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shrinkwrap licenses and statements of purchase terms enclosed in computer product packaging are enforceable contracts. The court found that the U.C.C. recognizes

contracts formed where specific terms of agreement are communicated subsequent to the exchange of money. Moreover, the court held that shrinkwrap licenses are two-

party contracts that do not fall within the subject matter of copyright and, thus, federal law does not preempt them. •

Italian Internet site held to be a “distribution” of images within United States

by Alex Goldman

In *Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*, 939 F. Supp. 1032 (S.D.N.Y. 1996), the United States District Court for the Southern District of New York denied both parties' motions for reconsideration of a previously rendered order. The court affirmed the previous order, finding the defendants' Internet site in contempt of a 1981 injunction.

Court issued injunction

One of the defendants, Tattilo Editrice, S.p.A. (“Tattilo”), publishes a men's magazine called “Playmen” in Italy. In 1979, in response to Tattilo's intention to market the magazine in the United States, Playboy Enterprises, Inc. (“Playboy”) brought suit to enjoin Tattilo from using the name “Playmen” in the United States. The injunction, awarded in 1981, permanently enjoined Tattilo from, in relevant part, distributing, or offering for sale or distribution, an English language male magazine with the word “Playmen” on the cover, or using the word “Playmen” in connection with the offering for sale or distribution of any English language publications and related products.

Playboy files contempt motion related to Tattilo's Internet site

On the basis of the 1981 injunction, Playboy moved for a finding of contempt against Tattilo in 1996, when it discovered that Tattilo had set up an Internet site to

feature “Playmen.” The site, set up through a World Wide Web server in Italy, contained two areas. The “Playmen Lite” (“Lite”) portion offered moderately explicit pictures for viewing and downloading onto a user's hard drive. Lite was offered free of charge and allowed potential subscribers to view the material before paying for a subscription to the site. By contrast, the “Playmen Pro” (“Pro”) portion was available only to subscribers and contained more explicit images. In order to subscribe, users had to fax Tattilo a credit card number in return for a password and a user ID. The site was readily available to any United States resident with access to the Internet.

In order to determine whether a party is in contempt of an injunction, the court looks to whether the moving party has shown, by clear and convincing evidence, that the defendant has violated a court order. *See King v. Allied Vision, Ltd.*, 65 F.3d 1051 (2d Cir. 1995). Applying this standard, the court found the site to constitute “distribution” of “Playmen” in the United States and, therefore, to be a violation of the 1981 injunction. The court also held Tattilo in contempt. The court ordered Tattilo to: (1) shut down its site or refuse new subscriptions from U.S. customers; (2) invalidate existing U.S. users' passwords and refund to them the unused portions of their subscription charges; (3) remit to Playboy all gross profits from U.S. subscriptions as well as all gross profits from the sale of goods and services advertised on the site to U.S. customers; (4) amend its site to reflect that U.S. residents will be denied subscriptions; and (5) remit to Playboy attorneys' fees incidental to this

motion. Tattilo was given two weeks to comply with the order or face a \$1,000 per day fine until full compliance was achieved. In response, Tattilo filed a motion to reconsider.

Internet site covered by 1981 injunction

Tattilo first took the position that since the 1981 injunction never considered advanced Internet technology, the web site was not subject to the terms of the injunction. The court agreed that, in 1981, the Internet did not exist in its present form, especially regarding its current capacity to disseminate pictorial images. However, the purpose of the injunction was to restrict Tattilo's ability to market its product in the United States. The court reasoned that excluding the Internet from the injunction would severely limit its effectiveness and that "[i]njunctive provisions entered before the recent explosion of computer technology must continue to have meaning." Therefore, the web site was subject to the conditions of the 1981 injunction.

Issue is not a matter for the legislature

Second, Tattilo argued that the issue of whether Internet postings constituted "distribution," is a matter for the legislature to decide. In support, Tattilo cited *It's In the Cards, Inc. v. Fuschetto*, 535 N.W.2d 11 (Wis. Ct. App. 1995), which held that a posting to an electronic bulletin board is not a publication because such postings had not been contemplated in Wisconsin statutes defining "publications." In *Cards*, the court also stated that finding the posting to be a publication would be tantamount to "rewriting statutes" and "judicial legislation," neither of which the court was willing to undertake.

The court, however, found *Cards* inapplicable to the instant situation. The court based its reasoning on the fact that the matter before it dealt with the interpretation of its own order (the 1981 injunction), not a statute. It was held to be the province of the court and not the legislature to consider the matter.

Tattilo's site violated injunction

Having established that the web site was within the scope of the 1981 injunction and that the court acted

within its power in interpreting the injunction's provisions, the next issue was whether the injunction was indeed violated. The resolution of this issue hinged on two factors. First, the court assessed whether the Internet site constituted distribution or sale of "Playmen" in the United States. Additionally, such distribution or sale must have involved the use of the word "Playmen" as part of any "trademark, service mark, brand name, trade name or other business or commercial designation" and must have been connected to an English language publication or related product.

The court found sufficient evidence of use of the word "Playmen" as a trademark, service mark, etc., on Tattilo's site. The site's "uniform resource locator," which serves as an Internet address, contained the word "Playmen." Furthermore, the word "Playmen" was prominently displayed in large font upon accessing the site. In addition, there was enough English language within the web site for the court to deem it an "English language publication or related product."

Site constituted distribution

The court relied on two previous decisions in finding that Tattilo's site distributed images in the United States. In *Playboy Enterprises, Inc. v. Frena*, 839 F. Supp. 1552 (M. D. Fla. 1993), the court found that the unauthorized uploading of images to an electronic bulletin board and act of making those images available for subscribers' viewing and downloading constituted "distribution." The holding did not extend to mere providers of Internet service in *Religious Technology Center v. Netcom Online Communication Services, Inc.*, 907 F. Supp. 1361 (N. D. Cal. 1995). In *Religious*, the court held that finding a service provider liable for the content available to its subscribers is unreasonable because providers do not control such content and their liability would be based on too broad a definition of public distribution and display rights.

In the instant case, however, the court noted that Tattilo does not merely provide Internet access. It has also established its own services, the Lite and Pro sites. Like the *Frena* case, the images uploaded to the site were available for user viewing and downloading and, therefore, constituted "distribution." This distribution occurred in the United States because, although the site was set up in Italy, U.S. customers were solicited and

invited to send their credit card numbers to receive passwords. For these reasons, the court found the requisite elements of a violation of the 1981 injunction and issued its holding of contempt.

Motion for reconsideration denied

In its motion to reconsider and amend the court order, Tattilo argued that the Lite portion of the site was not violative of the injunction. Furthermore, Tattilo argued to eliminate the remittance of attorneys' fees to Playboy. Playboy also filed a motion to amend the court order, asking the court to expand the scope of the 1981 injunction to include the publishing of "Playmen" in the English language in general, not just within the United States.

Tattilo argued that Lite and Pro were two different entities and that, since Lite required neither a password nor the user's credit card number, it was not a distribution within the United States. The court was

unpersuaded by the argument. The court viewed the Lite portion of the site as analogous to an advertisement for the revenue-generating Pro portion and, therefore, rejected Tattilo's contention that the two were separate. Furthermore, the Lite portion still invited potential U.S. users to view and download images. Considering the Lite and Pro portions to be one entity, the court refused to change its order and upheld its previous finding of contempt.

Likewise, the court did not change the award of attorneys' fees. The court found that the nature of the site was such that Tattilo should have had reasonable doubt as to its legality within the United States. Therefore, Tattilo proceeded at its own peril and it was proper to compel Tattilo to remit fees incurred by Playboy related to this matter.

Finally, the court denied Playboy's motion to expand the terms of the 1981 injunction. The court reasoned that it had no jurisdiction to prevent Tattilo from publishing in any language outside the United States. •

"Doing business" over the Internet leads to a forum State's appropriate exercise of personal jurisdiction

by Joanne T. Hannaway

In *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.*, 1997 WL 37657 (1997), the district court for the Western District of Pennsylvania held that it had personal jurisdiction and proper venue over a non-resident defendant whose contacts with the forum state arose entirely via the Internet.

Zippo Manufacturing Corporation ("Manufacturing") filed a complaint against Zippo Dot Com, Inc. ("Dot Com") alleging five causes of action under the Federal Trademark Act and state law trademark dilution for Dot Com's use of the word "Zippo" over the

Internet. Dot Com holds the sole privilege to use, for its Internet domain names, the titles "zippo.com," "zippo.net," and "zipponews.com."

Manufacturing, a Pennsylvania corporation with its principle place of business in Pennsylvania, produces "Zippo" lighters. Dot Com maintains its principle place of business in California. Dot Com runs an Internet web site and news service to which customers around the country can subscribe by way of an on-line application. Pennsylvania residents represent approximately two percent of Dot Com's total

subscribers. Additionally, the company contracted with seven Internet access providers located in Pennsylvania. Together, these seven access providers constitute Dot Com's contacts with Pennsylvania. Dot Com moved to dismiss the case for lack of personal jurisdiction and improper venue in the Western District of Pennsylvania, or, alternately, to transfer venue.

Long-arm statutes and the Fourteenth Amendment

The court laid out basic principles of personal jurisdiction