



## Website That Solicits Potentially Defamatory Content Cannot Take Advantage of Immunity Under Section 230 of the CDA for User-Submitted Content

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The Digital Millennium Copyright Act (DMCA) offers copyright owners and Internet service providers with new avenues to assert and avoid liability. As part of the DMCA's regime, a copyright owner can request that a service provider, e.g., a website, which hosts third-party content that the copyright owner deems infringing to take down such content. However, a copyright owner who misrepresents to a service provider that third-party content is infringing can be held liable to the alleged infringer for any damages incurred by the improper takedown of the third-party content. In particular, Section 512(f) provides in pertinent part: "[a]ny person who knowingly materially misrepresents under this section . . . that material or activity is infringing . . . shall be liable for any damages . . . incurred by the alleged infringer . . . who is injured by such misrepresentation, as the result of the service provider . . . removing or disabling access to the material or activity claimed to be infringing . . ." 17 U.S.C. § 512(f).

In *Design Furnishings, Inc. v. Zen Path, LLC*, Civil Action No. 2:10-2765 (E.D. Cal. 2010),<sup>1</sup> the parties both sold wicker furniture predominantly through eBay. Zen Path sent numerous takedown requests to eBay based upon its alleged ownership of copyrights in various furniture designs, which eBay honored, resulting in a substantial reduction of Design Furnishings' sales and injury to Design Furnishings' reputation among eBay users. After some fruitless exchanges between the parties regarding the copyrightability of Zen Path's furniture designs and other matters, Design Furnishings filed suit and requested a preliminary injunction to stop Zen Path's submission of takedown requests to eBay. Design Furnishings' primary allegation was that Zen Path did not own copyrights in the furniture at issue and knowingly misrepresented its ownership of protectable rights to eBay in violation of Section 512(f). Ultimately, the Court granted a preliminary injunction to the plaintiff prohibiting the defendant from "notifying eBay that defendant has copyrights in the furniture and that plaintiff's sales violate these copyrights."

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<sup>1</sup> Available at [http://scholar.google.com/scholar\\_case?case=12078575359780781609](http://scholar.google.com/scholar_case?case=12078575359780781609).



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To prove its 512(f) claim, Design Furnishings had to show that (a) its furniture did not infringe Zen Path's furniture or that Zen Path did not have copyright protection in the furniture and (b) Zen Path "had subjective knowledge of the misrepresentation of infringement." The Court found that Zen Path's furniture likely could not be protected by copyright because it was completely utilitarian. The Copyright Office rejected Zen Path's copyright application while the suit was pending and Zen Path could not point to any "any aspect of the furniture that physically or conceptually could stand alone as a piece of art traditionally conceived."

With respect to its subjective knowledge of misrepresentation, Zen Path relied upon its filing of a copyright application to assert that it had not misrepresented its rights to eBay. The Court, however, found dispositive that Zen Path's furniture designer never produced evidence to Design Furnishings of a specifically protected feature of the furniture and, in court, claimed rights only in the "design of the wicker." Without discussing this claim further, the Court stated that it could not conclude that Zen Path thought it had a copyright in the design of the wicker when it notified eBay. Presumably, the Court simply did not believe Zen Path's claim that it could have a copyright in the design of the wicker or that it legitimately believed that it did, especially after its copyright application was rejected by the Copyright Office.

As anyone familiar with the removal of infringing auctions on eBay knows, an alleged infringer can file counter-notices. While such notices can result in the restoration of an auction, often the original auction is taken down, at least temporarily and can result in diminution of reputation among eBay users. The Court found these counter-notices ineffective in preventing irreparable harm to Design Furnishings should Zen Path be allowed to continue submitting takedown notices to eBay.

Lastly, of practical significance in litigation involving the issuance of an injunction, the court required that Design Furnishings post a \$100,000 bond to effectuate the injunction. It based its calculation on Design Furnishings' claimed profits of \$200,000 a year from sales on eBay and a 50% royalty to Zen Path if the injunction were issued in error. This decision issued on December 23, 2010, but as of January 10, 2011, no notification of the posting of the bond had been posted on the Court's online docket. Given the likely size of the parties, despite a claim of \$200,000 in annual profits, a \$100,000 bond may have been prohibitive for the plaintiff.

This case illustrates the importance of establishing a legitimate basis for requesting a service provider to take down allegedly infringing material. Such a basis must have evidentiary support to back up a subjective belief of a violation because the courts likely will review the basis if an alleged infringer files suit under 512(f).

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