

# DMCA Safe Harbors

Barry F. Irwin

IRWIN IP LLC

[Irwinip.com](http://Irwinip.com)

# Exclusive Rights Recap

- ▶ Section 106
  - ▶ reproduce (ie copy)
  - ▶ prepare derivative works (for sound recordings, limited to remixing)
  - ▶ distribute
  - ▶ publicly perform (for sound recordings, limited to digital audio transmissions)
  - ▶ display

# Consider Online Service Providers

## ▶ *Playboy v. Frena*

- ▶ Frena operated digital billboard (think Tumbler). Found liable for infringement even though he had no control over what was posted

## ▶ *Sega v. MAPHIA*

- ▶ MAPHIA operated a site where people could upload video games that other people could then download and play. Found vicariously liable.

# DMCA: Online Service Provider (OSP) Liability Limitations, 512

- ▶ Created four possible "safe harbors":
  1. Conduit
  2. System caching
  3. System storage
  4. Linking
- ▶ Must develop, implement and disseminate a **policy for terminating** repeat offenders
- ▶ Must **accommodate protection measures**

# 1. Data Conduit Safe Harbor

## ▶ Transmitting, routing or providing connections for such, if

- ▶ initiated by another
- ▶ carried out through and automatic process
- ▶ recipient(s) not selected
- ▶ no accessible copies made or unreasonably maintained
- ▶ content not modified

## 2. System Caching Safe Harbor

- ▶ The automatic and **temporary storage of** unaltered information after it is requested by a user from a third party site on the OSP's server or network to make material available to subsequent requestors, if
  - ▶ OSP complies with any rules requiring refreshing
  - ▶ OSP does not interfere with certain technology associated with the content which returns information to the original provider
  - ▶ OSP provides access to subsequent requestors only if they meet condition precedents of provider (payment)
  - ▶ expeditiously removes infringing material

### 3. System Storage Safe Harbor

- ▶ Innocent (infringement not known or apparent) and automatic **storage of information at the user's direction, if**
  - ▶ Acts expeditiously to remove infringements
  - ▶ When control is exercised over infringing activity, no direct financial benefit from infringement
  - ▶ Designates agent for infringement notifications

## 4. Linking Safe Harbor

- ▶ Innocent linking of users to infringing web sites by means of search engines, directories, hyperlinks, etc. **if**
  - ▶ Acts expeditiously to remove infringements
  - ▶ No direct financial benefit from infringement
  - ▶ Designates agent for infringement notifications

# Napster (9<sup>th</sup> Circuit)

- ▶ P2P music file sharing system
- ▶ Provided index of music available from other users
- ▶ Provided web address to facilitate transfer
- ▶ 9<sup>th</sup> Circuit affirmed preliminary injunction
- ▶ Contributory infringement when ***operator knows of specific infringement and fails to purge***
  - ▶ In *Sony* there was no knowledge of specific infringement or ability to purge
- ▶ Vicarious liability when direct financial benefit from infringement, and ability to police
  - ▶ must be exercised “to fullest extent”

# *Napster (9<sup>th</sup> Circuit)*

- ▶ DMCA analysis:
  - ▶ Issue whether
    - ▶ Napster is “service provider”
    - ▶ “Official notice” of infringement is required
    - ▶ Napster complied with Copyright Compliance Policy
- ▶ Napster tried digital fingerprinting of files
  - ▶ 99.4% efficacy, but ordered shut down
- ▶ Case settled for \$26M and Napster went bankrupt

# Aimster (7<sup>th</sup> Circuit)

- Specific knowledge of infringement can be established through *willful blindness* (*avoid knowledge by encrypting content was no solution*)
- But, contributory infringement not demonstrated simply because operator knows of specific infringements, disagreeing with 9<sup>th</sup> Circuit
  - Court also more skeptical of vicarious liability, but said it was not necessary to reach decision
- One other hand, contributory infringement not excused simply because there are potential non-infringing uses
  - If non-infringing uses demonstrated, there must be a balancing
  - And cost of eliminating infringement disproportionate
- Aimster never showed actual use in a non-infringing manner

# *Grokster (Supreme Court)*

- ▶ Ninth Circuit found no infringement because substantial non-infringing use unless there was specific knowledge of infringement at the time they contributed to it
- ▶ Supreme Court reversed, finding:
  - ▶ *Sony* only precluded imputing intent to cause infringements based upon knowledge that infringements would occur
  - ▶ Here there was direct evidence of intent to cause infringement

# *Grokster (Supreme Court)*

- ▶ *One who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement*
- ▶ Here, there was direct evidence that Grokster sought to encourage infringement.
- ▶ Court was split as to whether NIU was enough to avoid contributory infringement
- ▶ SJ for Grokster was reverse; case remanded

# *Lime Group*

- ▶ Inducement established from:
  - ▶ awareness of substantial infringement by users;
  - ▶ efforts to attract infringing users;
  - ▶ efforts to enable and assist users to commit infringement;
  - ▶ dependence on infringing use for the success of its business; and
  - ▶ failure to mitigate infringing activities
- ▶ Also vicarious (profited did not police)

# *YouTube*: District Court

- ▶ Launched in December 2005; sold in November 2006 for 1.6B of Google stock
- ▶ YouTube terms and conditions precluded uploading copyright works unless owned by the person uploading them
- ▶ YouTube also swiftly removed any infringing items upon receipt of notice
- ▶ Issue was whether YouTube qualified for DMCA safe harbor in light of their “general awareness of” and “welcoming” of the posting of infringing material
- ▶ Both sides moved for summary judgment

# YouTube: District Court

- ▶ In granting YouTube's motion, the Court held:
  - ▶ General awareness of rampant infringement is not enough to disqualify ISP from protection, **plaintiff must be “aware of facts or circumstances from which [specific and identifiable infringements] is apparent**
  - ▶ If copyright owner notifies ISP of infringing work, ISP must take down that copy, but is not responsible for locating additional copies of the same work
- ▶ Rationale: Burden of policing is on copyright owners, not ISPs.
  - ▶ Followed Ninth Circuit law. 718 F. Supp. 2d 514, 523-24 (S.D.N.Y. 2010).

# *YouTube: Second Circuit*

- ▶ **Affirmed** the District Court's holding that, absent actual knowledge, a defendant must be aware of facts or circumstances from which specific and identifiable infringements is apparent to lose DMCA safe harbor protection (general knowledge of rampant infringement is not enough)
  - ▶ Eliminating safe harbor based upon general knowledge would be inconsistent with the statute, which only requires expeditiously removing specifically identified infringing content

# YouTube: Second Circuit

- ▶ Found its construction of term “awareness of facts and circumstances from which infringing activity is apparent” to require awareness of facts from which specific acts of infringement would be apparent did not render “actual knowledge” provision superfluous
  - ▶ Actual Knowledge = when one actually knows or subjectively believes there’s infringement.
  - ▶ Apparent Knowledge is when one is subjectively aware of facts that would have made the specific infringement ‘objectively’ obvious to a reasonable person.

# YouTube: Second Circuit

- ▶ **Reversed** the lower court's grant of summary judgment: "the record raises material issues of fact regarding YouTube's actual knowledge or 'red flag' awareness of specific instances of infringement." *Id.* at \*8.
  - ▶ YouTube surveys estimated 75-80% of all streams contained copyrighted material, suggesting YouTube was conscious of infringement. *Id.*
  - ▶ Internal YouTube communications referred to specific clips, some of which pushed for delaying removal. *Id.*
- ▶ Estimates/surveys standing alone are insufficient but can be considered.
- ▶ Reasonable juror could find actual knowledge or awareness that specific clips were infringing; if so, no safe harbor if clips were "in-suit." *Id.*

# YouTube: Second Circuit

- ▶ **Willful Blindness:** On first impression, the Court considered whether the application of the “willful blindness” doctrine violated DMCA:
  - ▶ DMCA does not ‘speak[] directly’ to the willful blindness doctrine.
  - ▶ § 512(m): safe harbor shall not be not conditioned on ISP monitoring its site.
  - ▶ “§ 512(m) limits - but does not abrogate - the doctrine. Accordingly, we hold that the willful blindness doctrine may be applied, in appropriate circumstances, to demonstrate knowledge or awareness of specific instances of infringement under the DMCA.” *Id.* at \*10.
    - ▶ Difference between saying policing is not required and saying you could bury your head in the sand
  - ▶ Whether defendants had made a “deliberate effort to avoid guilty knowledge” is a fact question to be considered on remand. *Id.* at \*11.

# YouTube: Second Circuit

## Control & Direct Financial Benefit Exclusion:

- District court found the knowledge and ability to control an infringement requires specific knowledge of the infringement
- Second Circuit disagreed as it would render the provision superfluous - actual knowledge alone is enough to remove safe harbor
  - “[T]he ‘right and ability to control’ infringing activity under §512(c)(1)(B) requires something more than the ability to remove or block access to materials posted on a service provider’s website.”
  - “The remaining - and more difficult - question is how to define the ‘something more’ that is required.”
  - Remanded to District Court to consider whether Plaintiffs had adduced sufficient evidence to allow a reasonable jury to conclude that YouTube had met that standard.

# DMCA Safe Harbor Overview

- ▶ **No affirmative duty to police users.** *Perfect 10*, 488 F.3d at 1113.
  - ▶ Service provider “shall not be liable for monetary relief if it does not know of infringement.” 17 U.S.C. § 512(c).
- ▶ Most defendants take down “known” infringements - i.e., those about which they receive take down notices.
- ▶ In looking at whether policy is reasonably implemented, Court will apply “red-flag” test:
  - ▶ Safe Harbor protection lost when service provider fails to act when it is “**aware of facts of circumstances from which infringing activity is apparent.**”  
§ 512(c)(1)(A)(ii).

# DMCA Safe Harbor Overview

What constitutes a “red flag?” Until now, not much.

- ▶ Take down notices from copyright owners that do not substantially comply with statutory requirements are not red flags. 17 U.S.C. § 512 (c)(3)(B)(i).
- ▶ “General awareness” of rampant infringement is **not enough** to disqualify from protection. *Perfect 10*, 488 F.3d at 1113-14.
- ▶ No duty to investigate: “If investigation of ‘facts and circumstances’ is required to identify material as infringing, then those facts and circumstances are not ‘red flags.’” *UMG Records, Inc. v. Veoh Networks, Inc.*, 665 F. Supp. 2d 1099, 1108 (C.D. Cal. 2009), *aff’d UMG v. Shelter Capital Partners LLC*, 667 F.3d 1022 (9<sup>th</sup> Cir. 2011).

# DMCA Safe Harbor: Takeaway

- ▶ Safe Harbor protection is still very strong.
- ▶ But ISP must (at least appear to) act responsibly!
  - ▶ Compliance must be to the full extent of knowledge (e.g., remove traceable files)
  - ▶ No Willful Blindness: Cannot intentionally sabotage own knowledge!
- ▶ “Red flag” knowledge still a hard show -- must have specific, supportable allegations -- but very fact-dependent!