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JULY 2010

Copyright Update

Recent Case Clarifies Scope of DMCA

The applicability of the safe harbor provisions of the Digital Millennium Copyright Act, 17 U.S.C. § 512 ("DMCA"), is often highly contested in litigation where copyright owners and internet service providers ("ISPs") battle over just how far the safe harbors will extend. The recent decision of the United States District Court for the Southern District of New York in Viacom International, Inc. v. YouTube, Inc. clarifies the parties' rights and obligations and reaffirms the core principles of the DMCA and its applicability to ISPs.

Among other things, the DMCA insulates an ISP from liability for copyright infringement by its users where the ISP takes steps to ensure that a copyright owner's rights are protected, which include:

- identifying an agent to receive notices of infringement;
- acting expeditiously to remove or disable access to the material when it has knowledge of the infringing material; and
- where the ISP has the right and ability to control the infringing activity, it does not receive a financial benefit directly attributable to the infringing activity.

The District Court in Viacom examined the legislative history and relevant case law to reach the following conclusions with regard to the DMCA safe harbor provision:

(1) Knowledge:

A claim often made by copyright owners is that the ISP should be prohibited from invoking the DMCA safe harbor because it had knowledge of infringement on its network. The Viacom Court has made clear that it is not enough for a copyright owner to demonstrate mere "knowledge of prevalence of [infringing] activity in general." This is so because "[t]o let knowledge of a generalized practice of infringement in the industry, or of a proclivity of users to post infringing materials, impose responsibility on service providers to discover which of their users' postings infringe a copyright would contravene the structure and operation of the DMCA."

Thus, the Viacom Court concluded that the phrases "actual knowledge that the material or an activity" is infringing and "facts or circumstances" indicating infringing activity "describe knowledge of specific and identifiable infringements of particular individual items." This was true even where the plaintiff in the Viacom action had come forward with evidence that the defendant "not only [was] generally aware of, but welcomed, copyright-infringing material being place on the[] website." The Court noted that its conclusion was "consistent with an area of the law devoted to protection of distinctive individual works, not of libraries" and "makes sense, as the infringing works in suit may be a small fraction of millions of works

Questions?
If you have any questions about this update, please contact:

Patrick M. Fahey, *Partner*
pfahey@goodwin.com
(860) 251-5824

Susan S. Murphy, *Associate*
smurphy2@goodwin.com
(860) 251-5707

posted by others on the service's platform, whose provider cannot by inspection determine whether the use has been licensed by the owner, or whether its posting is a 'fair use' of the material, or even whether its copyright owner or licensee objects to its posting."

(2) Applicability of Grokster:

The Viacom Court also clarified the applicability of the United States Supreme Court decision in Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 545 U.S. 913 (2005) and its progeny to DMCA cases. While Grokster is often relied upon in support of arguments that the DMCA should not apply to ISPs whose users are allowed to upload infringing content, the Viacom Court has made clear that the application of Grokster "to the particular subset of service providers protected by the DMCA is strained."

Importantly, the Viacom Court concluded that the "Grokster model does not comport with that of a service provider who furnishes a platform on which its users post and access all sorts of materials as they wish, while the provider is unaware of its content, but identifies an agent to receive complaints of infringement, and removes identified material when he learns it infringes. To such a provider, the DMCA gives a safe harbor, even if otherwise he would be held as a contributory infringer under general law."

(3) Right and Ability to Control:

Finally, the Viacom Court addressed the language of the DMCA safe harbor concerning an ISP's "right and ability to control" infringing activity, which is often litigated as a matter of technical feasibility, and made clear that the DMCA actually requires knowledge on the part of the ISP of the claimed infringing activity, reasoning that the "provider must know of the particular case before he can control it." Thus, a copyright owner claiming that an ISP should be outside the scope of the DMCA's safe harbor because the ISP has the right and ability to control infringement on its network must demonstrate both that the ISP had knowledge of the specific infringements at issue in the lawsuit and that the ISP had the right and ability to control those specific instances of infringement.

Although the Viacom decision will not put an end to the struggle between copyright owners and ISPs over the scope of the DMCA, that decision helps to clarify the proper application of the statute to ISPs whose users post infringing works on their network.

Intellectual Property Practice Group

Robert A. Brooks
Tel. (860) 251-5837
rbrooks@goodwin.com

Glenn M. Cunningham
Tel. (860) 251-5722
gcunningham@goodwin.com

Patrick M. Fahey
Tel. (860) 251-5824
pfahey@goodwin.com

Charles L. Howard
Tel (860) 251-5616
choward@goodwin.com

Catherine F. Intravia
Tel (860) 251-5805
cintravia@goodwin.com

Christopher R. Drury
Tel (860) 251-5017
cdrury@goodwin.com

Lee Anne Duval
Tel. (860) 251-5562
lduval@goodwin.com

Susan S. Murphy
Tel. (860) 251-5707
smurphy2@goodwin.com

SHIPMAN & GOODWIN® LLP
COUNSELORS AT LAW

One Constitution Plaza
Hartford, CT 06103-1919
860-251-5000

300 Atlantic Street
Stamford, CT 06901-3522
203-324-8100

1133 Connecticut Avenue NW
Washington, DC 20036-4305
202-469-7750

289 Greenwich Avenue
Greenwich, CT 06830-6595
203-869-5600

12 Porter Street
Lakeville, CT 06039-1809
860-435-2539

www.shipmangoodwin.com