⁰ Among La Russa’s allegations was a claim of violating his right of publicity. Although the lawsuit was withdrawn, Twitter would likely have enjoyed immunity under the *CDA*.¹²¹

(c) Trade-mark Issues

Under Canadian trade-mark law, the owner of a registered trade-mark has the exclusive right to the use of that trade-mark in association with the wares or services for which it has been registered.¹²² In a trade-mark infringement action, a plaintiff must show that the defendant has used the plaintiff’s trade-mark in association with the same wares or services¹²³ and for the purpose of distinguishing the defendant’s wares or services from those of others.¹²⁴ Alternatively, a plaintiff can claim trade-mark infringement where the defendant sells, distributes or advertises wares or services in association with a trade-mark that is confusingly similar to the registered trade-mark.¹²⁵ Canadian trade-mark law also prohibits the use of a registered trade-mark in a manner

likely to have the effect of depreciating the value of the goodwill attached to it.¹²⁶ Therefore, posting UGC on the Internet that contains a registered trade-mark, or one that is confusingly similar, could amount to trade-mark infringement if the mark is “used” as defined in the *Trade-marks Act*.

Trade-mark issues usually arise in the context of UGC when a trade-mark owner seeks to hold a website operator responsible for trade-mark infringement as a result of the website operator’s involvement in the display of the protected mark on its site.¹²⁷ Although there does not appear to be any Canadian decisions addressing this issue, various U.S. blog operators have been sued for trade-mark infringement on the grounds that the blog’s domain name as well as content found on the blog website infringe registered trade-marks.¹²⁸ However, where the website operator merely creates an online venue allowing third party users to post information without the operator’s prior review or approval, the liability for trade-mark infringement is less certain.¹²⁹ For example, in the imposter Twitter account case noted above, La Russa sued Twitter for alleged trade-mark infringement for the imposter’s use of La Russa’s trade-mark on the Twitter website.¹³⁰ American case law has not clarified whether and when website operators will be liable for trade-mark infringement as a result of material posted by a third party. Safe harbour provisions have not been enacted for trade-mark infringement by website operators as is the case under the *DMCA* for copyright claims.¹³¹ Therefore, liability resulting from the unauthorized posting of protected trade-marks on UGC sites remains a potential area of concern for website operators.¹³²

It may be useful for trade-mark owners and website operators to take note of the recent anti-counterfeit cases involving claims by several trade-mark owners against website operator eBay for contributory trade-mark infringement on the grounds that eBay facilitated the infringing conduct of the counterfeiting vendors. The U.S. Court of Appeals for the Second Circuit recently affirmed a U.S. district court’s ruling that eBay was not liable for infringing the trade-marks of well-known jeweler Tiffany.¹³³ A service provider will be held liable for contributory trade-mark infringement if it “continues to supply its [service] to one whom it knows or has reason to know is engaging in trademark infringement”.¹³⁴ In interpreting this standard, both courts held that the service provider must have more than a general knowledge or reason to know that its service is being used to sell counterfeit goods in order to be held liable.¹³⁵ Some contemporary knowledge of which particular listings are infringing, or will in the future infringe, is necessary.¹³⁶ Although eBay possessed general knowledge as to counterfeiting on its website, such generalized knowledge was found to be insufficient to impose an affirmative duty to remedy the problem.¹³⁷ The District Court also found that when Tiffany put eBay on notice of specific items that Tiffany believed to be infringing, eBay promptly removed those listings, warned sellers and buyers, cancelled fees it had earned from those listings and directed buyers not to consummate the sale of the disputed items.^{138, 139} Courts in various European jurisdictions have reached conflicting conclusions as to eBay’s liability for trade-mark infringement for counterfeit goods that are sold on its site.¹⁴⁰

(d) **Compelling Disclosure of Users' Identities**

(i) Copyright Infringement

In *BMG Canada Inc. v. John Doe*¹⁴¹ (“*BMG v. John Doe*”) the Canadian Federal Court of Appeal set out the threshold test copyright owners must meet in order to obtain disclosure of the names and addresses of identified online infringers of copyrighted works from Internet service providers.¹⁴² The copyright owners must demonstrate that: (i) they have a *bona fide* claim against the proposed defendant; (ii) the ISP is somehow involved in the matter under dispute and not an innocent bystander; (iii) the information cannot practically be obtained from another source, such as the website operator; (iv) the ISP can be reasonably compensated for its expenses arising out of compliance with the disclosure order; and (v) the public interests in favour of the disclosure outweigh legitimate privacy concerns.¹⁴³ The Court held that, where there exists evidence of copyright infringement, privacy concerns may be met by an order that the user be identified only by initials or by a confidentiality order. In this case, the Court found that the copyright owners’ evidence was insufficient to establish that they had a *bona fide* claim, but granted the copyright owners the right to re-apply, on better material, for the requested order.¹⁴⁴

(ii) Defamation

The Ontario Supreme Court of Justice recently outlined four considerations for a court in determining whether to order disclosure of the identities of persons who have allegedly defamed an individual: (i) whether the unknown alleged wrongdoer could have a reasonable expectation of anonymity in the particular cir-

cumstances; (ii) whether the individual has established a prima facie case against the unknown alleged wrongdoer and is acting in good faith; (iii) whether the individual has taken reasonable steps to identify the anonymous party and has been unable to do so; and (iv) whether the public interests favouring disclosure outweigh the legitimate interests of freedom of expression and right to privacy of the persons sought to be identified if the disclosure is ordered.¹⁴⁵ These factors should be considered together and the first three factors are to be weighed and balanced in the context of the fourth factor.¹⁴⁶

A U.S. court recently ordered Google and its subsidiary Blogger.com to disclose the identity of a blogger who posted allegedly defamatory comments.¹⁴⁷ The court found that the petitioner was entitled to disclosure of information as to the identity of the anonymous blogger as she sufficiently established the merits of her proposed cause of action for defamation against the blogger and because the information sought was material and necessary to identify the potential defendant.¹⁴⁸ This case illustrates the risk of posting UGC to websites, even anonymously.

(e) **Privacy Issues**

A number of privacy issues arise in the context of UGC. Website operators incorporating UGC must ensure that they comply with their own privacy policy as well as applicable privacy laws. In Canada, the federal *Personal Information Protection and Electronic Documents Act*¹⁴⁹ [PIPEDA] governs the collection, use and disclosure of personal information in a manner that recognizes the right of privacy of individuals with respect to their personal information and the need of organizations to collect, use and

disclose personal information for purposes that a reasonable person would consider appropriate.¹⁵⁰ Personal information includes an individual's name, address, gender, employment and income, as well as visual images, such as photographs and videotape in which individuals may be identified.¹⁵¹ *PIPEDA* provides that personal information may only be collected, used or disclosed by an organization with the knowledge and consent of the individual, with limited exceptions as specified in the legislation.¹⁵² In addition, personal information must only be used and disclosed for the purposes for which it was collected, except with consent or as required by law.¹⁵³ Personal information may be retained only as long as it is necessary to fulfill those purposes and must be protected by adequate safeguards.¹⁵⁴ In addition, information about an organization's privacy policies and practices must be readily available to individuals upon request.¹⁵⁵

The Office of the Privacy Commissioner of Canada (the "Office") investigates complaints and issues reports on the personal information practices of public and private sector organizations.¹⁵⁶ In 2009, the Office investigated Facebook's practices and concluded that Facebook was in violation of Canadian privacy law. The Office identified several areas where Facebook needed to better address privacy issues to bring its practices in line with Canadian privacy law and gave Facebook one year to comply.¹⁵⁷ In particular, the Office found that Facebook lacked adequate safeguards to effectively restrict the disclosure of personal information to third-party developers who create Facebook applications.¹⁵⁸ The Office also expressed concern that Facebook indefinitely retained personal information of

users who had de-activated their accounts, and collected and used personal information of non-users without their consent.¹⁵⁹ Facebook agreed to address these issues. It decided to require application developers to obtain express consent for the personal information they wish to access,¹⁶⁰ clarify to users that they have the option of deactivating or deleting their accounts,¹⁶¹ and include more information in its terms of use statement regarding the protection of non-users' personal information.¹⁶² The Office subsequently announced that such changes met the expectations of Canadian privacy law,¹⁶³ but cautioned that it was satisfied only with the changes made in response to the 2009 investigation and that there was still room for improvement in some areas.¹⁶⁴ For example, the Office recommended that Facebook make its default privacy settings for photo albums uploaded to the site more restrictive.¹⁶⁵

Except with respect to the financial services and health sectors, the U.S. has not enacted comprehensive privacy law legislation at the federal level similar to *PIPEDA*.¹⁶⁶ However, the Federal Trade Commission (the "FTC") has the authority to regulate unfair or deceptive acts or practices in or affecting commerce.¹⁶⁷ Like the Office, the FTC investigates complaints and issues reports outlining recommendations to address them. The Electronic Privacy Information Center ("EPIC"), a public interest research organization, reviews government and private sector policies and practices to determine their impact on the privacy interests of U.S. citizens.¹⁶⁸ In 2009, the FTC reviewed an EPIC complaint regarding numerous alleged data breaches involving user-generated information stored by Google.¹⁶⁹

In February 2009, the FTC issued revised guidelines on how online advertisers should protect consumers' privacy when collecting information about their Internet activities.¹⁷⁰ The FTC stated that websites and other companies collecting such data must provide clear, consumer-friendly statements about their practices as well as an easy way for consumers to choose whether they are willing to have their information collected for ad targeting.¹⁷¹ The guidelines also state that privacy protections should cover any data that can be traced back to a particular consumer, computer or other device. Internet companies typically concentrate on protecting personally identifiable information (such as bank accounts and social security numbers) but not necessarily online searches or profiles on social networks.¹⁷²

The interplay between UGC and privacy concerns can also be found in other jurisdictions. For example, the Spanish Data Protection Agency (the "DPA") has ruled that individuals who post pictures or videos of identifiable persons without the consent of those photographed or filmed face liability under Spanish privacy law.¹⁷³ The DPA held that the posting of a video to YouTube without the consent of those depicted constituted a serious violation of privacy law, resulting in a penalty of €1,500.¹⁷⁴ It has been noted that this fine could deter Spanish users from posting images or movies to social networking and other websites, potentially cutting off the flow of the UGC on which these websites depend.¹⁷⁵

A U.S. case illustrates the risk of using images uploaded on the Internet without obtaining the consent of those depicted. In 2007, Virgin Mobile was sued for invasion of privacy in connection with an advertising campaign that used,

without consent, a photo of a girl that had been uploaded to Flickr.com.¹⁷⁶ Although the photographer had uploaded the photo to Flickr.com under a Creative Commons licence, which permitted the commercial use of the photo without permission from the copyright owner, the subject of the photograph took the position that the licence did not eliminate her privacy rights in her image.¹⁷⁷

(f) Advertising Issues

(i) Website Operators' Liability for Infringing UGC in Online Contests

Many companies are incorporating UGC into their advertising campaigns by holding online contests that ask consumers to submit videos which are then posted to the company's website. This practice raises a number of legal issues. As discussed above, the company may be liable for any resultant copyright or trade-mark infringement, for defamation and for violation of privacy rights. As well, online contests involving UGC raise the further issue of false advertising claims. Both the Canadian *Competition Act* and the American *Lanham Act* prohibit the use of materially false or misleading representations in commercial promotions.¹⁷⁸ While anyone who posts false or misleading statements on a website would violate these laws, it is not clear whether a party will be held responsible for UGC containing false advertising claims that was posted at its request.

In 2006, Quiznos launched an online contest inviting the public to submit home-produced videos depicting Quiznos' sandwiches as being superior to Subway's sandwiches. In response, Subway sued Quiznos and iFilm, the video-sharing site owned by Viacom that ran the contest, alleging that the user-generated videos

included false and misleading statements and that by airing these videos, the defendants were in violation of the *Lanham Act*.¹⁷⁹ Although, as discussed above, the *CDA* shields service providers from liability for user postings on their sites, Subway argued that Quiznos should not be entitled to rely on the *CDA* since it was not an uninvolved provider of the videos but encouraged the posting of the material in question.¹⁸⁰ In denying Quiznos' motion for summary judgment in February 2010, the U.S. District Court for the District of Connecticut ruled that it was unclear whether Quiznos actively participated in creating or developing the third-party content submitted to the contest website and whether it should therefore lose *CDA* immunity.¹⁸¹ The Court held that this was an issue of fact, best left to a jury after reviewing the evidence.¹⁸² The Court noted that a jury may well conclude that Quiznos did not merely post the allegedly disparaging content contained in the contestant videos, but that it actively solicited disparaging representations about Subway, with the result that it would be responsible for the creation or development of the offending videos.¹⁸³ Three days after the Court's denial of Quiznos' motion for summary judgment, Quiznos and Subway reached a settlement. The issue, therefore, remains unsettled as to when advertisers and media companies who use online UGC contests in their advertising campaigns will be found liable for false statements or claims made by the UGC creators.

(ii) Testimonials Made on Blogs

The FTC recently published the final revisions to its advertising guidelines for endorsements and testimonial advertisements. The guidelines clarify when a consumer's positive blog post about a product constitutes an endorsement such that it

becomes subject to potential FTC enforcement for unfair and deceptive practices in violation of the *FTC Act*.¹⁸⁴ Under the guidelines, a blog will be considered to be an endorsement where the blogger is part of a networking marketing program under which the blogger periodically reviews products and receives free samples of the products reviewed.¹⁸⁵ The greater the degree of co-ordination between the blogger and the product's manufacturer, the more likely the blog will be considered an endorsement.¹⁸⁶ If a consumer posts a blog about a product that contains false or unsubstantiated statements, both the blogger and the product's manufacturer could be held liable if the blog is considered an endorsement under the guidelines.¹⁸⁷

The revised guidelines also add new examples relating to UGC to illustrate the long-standing principle that "material connections" (including payments or free products) between advertisers and endorsers that consumers would not expect must be disclosed.¹⁸⁸ For example, a manufacturer of a video game system may provide a video game expert who maintains a personal blog about his gaming experience with a new gaming system for free. If the blogger provides a positive review of the system, the blogger is required to disclose that fact to his readers and the manufacturer is required to advise the blogger to make that disclosure.¹⁸⁹ Similarly, if employees of a manufacturer of MP3 players post positive reviews of the MP3 players on an online message board designated for discussions of music download technology frequented by MP3 player enthusiasts, the employees should clearly and conspicuously disclose their relationship with the manufacturer.¹⁹⁰

The Canadian Marketing Association has published a Code of Ethics and Standards of Practice (the “Code”) that contains similar guidelines. The Code provides that marketers should avoid undercover marketing initiatives that encourage consumers to believe that the marketer’s agents are acting independently and without compensation when they are not.¹⁹¹ In addition, except where an endorser is identified as an expert or a generally recognized celebrity, “any material connection between the endorser and the marketer must be disclosed”.¹⁹²

(iii) Astroturfing

Astroturfing is a process by which a company’s employees pose as independent consumers to post positive reviews and commentary to websites and Internet message boards about their company.¹⁹³ In the U.S., the Attorney General of New York has taken the position that astroturfing constitutes deceptive commercial practice, false advertising and fraudulent and illegal conduct under New York and federal consumer protection legislation.¹⁹⁴ In what appears to be the first U.S. case directed at combating astroturfing, the Attorney General recently reached a settlement with a cosmetic surgery company, Lifestyle Lift, over the posting of fake consumer reviews on the Internet.¹⁹⁵ Lifestyle Lift had directed its employees to publish positive reviews and comments about the company on various Internet message board services to trick web-browsing consumers into believing that satisfied customers were posting their own stories.¹⁹⁶ Internal emails discovered by the Attorney General’s office illustrate the specific instructions given to employees. One email to employees stated: “Friday is going to be a slow day – I need you to devote the day to doing

more postings on the web as a satisfied client”.¹⁹⁷ Another email sent to a Lifestyle Lift employee read: “Put your wig and skirt on and tell them about the great experience you had”.¹⁹⁸ In addition to posting false reviews on Internet message boards, Lifestyle Lift also created stand-alone websites that offered positive narratives about the Lifestyle Lift experience that were designed to appear as if they were created by independent and satisfied customers.¹⁹⁹

(g) The Use of UGC in Litigation

(i) UGC Posted on Facebook is Discoverable

In February 2009, the Ontario Superior Court of Justice made an order permitting a defendant to cross-examine a plaintiff in a motor vehicle accident lawsuit on content he had posted on his private Facebook profile and had not made available to the public.²⁰⁰ The Court held that it was reasonable to infer that the plaintiff’s social networking site likely contained content that was relevant to the issue of how he had led his life since the accident in question.²⁰¹ The Court stated that the plaintiff’s privacy settings on his Facebook profile were irrelevant and that the profile information was “data and information in electronic form” discoverable under Canada’s *Rules of Civil Procedure*.²⁰²

(ii) UGC Posted on Facebook May be Used as Evidence

In April 2009, the Newfoundland and Labrador Supreme Court used content posted on the plaintiff’s Facebook profile page as evidence in a motor vehicle accident lawsuit.²⁰³ The Court determined that excerpts from the Facebook page showed that, contrary to the plaintiff’s claims, he

had a “rather full and active social life”.²⁰⁴ The Court stated that, without this evidence, it would have been left with a very different impression of the plaintiff’s social life.²⁰⁵

(iii) UGC Posted on Facebook May be Grounds for Termination

The British Columbia Labour Relations Board recently upheld the firing of two employees of an automotive detailing and accessory shop who had posted offensive and derogatory comments about their employer on their Facebook profile pages.²⁰⁶ The Board held that the employees could not have had a serious expectation of privacy when publishing comments on their Facebook pages. Because the comments were damaging to the employer’s business and amounted to insubordination, the Board concluded that the employer had just cause for termination.²⁰⁷

(iv) UGC Posted by Jurors During a Trial

Jurors are increasingly using electronic devices during trials to post content relating to the trial. A recent survey from the Conference of Court Public Information Officers found that 9.8% of judges reported witnessing jurors using social media profile sites, microblogging sites, smartphones, tablets or notebooks in the courtroom.²⁰⁸ The survey also found that more than half of the judges polled provide juror instructions mentioning new media use during the trial.²⁰⁹ Federal judges are advised by the Judicial Conference of the U.S. to issue the following jury instructions:

You may not communicate with anyone about the case on your cell phone, through e-mail, BlackBerry, iPhone, text messaging, or on Twitter, through any blog or website, through any Internet chat room, or by way of any other social network-

ing websites, including Facebook, MySpace, LinkedIn, and YouTube.²¹⁰

Despite judges’ efforts to prevent the posting of UGC by jurors during a trial, the activity persists and, in some cases, the losing party has relied on such activity in attacking the decision. For example, in March 2009, a party tried to overturn a \$12.6 million judgment by an Arkansas court claiming that a juror used Twitter to send updates during the trial.²¹¹ As well, defence lawyers in a federal corruption trial of a former state senator demanded before the verdict was delivered that the judge declare a mistrial because a juror had posted updates on the case on Twitter and Facebook.²¹² However, the judge allowed the deliberations to continue, which led to a guilty verdict.²¹³

Courts are increasingly finding jurors accountable for posting case-related information online during a trial. For example, a juror in Michigan was recently removed from a jury for posting on Facebook that she thought the defendant was guilty — before the defence had presented its case.²¹⁴ The juror posted that it was “gonna be fun to tell the defendant they’re GUILTY”.²¹⁵ The juror was fined \$250 and required to write an essay about the constitutional right to a fair trial.²¹⁶

(v) UGC Used in Judgments

More than 100 U.S. judicial rulings have relied on content posted on Wikipedia, including a number of appellate decisions.²¹⁷ These citations are often found in a decision’s footnotes and normally do not relate to the main issue under consideration.²¹⁸ Wikipedia has been used to define the Jewish marriage ceremony, to declare that French is the official language of the Republic of Guinea, and to define phrases such as “jun-

gle juice” and “booty music”.²¹⁹ The Ontario Superior Court of Justice has quoted the definition Wikipedia used for the word “Thiru”.²²⁰

Practical Strategies for Minimizing Risks Associated with UGC

(a) Tips for Website Operators

There are a number of practical strategies that website operators can implement in order to minimize the risks associated with incorporating UGC into their websites:

- Review websites to determine whether UGC is present. Websites that are not typical UGC sites may nevertheless contain UGC that could present legal issues for the website operator.²²¹
- Website terms and conditions should include representations that posted material does not infringe copyright, violate trademark rights, contain defamatory material or depict persons without their permission. The terms and conditions should be easily accessible and written in plain English rather than in legalese.²²² In addition, passive website terms and conditions should be avoided in favour of click-wrap agreements which require users to scroll through the terms and conditions and affirmatively click an “accept” button, and which courts are more likely to enforce.²²³ Below is an excerpt from Amazon.com’s Conditions of Use:

Visitors may post reviews, comments, photos, and other content... and submit suggestions, ideas, comments, questions, or other information, so long as the content is not illegal, obscene, threatening, defamatory, invasive of privacy, infringing of intellectual

property rights, or otherwise injurious to third parties or objectionable.²²⁴

- Ensure the website’s privacy policy is easily accessible and is reviewed regularly to reflect recent case law, legislation, rulings and pronouncements of applicable regulators, as well as the website’s actual profile.²²⁵ To comply with *PIPEDA*, consent must be obtained for the collection, use and disclosure of any personal information received from users. Below is an excerpt from YouTube’s Privacy Notice:

If you submit personal information to YouTube, we may use that information to operate, maintain, and improve the features and functionality of YouTube, and to process any flagging activity or other communication you send to us. We do not use your email address or other personal information to send commercial or marketing messages without your consent. We may use your email address without further consent for non-marketing or administrative purposes (such as notifying you of major YouTube changes or for customer service purposes).²²⁶

- Obtain adequate rights from UGC providers with respect to their content. For example, website operators may wish to own the content outright, or instead seek a licence permitting them to use the content, leaving ownership with the UGC provider. Below is an excerpt from Facebook’s Statement of Rights and Responsibilities:

You own all of the content and information you post on Facebook... You grant us a non-exclusive, transferable, sub-licensable, royalty-free, worldwide license to use any

intellectual property content that you post on or in connection with Facebook.²²⁷

- Consider entering into agreements with content owners. For example, under YouTube's Content ID program, content owners and YouTube split the revenues generated from ads attached to UGC posted on YouTube that contains the copyright owners' content.²²⁸
- Establish procedures for dealing with UGC complaints reasonably and expeditiously.²²⁹ Website operators should provide users with access to site administrators for sending complaints and takedown notices and, when faced with a complaint, should act promptly to investigate and remove any infringing content.²³⁰ YouTube has implemented an online copyright complaint form to expedite this process²³¹ as well as a content verification program designed specifically to assist copyright-holding companies with multiple removal requests of allegedly infringing content.²³²

(b) Tips for UGC Providers

There are a number of practice strategies UGC providers can implement to protect their rights and minimize the risks associated with posting content online:

- Carefully review the website's terms and conditions. Be particularly aware of whether they provide for a transfer of content rights to the website operator.
- Ensure the posted content does not violate any copyright or trade-mark rights or contain any defamatory statements.

- Review the website's privacy policy, and understand how posted information can be used by the website operator. Obtain consent from all identifiable persons in posted content, including photographs and videos.

(c) Tips for Content Owners

Content owners should devote sufficient resources to monitor UGC websites for possible infringement.²³³ Upon discovering potentially infringing activity, they should carefully review the material and, if appropriate, send a notice requiring it to be removed.²³⁴ Content owners should also consider approaching UGC website operators for licensing and revenue sharing possibilities.²³⁵

Conclusion

The proliferation of UGC in recent years has raised traditional legal issues, such as copyright infringement, defamation and violation of privacy rights, in a novel context. Although a number of court decisions provide guidance as to rights and obligations that arise in connection with UGC, both for users who post the content and for website operators on whose sites the content is posted, many of these decisions are under consideration and numerous issues have yet to reach the courts. The next few years will likely provide answers to many legal questions concerning UGC, although new forms of UGC and new ways of using it will evolve and undoubtedly raise new questions.

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¹ Organization for Economic Co-operation and Development, "Working Party on the Information Economy" (12 April 2007), online: <<http://www.oecd.org/dataoecd/57/14/38393115.pdf>>.

² Interactive Advertising Bureau, "IAB Platform Status Report: User Generated Content, Social Media, and Advertising - An Overview" (April 2008), online: <http://www.iab.net/media/file/2008_ugc_platform.pdf>. User-generated content ("UGC") has also been defined as content that is "voluntarily developed by an individual or a consortium and distributed through an online platform": Samuel E. Trosow, Jacquelyn Burkell et al., "Mobilizing User-Generated Content for Canada's Digital Advantage" (1 December, 2010), online: <<http://ir.lib.uwo.ca/fimspub/21/>> ("Trosow").

³ Blogs are periodic journal-type postings on a website that typically cover a given topic, event, area or theme and invite comments and responses.

⁴ Twitter is a blogging service that allows users to write brief text updates and publish them for viewing by the public or a more limited group.

⁵ Social networking sites are websites, the primary purpose of which is networking among users, particularly those who share common interests.

⁶ A wiki is a website that allows users to add and update content on the site using their own web browser. Wikis are created mainly by the collaborative effort of the websites' visitors.

⁷ Virtual worlds are online environments that allow users to interact using avatars (digital characters). See Greg Lastowka, "User-Generated Content & Virtual Worlds" (April 2008) Vand. J. Ent. & Tech L., for a discussion on the practical and legal problems that accompany UGC in connection with virtual worlds.

⁸ Australian Copyright Council, "User-generated content & Web 2.0 websites" *Information sheet* (March 2008); Lisa T. Oratz, "Legal Issues in Blogging and Other Social Media Marketing" *Perkins Coie LLP* (June 2008).

⁹ BlogPulse, "BlogPulse Stats" (October 2011), online <<http://www.blogpulse.com>>.

¹⁰ Davis Wright Termaine LLP, "Legal Issues Surrounding User-Generated Online Content" (Paper presented to the Entertainment, Advertising and Media Law Symposium, March 2009).

¹¹ The Nielson Company, "Social Networks/Blogs Now Account for One in Every Four and a Half Minutes Online" (15 June 2010), online: <http://blog.nielson.com/nielsenwire/online_mobile/social-media-accounts-for-22-percent-of-time-online/>.

¹² *Ibid.*

¹³ Paul Verna, "A Spotlight on UGC Participants" (February 2009), online: <<http://www.emarketer.com/Article.aspx?R=1006914>>.

¹⁴ *Ibid.*

¹⁵ The Huffington Post, "The 17 Most-Visited Sites of 2011 Ranked by Google" (24 June 2011), online: <http://www.huffingtonpost.com/2011/06/24/most-visited-sites-2011_n_883756.html#s297574&title=17_Youkucom> ("The Huffington Post").

¹⁶ Facebook Statistics (visited on October 5, 2011) online: <<http://www.facebook.com/#!/press/info.php?statistics>>.

¹⁷ YouTube Blog, "Thanks, YouTube community, for two BIG gifts on our sixth birthday!" (25 May 2011), online: <youtube-global.blogspot.com/2011/05/thanks-youtube-community-for-two-big.html>.

¹⁸ Cory Doctorow, "What do we want copyright to do?" *Guardian* (23 November 2010), online: <<http://www.guardian.co.uk/technology/2010/nov/23/copyright-digital-rights-cory-doctorow>>..

¹⁹ Online Marketing Trends, Twitter Statistics On Its 5th Anniversary" (15 March 2011), online <59844www.onlinemarketing-trends.com/2011/03/twitter-statistics-on-its-5th.html>.

²⁰ Trosow, *supra* note 2.

²¹ The Huffington Post, *supra* note 15.

²² Cohen, Noam, "Wikipedia", *The New York Times* (23 May 2011), online <<http://topics.nytimes.com/top/news/business/companies/wikipedia/index.html>>.

- ²³ Paul Verna, "User-Generated Content: Will Web 2.0 Pay Its Way?" *eMarketer Report* (June 2007), online: <http://www.emarketer.com/Report.aspx?code=emarketer_2000421>.
- ²⁴ Paul Bond, "It can really ad up: YouTube adds more spots to more videos" *The Hollywood Reporter East* (26 August 2009) 1.
- ²⁵ *Ibid.*
- ²⁶ Search engine optimization is the process of improving the volume or quality of traffic to a website from search engines by way of unpaid search results.
- ²⁷ Resource Interactive and Bazaarvoice, "User Generated Content Research Brief" (February 2008), online: <<http://www.slideshare.net/ResourceInteractive/litmus-user-generated-content>>.
- ²⁸ Gerry Blackwell, "The dark side of a blogging tsunami" (February 2007) *Can. Law*.
- ²⁹ Marketing Charts, "Most Consumers Read and Rely on Online Reviews; Companies Must Adjust" (2 November 2007), online: <<http://www.marketingcharts.com/interactive/most-consumers-read-and-rely-on-online-reviews-companies-must-adjust-2234/>>.
- ³⁰ *Ibid.*
- ³¹ Kate Pierce, "5 Things You Probably Forgot About User-Generated Content (UGC)" online: (2009) *ecommerce community & blog 3* <<http://onlinebusiness.volusion.com/articles/user-generated-content-ugc>>.
- ³² Anthony V. Lupo and Sarah L. Bruno, "Coffee Break! The Issues with User-Generated Content and Social Networking" *Arent Fox Update*, online: <<http://www.arentfox.com/practices/advertising/index2.cfm?fa=networking>>.
- ³³ *Ibid.*
- ³⁴ Frito-Lay, Press Release, "Doritos Fan-Created Super Bowl Ad 'Underdog', Created for \$200, Scores No. 2 on USA TODAY Ad Meter and \$600,000 Prize" (8 February 2010), online: <<http://www.fritolay.com/about-us/press-release-20100208.html>>.
- ³⁵ Frito-Lay, Press Release, "PepsiCo's Doritos and Pepsi Max Brands Dominate USA Today Ad Meter With Consumer-Created Super Bowl Commercials, Awarding \$1.4 Million Prizes" (7 February 2011), online: <<http://www.fritolay.com/about-us/press-release-20110207.html>>. The creator of the ad that ranked third was awarded \$400,000.
- ³⁶ Kathryn L. Ossian, "Legal Issues in Social Marketing" *Institute of Continuing Legal Education* (2009), online: <http://www.millercanfield.com/media/article/200120_LEGAL%20ISSUES%20IN%20SOCIAL%20NETWORKING.pdf> ("Ossian").
- ³⁷ Lisa T. Oratz, "Legal Issues in Blogging and Other Social Media Marketing" (June 2008) *Perkins Coie LLP*.
- ³⁸ A video illustrating the success of the advertising campaign was uploaded to YouTube and can be found at: <http://www.youtube.com/watch?v=0TYy_3786bo>.
- ³⁹ The Canadian and U.S. Copyright Acts both prohibit the unauthorized reproduction of a copyrighted work and the unauthorized public performance of a copyrighted work. The Canadian *Copyright Act* also prohibits the unauthorized communication of a copyrighted literary, dramatic, musical or artistic work to the public by telecommunication. See *Copyright Act*, R.S.C. 1985, c. C-42 ("Canadian *Copyright Act*"); *Copyright Act*, 17 U.S.C.
- ⁴⁰ On September 29, 2011, the Canadian government introduced Bill C-11 (the "Copyright Bill") which proposes to amend the Canadian *Copyright Act*. The Copyright Bill proposes an exception from copyright infringement for certain "non-commercial UGC" (new s. 29.21). For example, under the Copyright Bill, it does not constitute copyright infringement to use, in the creation of a new work, an existing work that has been published or made publicly available and to disseminate the resulting UGC (or to authorize a member of one's household to do so). The necessary elements of the proposed exception are that: (i) copyright must subsist in the UGC; (ii) the UGC must be used solely for non-commercial purposes; (iii) the source of the existing work must be sufficiently acknowledged, if reasonable in the circumstances; (iv) the creator of the UGC must reasonably believe that the existing work did not infringe copyright; and (v) the use or dissemination of the resulting UGC does not have a substantial adverse effect, financial or otherwise, on the exploitation or potential exploitation of the existing work or of an existing or potential market for it, including that the UGC is not a substitute for the existing work.
- ⁴¹ Dale M. Cendali and David C. Marden, "Service Provider Protections for User Generated Content under the DMCA" (Paper presented to the AIPLA Annual Meeting, October 2008), online: <<http://www.omm.com/files/upload/usergeneratedcontent.pdf>>.

- ⁴² Canadian *Copyright Act*, *supra* note 39, ss. 29, 29.1, 29.2. The Copyright Bill proposes to amend s. 29 of the Canadian *Copyright Act* by adding education, parody and satire as purposes that would fall under the fair dealing exception.
- ⁴³ Carys Craig, "The Changing Face of Fair Dealing in Canadian Copyright Law: A Proposal for Legislative Reform" (September 2005) In the Public Interest: The Future of Canadian Copyright Law 437.
- ⁴⁴ Canadian Internet Policy and Public Interest Clinic, "Copyright Law" (September 2008) online: <http://www.cippic.ca/index.php?page=copyright-law/#faq_legal-uses-us>. As mentioned in *supra* note 42, the Copyright Bill proposes that parody and satire fall under the Canadian fair dealing defence.
- ⁴⁵ Glenn Kauth, "Push and Pull of Copyright Reform" *Canadian Lawyer Magazine* (October 2009), online: <<http://www.canadianlawyermag.com/Push-and-pull-of-copyright-reform.html>> ("Kauth").
- ⁴⁶ In its decision in *CCH Canadian Ltd. v. Law Society of Upper Canada*, [2004] S.C.J. No. 12, 2004 SCC 13, the Supreme Court of Canada held that the fair dealing defence must not be interpreted restrictively, thereby opening the door to a broader interpretation of this exception, which could include parody as a form of social criticism. In *Productions Avanti Ciné-Vidéo Inc. v. Favreau*, [1999] J.Q. no 2725 (C.A.), the Quebec Court of Appeal considered the case of a pornographic film which featured the distinctive characters from a popular Quebec TV series. In determining whether the film was a parody and therefore entitled to the fair dealing defence, the court observed that criticism of an intellectual or artistic work need not necessarily be serious or scholarly, that it may also be humorous or comic due to exaggeration of the targeted work, and that it may therefore qualify for the defence, provided that the requirements of the Act are satisfied. Thus, while parody will not be presumed to be "criticism" for the purposes of the Act, neither should it be presumed not to be.
- ⁴⁷ CanWest MediaWorks Publications Inc. sued two Vancouver residents for copyright infringement. The defendants published a fake Vancouver Sun mocking the alleged pro-Israeli bias of the paper and its parent company, CanWest. The defendants have asserted a parody defence. The action is yet to be argued. The appeal of a decision relating to a motion to strike and a motion for production of documents is reported at *Canwest Mediaworks Publications Inc. v. Horizon Publications Ltd.*, [2009] B.C.J. No. 565, 2009 BCSC 391.
- ⁴⁸ Canadian *Copyright Act*, *supra* note 39, s. 2.4(1)(b): "For the purposes of communication to the public by telecommunication... a person whose only act in respect of the communication of a work or other subject-matter to the public consists of providing the means of telecommunication necessary for another person to so communicate the work or other subject-matter does not communicate that work or other subject-matter to the public".
- ⁴⁹ Society of Composers, Authors and Music Publishers of Canada v. Canadian Assn. of Internet Providers, [2004] S.C.J. No. 44, [2004] 2 SCR 427, 2004 SCC 45 ("SOCAN").
- ⁵⁰ *Ibid.* The Copyright Bill proposes to clarify the limits on liability for intermediaries in the digital environment. For instance, persons engaged in providing network, caching or hosting services will not be held liable for copyright infringement, solely by reason of providing such services. Under the Copyright Bill, several conditions apply to such limitation on liability. For example, a person could not have known or should not have known that the service provided was designed primarily to enable acts of copyright infringement. In addition, a person engaged in caching activities may not modify the work in question other than for technical reasons. See s. 35 of the Copyright Bill (new s. 31.1).
- ⁵¹ SOCAN, *supra* note 49.
- ⁵² *Ibid.*
- ⁵³ *Ibid.*
- ⁵⁴ *Ibid.*
- ⁵⁵ *Ibid.*
- ⁵⁶ See, *supra* note 40.
- ⁵⁷ Copyright Bill, *supra* note 40, s. 47, adding new s. 41.25.
- ⁵⁸ *Ibid.* s. 47, adding new s. 41.26(1).
- ⁵⁹ *Ibid.* s. 47, adding new s. 41.26(3).
- ⁶⁰ SOCAN, *supra* note 49.
- ⁶¹ It is also unclear whether the provisions of the Copyright Bill relating to the limitation of liability provisions and notice requirements discussed above apply to website operators. The headings of these sections are "Network Services" and "Provisions Respecting Providers of Network Services or Information Location Tools", respectively. An analysis of these provisions to consider whether the persons referred to include website operators is beyond the scope of this article.

⁶² *Digital Millennium Copyright Act*, 17 U.S.C. § 512 (1998), s. 512(c) [DMCA].

⁶³ *Ibid.* s. 512(c).

⁶⁴ *Ibid.* s. 512(c).

⁶⁵ *Ibid.* s. 512(c).

⁶⁶ *Ibid.* s. 512(c).

⁶⁷ *Ibid.* s. 512(g).

⁶⁸ *Ibid.* s. 512(g).

⁶⁹ 586 F. Supp. 2d 1132 (N.D. Cal. 2008).

⁷⁰ *Ibid.*

⁷¹ Section 512(k)(1)(B) of the *DMCA* defines “service provider” as a provider of online services or network access, or the operator of facilities therefor, and includes an entity described in subparagraph (A), which is an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user’s choosing, without modification to the content of the material as sent or received.

⁷² *Costar Group, Inc. v. LoopNet, Inc.*, 164 F. Supp. 2d 688 (D. Md. 2001).

⁷³ *Ibid.*

⁷⁴ *Io v. Veoh*, supra note 69.

⁷⁵ *Ibid.*

⁷⁶ For a discussion of *Io v. Veoh* see Robert P. Latham, Carl C. Butzer, and Jeremy T. Brown, “Legal Implications of User-Generated Content: YouTube, MySpace, Facebook” (2008) 20 I.P. & T. L. J. 1., online: <http://images.jw.com/com/publications/892.pdf> (“Latham”).

⁷⁷ 2008 US Dist. LEXIS 104980 (CD Cal, Dec. 29, 2008).

⁷⁸ For a discussion of this case, see Andrew Baum, “‘Safe Harbor’ For Online Service Providers” *Law 360, Portfolio Media, Inc.* (19 March 2009), online: http://www.foley.com/files/tbl_s31Publications/FileUpload137/5857/SafeHarborIPLaw.pdf.

⁷⁹ (2009) 665 F. Supp. 2d 1099; 2009 U.S. Dist. LEXIS 86932 (C.D. Cal., Sept. 11, 2009) (“*UMG v. Veoh 2009*”). For a discussion of this case, see Neel Chatterjee, Annette Hurst and Gabriel Ramsey, “District Court Rules that User-Generated Content Site is Not Liable for Copyright Infringement Under the DMCA Safe Harbor” *Orrick Client Alert* (30 September 2009), online: <http://www.orrick.com/publications/item.asp?action=article&articleID=2140>.

⁸⁰ *UMG v. Veoh 2009*, *ibid.*

⁸¹ *Ibid.*

⁸² *Ibid.*

⁸³ *Viacom International Inc. v. YouTube et al.* Complaint (13 March 2007), online: <http://www.eff.org/cases/viacom-v-youtube>.

⁸⁴ *Ibid.*

⁸⁵ *Ibid.*

⁸⁶ *Viacom International Inc. et al. v. YouTube, Inc. et al.*, 2010 U.S. Dist. LEXIS 62829 (June 23, 2010).

⁸⁷ *Ibid.*

⁸⁸ *Ibid.*

⁸⁹ *Ibid.* For a discussion of the decision see Jane C. Ginsburg, “User-Generated Content Sites and Section 512 of the US Copyright Act” (November 2010), online: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1711924. On December 3, 2010, Viacom appealed the district court’s ruling. The appeal is set to be heard on October 18, 2011.

⁹⁰ The copyright owners include CBS Corp., Fox Entertainment Group, NBC Universal, Viacom Inc. and The Walt Disney Company.

⁹¹ The UGC websites include Dailymotion, Microsoft Corp., MySpace and Veoh Networks.

⁹² “Principles for User Generated Content Services”, online: <http://www.ugcprinciples.com/>.

⁹³ *Ibid.*

⁹⁴ *Ibid.*

⁹⁵ *Ibid.*

⁹⁶ The Principles for User Generated Content Services: A Middle-Ground Approach to Cyber-Governance (2008) 121 Harv. L. Rev. 1827.

⁹⁷ Raymond E. Brown, *The Law of Defamation in Canada*, looseleaf (Toronto: Thomson Canada Limited, 2009) (“Brown”). A defamatory statement has also been defined as one that tends to lower the reputation of the plaintiff in his or her community in the estimation of reasonable persons: *Botiuk v. Toronto Free Press Publications Ltd.*, [1995] S.C.J. No. 69, [1995] 3 S.C.R. 3, 126 D.L.R. (4th) 609.

⁹⁸ Brown, *ibid.*

⁹⁹ *Canadian Encyclopedic Digest (Ontario)*, 4th ed., vol. 17 (Toronto: Carswell, 2008) “Internet Law: Online Defamation”; *Newman v. Halstead*, [2006 B.C.J. No. 59, 2006 BCSC 65, 146 A.C.W.S. (3d) 153.

¹⁰⁰ *Canadian Reform Conservative Alliance v. Western Union Insurance Co.*, 2001 CarswellBC 700 (C.A.); *Newman v. Halstead*, *ibid.* However, the British Columbia Court of Appeal recently held that the mere fact

that a statement is posted on a website with restricted access does not support the presumption that it was read by anyone, that is, that it was communicated to others and thereby “published”: *Crookes v. Holloway*, [2008] B.C.J. No. 834, 2008 CarswellBC 919 (C.A.).

¹⁰¹ *Crookes v. Wikimedia Foundation Inc. and Jon Newton*, [2009] B.C.J. No. 1832, 2009 BCCA 392, [2009] BCWLD 7640 (“*Crookes v. Wikimedia*”). In this case, the defendant Jon Newton posted an article about a defamation lawsuit brought by the plaintiff and provided a hyperlink to the allegedly defamatory material. The defendant did not reproduce or comment on this material. The plaintiff appealed the decision by the British Columbia Court of Appeal, and the Supreme Court of Canada heard the appeal on December 7, 2010, reserving judgment.

¹⁰² *Crookes v. Wikimedia, ibid.*

¹⁰³ Ossian, *supra* note 36.

¹⁰⁴ *Communications Decency Act*, 47 U.S.C. 230.

¹⁰⁵ Mark Sableman and Jennifer A. Visintine, “Internet Publishing” *The Media Law Committee of the Missouri Bar’s Media Law Handbook* (April 2009), online: <<http://members.mobar.org/pdfs/media-law-handbook/complete-handbook.pdf>> (“Sableman”).

¹⁰⁶ *Ibid.*

¹⁰⁷ *Finkel v. Facebook Inc.*, 2009 N.Y. Slip. Op. 32248U, at 3-4 (N.Y. Sup. Ct. Sept. 15, 2009).

¹⁰⁸ *Toni Miles v. Raycom Media, Inc. et al.*, 2010 U.S. Dist. LEXIS 88514 (Aug. 26, 2010).

¹⁰⁹ *Barrett v. Rosenthal*, 40 Cal. 4th 33; 146 P.3d 510 (Cal. 2006). Section 230 of the *CDA* provides that “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”. In *Barrett v. Rosenthal*, the defendant posted a copy of an allegedly defamatory article on the websites of two newsgroups. The Supreme Court of California noted that it appeared to be the first time in which *CDA* immunity had been invoked by an individual who had no supervisory role in the operation of the Internet site where allegedly defamatory material appeared and was, therefore, clearly not a “provider” under the *CDA*. The Court concluded that when Congress decided that no “user” may be treated as a publisher of third party content, Congress had immunized re-publication by individual Internet users.

¹¹⁰ *Barrett v. Rosenthal, ibid.*

¹¹¹ *Phan v. Pham*, 182 Cal. App. 4th 323; 105 Cal. Rptr. 3d 791 (Feb. 25, 2010). In this case, the Court of Appeal of California, Fourth Appellate District, Division Three concluded that the addition of the phrase “Everything will come out to the daylight” to defamatory material was not itself defamatory and did not materially contribute to the defamation.

¹¹² In *Crookes v. Wikimedia, supra* note 101, because the defendant who posted the allegedly defamatory hyperlink was also the operator of the website to which the hyperlink was posted, the plaintiff claimed that the defendant (as the website operator) should be held liable as a publisher of the impugned article found at the hyperlinked site since he had control over the presence of the hyperlink and refused to remove it when requested to do so by the plaintiff. However, because the trial judge did not deal with this issue, the Court of Appeal also refrained from addressing it. The dissenting appellate judge noted that “the significance of this issue is alluded to by the trial judge” who cited pre-Internet age authorities for the proposition that “the law has held liable those who perpetrate defamatory comments by permitting such comments to remain at premises controlled by them even though they did not author or authorize the original publication”. The plaintiff in *Crookes v. Wikimedia* has also commenced several other actions against website operators for defamatory content posted on their sites. Its action against Yahoo! was dismissed on jurisdictional grounds since there was no evidence that the allegedly defamatory postings were accessed, downloaded or read by someone in British Columbia, (*Crookes v. Holloway, supra* note 100). The plaintiff’s case against Google has not proceeded since pleadings were filed in 2007 (Statement of Claim: *Wayne Crookes and West Coast Title Search Ltd. v. Google Inc. et al.*, BCSC Action No. S072591, Vancouver Registry). In April 2010, a well-known climatologist sued the National Post for the publication on its websites of allegedly defamatory articles as well as for the publication of 26 allegedly defamatory comments posted by individual users relating to such articles. In its Statement of Defence, the National Post argued that it was “merely an innocent disseminator of the said postings” since it did not author the postings and removed them within a reasonable time of being notified of the plaintiff’s objection. The plaintiff has also claimed that the National

Post should be liable for the reposting of the impugned content on third party websites on the basis that the National Post “expressly authorized republication by everyone who had access to the [content]”. The plaintiff has requested an order that would require the National Post to assist the plaintiff in having all copies of the impugned articles and comments removed from third party websites. Such relief would impose on an online publisher, the burden of monitoring and policing the Internet for the reposting of content from its website, including posts by individual users. Pleadings in this action can be accessed at the B.C. Court Services website: <<https://eservice.ag.gov.bc.ca/cso/index.do>>.

¹¹³ Sableman, *supra* note 105.

¹¹⁴ 2008, 521 F.3d 1157 (“*Roommates.com*”).

¹¹⁵ Kelli L. Sager, Bruce E.H. Johnson, Thomas R. Burke *et al.*, “9th Circuit Affirms Immunity for Pure Third-Party Web Content: En banc decision defines scope of immunity for mixed-content websites” (8 April 2008), online: <<http://www.dwt.com/LearningCenter/Advisories?find=21902>>.

¹¹⁶ It was this court’s “material contribution test” that the court in *Phan v. Pham* used to establish when an individual user will be found to have provided sufficient active involvement in the creation of online defamation material to remove the immunity enjoyed under the CDA. See, *supra* note 111.

¹¹⁷ *Roommates.com*, *supra* note 114.

¹¹⁸ *Swift v. Zynga Game Network, Inc.*, 2010 US Dist LEXIS 117355; 51 Comm Reg (P&F) 1118.

¹¹⁹ *Ibid.*

¹²⁰ This is an example of “username squatting”, the practice of registering a username online in order to cause confusion as to the true identify behind the username. Some users engage in username squatting in order to profit from a future sale to the person whose identity was used. See “Username Squatting, Usersquatting, Squitting, Twittersquatting, and other forms of Brandsquatting” Klemchuk Kubasta LLP, online: <<http://www.kk-llp.com/readmore.asp?rartid=38>>.

¹²¹ David Jacoby and Judith S. Roth, “OMG! Ur TM, © Being Infringed @ Twitter!” (22 July 2009), online: <http://www.schiffhardin.com/binary/jacoby-roth-law360_0709.pdf>.

¹²² *Trade-marks Act*, R.S.C. 1985, c. T-13, s. 19 [*Trade-marks Act*].

¹²³ A trade-mark is deemed to be used in association with wares if it is marked on the wares or is in any other way associated with the wares such that notice of the association is given to the person to whom property or possession of the wares is transferred. A trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services: *Trade-marks Act*, s. 4.

¹²⁴ *Clairol International Corp. v. Thomas Supply & Equipment Co.*, 1968 CarswellNat 32, 55 C.P.R. 176, [1968] 2 Ex. C.R. 552; *Cie generale des etablissements Michelin – Michelin & Cie v. CAW-Canada*, 1996 CarswellNat 2297, [1997] 2 F.C. 306 (“*Michelin*”). The Federal Court of Canada in *Michelin* held that the test for “use” requires two separate elements of proof: (1) did the defendant associate its services with the plaintiff’s trade-marks? and (2) did the defendant use the mark as a trade-mark for the purpose of distinguishing the defendant’s wares or services in connection with the plaintiff’s wares or services?

¹²⁵ *Trade-marks Act*, s. 20, *supra* note 122.

¹²⁶ *Trade-marks Act*, s. 22, *supra* note 122. Under U.S. trade-mark law, one will be held liable for trade-mark infringement for using in commerce, without consent, a 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 in connection with which such use is likely to cause confusion, mistake or to deceive: *Lanham (Trademark) Act*, 15 U.S.C. § 1114, s. 1(a).

¹²⁷ Lawrence G. Walters, “User Generated Content Sites – Formula for Profit, or Recipe for Disaster?” online: <<http://www.firstamendment.com/tubesites.htm>> (website visited November 28, 2010) (“*Walters*”).

¹²⁸ For example, in 2008, Mario Lavandeira, an Internet celebrity gossip blogger known as Perez Hilton, who owns and operates a blog at <www.perezhilton.com>, sued the operator of the blog found at <www.perezrevenge.com> for trade-mark infringement. Lavandeira claimed that the domain name of the defendant’s website contained Lavandeira’s registered trade-mark and that the defendant’s website contained trade dress identical to that found on the homepage of Lavandeira’s blog. Lavandeira asserted that the defendant’s blog was in direct competition with his blog. The court entered default judgment against the defendant in May 2009 and ordered that the defendant transfer

the ownership of the perezrevenge.com domain name to Lavandeira. Users who attempt to access the website found at <www.perezrevenge.com> are immediately redirected to Lavandeira's blog at <www.perezhilton.com>. The defendant filed a motion for reconsideration which the court denied. The defendant's subsequent appeal was denied in 2010.

¹²⁹ Walters, *supra* note 127.

¹³⁰ As indicated above, the lawsuit was withdrawn on account of a settlement reached between La Russa and Twitter.

¹³¹ Walters, *supra* note 127.

¹³² Walters, *supra* note 127.

¹³³ *Tiffany Inc. v. eBay, Inc.* 2010 U.S. App. LEXIS 6735; 94 U.S.P.Q.2D (BNA) 1188 (April 1, 2010) ("*Tiffany*"). In December 2010, the U.S. Supreme Court refused to hear an appeal filed by Tiffany.

¹³⁴ *Ibid.*

¹³⁵ *Ibid.*

¹³⁶ *Ibid.*

¹³⁷ *Ibid.*

¹³⁸ *Ibid.* Tiffany did not challenge this finding on appeal.

The U.S. appellate court stated that it agreed with the district court that no liability arose with respect to the terminated listings.

¹³⁹ Various district courts have followed the appellate court's reasoning in *Tiffany*. For example, 2nd Circuit: *Sellify Inc. v. Amazon.com, Inc.*, 2010 US Dist LEXIS 118173 (SDNY Nov. 3 2010) and 4th Circuit: *Rosetta Stone Ltd. v. Google Inc.*, 730 F. Supp 2d531, 2010 US Dist LEXIS 78098.

¹⁴⁰ The U.K. High Court recently held that eBay was not jointly liable with individual sellers who were using eBay's website to sell counterfeit L'Oreal products: *L'Oreal S.A. and others v. eBay International A.G.*, 2009 EWHC 1094. (The High Court referred a number of questions to the European Court of Justice, and, in December 2010, the advocate general (the "AG"), an independent advisor to the European Court of Justice, delivered a non-binding opinion. The final ruling is expected in 2012. The AG was of the opinion that eBay is not generally liable for the information uploaded by users. However, once eBay obtains "actual knowledge" of infringement or awareness of facts or circumstances from which infringement is apparent, it must act expeditiously to remove or disable the content. In addition, injunctions should be available against an interme-

diary, like eBay, whose services have been used by a third party to engage in infringing behaviour. The intermediary could react to such an injunction by closing the account of the infringing user). Similarly, a French court recently held that eBay was not liable for sales of counterfeit L'Oreal perfumes on its website, concluding that eBay was making a reasonable effort to keep counterfeit goods off the site: Case RG 07/11365, *L'Oréal SA v. eBay France SA*, Tribunal de Grande Instance, May 13, 2009. A Belgian court also held in eBay's favour, finding that the measures eBay took when notified of infringement of Lancome's trademarks were sufficiently diligent and that no further action was required: *Lancome Parfums et Beaute v. eBay Int'l AG*, Tribunal de Commerce de Bruxelles (commercial court of original jurisdiction) (July 31, 2008). However, in 2008, the Commercial Court of Paris ordered eBay to pay €38.6 million in damages to the luxury goods group LVMH Moët Hennessy Louis Vuitton for negligently allowing the sale of counterfeit items on its site: *Louis Vuitton Malletier v. eBay, Inc.*, Tribunal de Commerce de Paris (June 30, 2008) (In September 2010, a French appellate court reduced the damage award to €5.6 million.) As well, a French tribunal ordered eBay to pay damages of €20,000 to Hermes, based on a finding that eBay committed acts of counterfeiting by failing to monitor the authenticity of goods sold on its site: *Societe Hermes Int'l. v. Cindy F.*, Tribunal de Grande Instance (June 4, 2008). eBay declined to file an appeal.

¹⁴¹ [2005] F.C.J. No. 858, 2005 FCA 193.

¹⁴² *Ibid.*

¹⁴³ *Ibid.*

¹⁴⁴ *Ibid.* The copyright owners have not re-applied for the disclosure order.

¹⁴⁵ *Warman v. Wilkins-Fournier*, (2010) ONSC 2126, 261 OAC 245.

¹⁴⁶ *Warman v. Wilkins-Fournier*, (2011) ONSC 3023.

¹⁴⁷ *Cohen v. Google*, 2009 NY Slip Op 29369; 887 N.Y.S.2d 424. In this case, blogs entitled "Skanks of NYC" were posted on Blogger.com, which included photographs, photograph captions and commentary about the petitioner, a Canadian model. The petitioner asserted that the blogs contained defamatory statements, including the use of the words "skank", "ho" and "whoring", which concerned her appearance, hygiene and sexual conduct, impugned her chastity and nega-

- tively reflected on her business as a professional model. The petitioner's counsel attempted to obtain information from Google in order to identify the blogger, but Google was not willing to co-operate absent a court order.
- ¹⁴⁸ *Ibid.*
- ¹⁴⁹ S.C. 2000, c. 5 [PIPEDA].
- ¹⁵⁰ *Ibid.* s. 3. In a March 23, 2011 decision, an Ontario Superior Court judge ruled that there is no tort of invasion of privacy in Ontario.
- ¹⁵¹ Office of the Privacy Commissioner of Canada, "Questions and Answers regarding the application of PIPEDA, Alberta and British Columbia's *Personal Information Protection Acts*" (November 2004), online: <http://www.priv.gc.ca/fs-fi/02_05_d_26_e.cfm>.
- ¹⁵² *Ibid.*
- ¹⁵³ *Ibid.*
- ¹⁵⁴ *Ibid.*
- ¹⁵⁵ *Ibid.*
- ¹⁵⁶ Office of the Privacy Commissioner of Canada (December 2008), online: <http://www.priv.gc.ca/aboutUs/index_e.cfm>.
- ¹⁵⁷ Office of the Privacy Commissioner of Canada, News Release, "Facebook needs to improve privacy practices, investigation finds" (16 July 2009), online: <http://www.priv.gc.ca/media/nr-c/2009/nr-c_090716_e.cfm>.
- ¹⁵⁸ *Ibid.*
- ¹⁵⁹ *Ibid.*
- ¹⁶⁰ Office of the Privacy Commissioner of Canada, News Release, "Facebook agrees to address Privacy Commissioner's concerns" (27 August 2009), online: <http://www.priv.gc.ca/media/nr-c/2009/nr-c_090827_e.cfm>.
- ¹⁶¹ *Ibid.*
- ¹⁶² *Ibid.*
- ¹⁶³ CBC News, "Facebook privacy changes approved by watchdog" (22 September 2010), online: <<http://www.cbc.ca/canada/story/2010/09/22/facebook-privacy-commissioner.html>>.
- ¹⁶⁴ *Ibid.*
- ¹⁶⁵ *Ibid.*
- ¹⁶⁶ The *Financial Modernization Act* of 1999, also known as the *Gramm-Leach-Bliley Act*, includes provisions to protect consumers' personal financial information held by financial institutions. The *Health Insurance Portability and Accountability Act* Privacy Rule contains specific requirements to be followed by health insurance organizations, health care providers and health care clearing houses in order to protect individuals' health information.
- ¹⁶⁷ See The *Federal Trade Commission Act*, 15 U.S.C., s. 45(a).
- ¹⁶⁸ Complaint and Request for Injunction, Request for Investigations and for Other Relief Before the Federal Trade Commission in the Matter of Google, Inc. and Cloud Computing Services. (17 March 2009), online: <<http://epic.org/privacy/cloudcomputing/google/ftc031709.pdf>>.
- ¹⁶⁹ Electronic Privacy Information Center, "Federal Trade Commission to Review EPIC Cloud Computing Complaint" (19 March 2009), online: <<http://epic.org/2009/03/federal-trade-commission-to-re.html>>.
- ¹⁷⁰ The FTC Revised Guidelines can be found at <<http://www.ftc.gov/os/2009/02/P085400behavadreport.pdf>>.
- ¹⁷¹ Emily Steel and Jessica E. Vascellaro "FTC Backs Web-Ad Self-Regulation" *The Wall Street Journal* (13 February 2009), online: <<http://online.wsj.com/article/SB123448268250279765.html>>.
- ¹⁷² *Ibid.*
- ¹⁷³ Steptoe & Johnson LLP, "Posting YouTube Video Without Subjects' Consent Draws Fine From Spanish DPA" *E-Commerce Law Week* (21 February 2009), online: <<http://www.step toe.com/publications-5920.html>>.
- ¹⁷⁴ *Ibid.*
- ¹⁷⁵ *Ibid.*
- ¹⁷⁶ *Chang v. Virgin Mobile USA, LLC*, 2009 U.S. Dist. LEXIS 3051. The action was dismissed on jurisdictional grounds.
- ¹⁷⁷ Latham, *supra* note 76.
- ¹⁷⁸ See s. 52 of the *Competition Act*, R.S.C. 1985, c. C-34 and § 43(a) of the *Lanham (Trademark) Act.*, 15 USC § 1125(a).
- ¹⁷⁹ *Doctor's Associates Inc. v. QIP Holders LLC Complaint* (27 October 2006). The trial has not yet commenced.
- ¹⁸⁰ Louise Story "Can a Sandwich Be Slandered?" *The New York Times* (29 January 2008), online: <<http://www.nytimes.com/2008/01/29/business/media/29adco.html>>.
- ¹⁸¹ *Doctor's Associates, Inc. v. QIP Holder LLC and iFilm Corp.* 2010 U.S. Dist. LEXIS 14687; 2010-1 Trade Cas. (CCH) P76,956.
- ¹⁸² *Ibid.*
- ¹⁸³ *Ibid.*

- ¹⁸⁴ Scott Pink, "When is a Blog a Sponsored Endorsement? FTC Revises Testimonial Guidelines to Cover Consumer Generated Content" *DLA Piper News Alert* (8 October 2009), online: <<http://www.dlapiper.com/ftc-revises-testimonial-guidelines-to-cover-consumer-generated-content/>> ("Pink").
- ¹⁸⁵ *Ibid.*
- ¹⁸⁶ *Ibid.*
- ¹⁸⁷ *Ibid.*
- ¹⁸⁸ Federal Trade Commission, Release, "FTC Publishes Final Guides Governing Endorsements, Testimonials" (5 October 2009), online: <<http://www.ftc.gov/opa/2009/10/endortest.shtml>>.
- ¹⁸⁹ Pink, *supra* note 184.
- ¹⁹⁰ Pink, *supra* note 184.
- ¹⁹¹ Canadian Marketing Association, "Code of Ethics and Standards of Practice", online: <<http://www.thecma.org/?WCE=C=47%7CK=225849>> ("CMA Code") (website visited November 28, 2010).
- ¹⁹² *Ibid.*
- ¹⁹³ Office of the Attorney General of New York, News Release, "Attorney General Cuomo Secures Settlement with Plastic Surgery Franchise that Flooded Internet with False Positive Reviews" (14 July 2009), online: <http://www.oag.state.ny.us/media_center/2009/july/july14b_09.html>.
- ¹⁹⁴ *Ibid.*
- ¹⁹⁵ *Ibid.*
- ¹⁹⁶ *Ibid.*
- ¹⁹⁷ *Ibid.*
- ¹⁹⁸ *Ibid.*
- ¹⁹⁹ *Ibid.*
- ²⁰⁰ *Leduc v. Roman*, [2009] O.J. No. 681 (S.C.J.). This case was recently cited by the Ontario Superior Court of Justice as authority that it is "good law that a court can infer from the nature of the Facebook service the likely existence of relevant documents on a limited-access Facebook profile": *Frangione v. Vandongen*, [2010] O.J. No. 2337 (S.C.J.).
- ²⁰¹ *Leduc v. Roman*, *ibid.* The Ontario Financial Services Commission recently held in the context of an arbitration (in which the rules differ from those applied within court proceedings) that the plaintiff was not required to produce images he posted on the restricted portion of his Facebook account as the potential relevance of the images posted were too remote when weighed against factors such as sensitivity (of unrelated parties whose images appeared in the photos) and practicality (related to the preservation and production of many photos uploaded to Facebook). *Prete v. State Farm Mutual Automobile, Insurance Co.*, [2011] OFSCD No. 7.
- ²⁰² *Ibid.*
- ²⁰³ *Terry v. Mallowney*, [2009] N.J. No. 86, 2009 NLTD 56, 879 A.P.R. 19, 285 Nfld. & P.E.I.R. 19.
- ²⁰⁴ *Ibid.* The Facebook excerpts showed that the plaintiff "went to and hosted parties, attended weekend outings at summer cabins, drank alcohol frequently, smoked marijuana daily and appeared to have a number of friends with whom he communicated and socialized on a regular basis". The court went on to say that it found it "incredible that [the plaintiff's] social life miraculously improved in the few months he was communicating on Facebook and that for the remainder of the time [from the time of the accident to the commencement of the trial] he essentially had no or little social life".
- ²⁰⁵ *Terry v. Mallowney*, *supra* note 203.
- ²⁰⁶ *Lougheed Imports Ltd. (c.o.b. West Coast Mazda) (Re)*, [2010] BCLRBD No. 190, 186 CLRBR (2d) 82 ("*Lougheed*"). In a similar case, where an employee posted "insulting, threatening comments about her supervisor, her fellow employees and her workplace on Facebook", a Calgary labour arbitration panel found that although the employee did engage in conduct that gave her employer just cause to impose discipline, the postings only minimally harmed the company's reputation and the comments could not be said "to give rise to a substantial concern about the company's ability to successfully carry out its business". The panel therefore held that termination was an excessive disciplinary response and that the employee's misconduct merited a different penalty: *Groves v. Cargojet Holdings Ltd.*, [2011] CLAD No. 257.
- ²⁰⁷ *Lougheed*, *ibid.*
- ²⁰⁸ Jonathan Berr, "Why Facebook, Twitter and Jurors Don't Mix." *Daily Finance* (12 September 2010), online: <<http://www.dailyfinance.com/story/media/why-facebook-twitter-and-jurors-dont-mix/19617527/>> ("Berr").
- ²⁰⁹ *Ibid.*
- ²¹⁰ *Ibid.*
- ²¹¹ John Schwartz "As Jurors Turn to Web, Mistrials Are Popping Up" *The New York Times* (18 March 2009), online: <<http://www.nytimes.com/2009/03/18/us/18juries.html>> ("Schwartz"). The motion

to set aside the verdict was denied. The judge held that the juror's actions did not violate any rules and that the Twitter messages did not demonstrate any evidence of the juror being partial to either side. The judge noted that Arkansas law requires defendants to prove that outside information found its way into the jury room and influenced the verdict, not that information from the jury panel made its way out. See John G. Browning, "Dangers of the Online Juror" *In Chambers* (Summer 2009), online: <http://www.yourhonor.com/IC-Online/IC_Summer09/OnlineDanger2.html>.

²¹² Schwartz, *ibid*.

²¹³ *Ibid*.

²¹⁴ Berr, *supra* note 208.

²¹⁵ Associated Press, "Judge punishes juror for Facebook post with essay" (2 September 2010), online: <<http://www.ctv.ca/CTVNews/TopStories/20100902/fac ebook-juror-100902/>>.

²¹⁶ *Ibid*.

²¹⁷ Noam Cohen "Courts Turn to Wikipedia, but Selectively" *The New York Times* (29 January 2007), online: <<http://www.nytimes.com/2007/01/29/technology/29wikipedia.html>>.

²¹⁸ *Ibid*.

²¹⁹ *Ibid*.

²²⁰ *R. v. Kanthasamy*, 2009 CarswellOnt 4316 (S.C.J.).

²²¹ Latham, *supra* note 15.

²²² Amy B. Spagnole and Dimitry S. Herman, "Liability evolving for user-generated content" *Providence Business News* 23:13 (July 2008), online: <<http://www.haslaw.com/publications/Herman%20Spagnole%20PBN%207-7-08.pdf>> ("Spagnole").

²²³ Latham, *supra* note 76.

²²⁴ See Amazon.com's Conditions of Use at <http://www.amazon.com/gp/help/customer/display.html/ref=footer_cou?ie=UTF8&nodeId=508088>.

²²⁵ Spagnole, *supra* note 222.

²²⁶ See YouTube's Privacy Note at <<http://www.youtube.com/t/privacy>>.

²²⁷ See Facebook's Statement of Rights and Responsibilities at <<http://www.facebook.com/terms.php?ref=pf>>.

²²⁸ See <www.youtube.com/t/contentid>.

²²⁹ Spagnole, *supra* note 222.

²³⁰ *Ibid*.

²³¹ To see YouTube's copyright infringement notification policy, visit <http://www.youtube.com/t/copyright_notice>.

²³² To see a description of YouTube's content verification program, visit <http://www.youtube.com/t/copyright_program>. eBay's Verified Rights Owner (VeRO) Program is another example of a content verification program implemented by a large website operator. See <<http://pages.ebay.com/help/tp/vero-rights-owner.html>>.

²³³ Latham, *supra* note 76.

²³⁴ *Ibid*.

²³⁵ *Ibid*.