

What does *Viacom v. YouTube* decision from April 5, 2012 Change in the Online Service Providers' Liability for Copyright Infringements Committed by their Users?

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SUMMARY

In 2007, Viacom sued YouTube for direct and secondary copyright infringement requesting damages in the amount of over 1 billion dollars. Later on the court joined a related action by the Football Association Premier League and various film studios, television networks and music publishers, turning it into a massive class action against one of the most popular web sites in the world. In the United States, these types of web sites generally fall within one of the judiciary or legislatively created safe harbors. The District Court decided that YouTube falls within a safe harbor, so Viacom appealed. The decision of the Second Circuit Court of Appeals was rendered on April 5, 2012. Although remanded to the District Court for further proceedings, there are indications that YouTube will not be granted safe harbor protection. Some strategies an online service provider can implement to acquire safe harbor protection can be reexamined in light of this decision and the existing case law. After a general introduction to the indirect copyright infringement in the United States law and the facts of the Viacom v. YouTube litigation, some recommendations for online service providers have been offered.

Key words: Online Service Provider, Copyright Infringement, Indirect Liability, Digital Millennium Copyright Act, Safe Harbor, Viacom v. YouTube

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Introduction

The last decade has been marked by the explosion of different interactive content on the Internet – online service providers such as YouTube, Facebook, Twitter and Dropbox have successfully grown from small startups to corporations worth billions in just a couple of years (or sometimes even less). On October 4th 2012 Marck Zuckerberg has announced that more than one billion people are actively using Facebook. The global impact of these web contents is tremendous. From the legal perspective this trend creates a number of problems and opens to many questions to be answered in the pace they are occurring.

The most important issue for the traditional media giants – tv networks, film studios, music publishers etc. – are the various possibilities of copyright infringement with the help of the new technological tools. Digital age enabled copying of copyrighted works by almost anyone and almost free; Internet enabled fast and free distribution of that content.

Since most of the online service providers, as well as the largest media industries are situated in the United States, American copyright law needed to adapt to the new trends faster than other legal systems. In 1998 the Online Copyright Infringement Liability Limitation Act incorporated as Title II of the Digital Millennium Copyright Act (DMCA) limited the liability of OSPs and provided the so-called “safe harbors”. By complying with a set of conditions, an OSP can qualify for a “safe harbor” and be exempted for liability for copyright infringement. The Second Circuit Court of Appeals recently discussed one of the DMCA safe harbors provision in connection to claims of direct and secondary copyright infringement against YouTube. The decision was rendered on April 5, 2012. Although remanded to the District Court for further proceedings, some strategies an online service provider can implement to acquire safe harbor protection can be reexamined in light of this decision and the existing case law.

Indirect liability for copyright infringement in the law of the United States, with the emphasis on the liability of OSPs for the infringements committed by its users, is discussed in the first part of this paper. DMCA safe harbors are in the focus of the second part of the paper. The decision in *Viacom v. YouTube* rendered on April 5, 2012 is presented in the third part of the paper. Finally, some practical guidelines on the current state of the law when it comes to legal business operations of the online service providers have been offered.

I Indirect Copyright Infringement

YouTube was founded in February 2005 by three former employees of Paypal and launched under the slogan “Broadcast yourself” (*Viacom v. YouTube*, 2012:628).¹ In November 2006, Google bought YouTube for 1.65 billion dollars. By March 2010, YouTube has grown to more than 1 billion daily video views and more than 24 hours of new video material uploaded every minute. This would without a doubt be a story of an admirable business success hadn’t various research show that between 60 and 80 percent of that material is infringing.² The one billion dollar question³ is: is YouTube liable for copyright infringements committed by the users of its services?

Professors Lichtman and Landes (2003:395) explain the indirect liability for copyright infringement on the example of a flea market where sellers sell unauthorized recordings of copyrighted music. The direct liability of the sellers is undisputed. Indirect liability of the owner of the flea market is a more difficult question because even though the owner of the flea market only provided a platform for interaction of sellers and buyers, he did benefit from the infringement that occurred on that platform.

Copyright infringers – the persons who made the unauthorized recordings of copyrighted music – would be held liable before any court under the rules for direct liability for the wrong doing. Third persons – the owners of the flea market – can only be liable if the legal system of the court recognizes indirect liability and will depend on the rules on indirect liability of the particular legal system⁴ and on how the courts apply those rules.

Contributory Infringement, Vicarious Infringement and the Inducement theory

The United States 1976 Copyright Act expressly recognizes only direct liability for copyright infringement, however courts in the United States have held that a person can be liable for the infringing acts of another. They have extended two theories generated from tort law to copyright infringement cases – contributory infringement and vicarious liability (Leaffer, 2005:426). Contributory infringement is described as a situation where the third party knowingly⁵ causes, induces or in another manner contributes to the infringing conduct.⁶ A third party can be found vicariously liable if it has control over the infringer and has a direct financial benefit from the infringing activity. (Leaffer, 2005:431)

Thus, returning to the above-mentioned example, in the United States, the flea market owners can be held liable. In fact, in *Fonovisa, Inc. v. Cherry Auction, Inc.*, a case with a similar factual background, an operator of a flea market was held vicariously liable for the sale of infringing goods on the premises of his flea market (Leaffer, 2005:432).

An analogy can be drawn between a flea market owner and an Online Service Provider (OSP). Same as flea market owners, OSPs provide space for the activities of its users. There are various definitions of what constitutes an OSP. An easily understandable definition is that a web site is an OSP “if it does not substantially alter the material provided by its user” (Hormann,2009:1351).⁷ Courts have held that web sites like YouTube⁸ or eBay⁹, as well as the file sharing sites like Napster or Aimster¹⁰, fit the description of an OSP. So is it possible to hold the OSP liable for the infringing activities conducted by its users without its knowledge? Is it the same as holding a flea market owner responsible for the activities conducted by the sellers of unauthorized copies of copyrighted works on his market?

The first case where the Supreme Court limited the indirect liability for copyright infringement in the name of new technology was *Universal City Studio v. Sony Corp. of Am.* The famous litigation started when Sony invented Betamax, which allowed consumers to record movies and television shows of the air, and Hollywood panicked (Leary, 2012:1136). Copyright holder’s legal claim was that the new equipment enables viewers to make unauthorized copies of copyrighted television programs. But what was really troubling them was that viewers were suddenly able to skip commercials, which lowers the value of the program (Lichtman & Landes, 2003:395). The court, however, found that, because Betamax was suitable for substantial non-infringing use (which the court identified as time-shifting)¹¹, Sony was not liable for copyright infringement. Commentators and scholars agree that the decision had much more to do with economics than it did with law.¹² This was the way for the court to protect the existing copying technology and ensure the ongoing development of new copying technology. The consequence of the *Sony* decision was extremely important for producers and sellers of new technologies, and later on for the OSPs. That decision limited their indirect liability and in opinion of many enabled the unrestrained development of new technologies.¹³

After *Sony*, it was clear that, in order for the technology producer or the service provider to escape liability, the equipment or the service in question must be capable of both infringing and non-infringing use, and that the non-infringing use must be substantial. The question continued to be relevant for indirect liability of the OSPs.

In *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.* the court held Grokster, a peer-to-peer file sharing site notorious for the sharing of copyrighted music, liable for the infringing activity of its users based on the inducement theory, i.e. the court held that Grokster is liable for copyright infringement because it encouraged its users to share unauthorized copies of copyrighted works.¹⁴ The court preserved the objective standard developed in *Sony* by acknowledging the fact that the web site is capable of both infringing and non infringing use, but it based its decision on the subjective standard making the culpable intent to encourage copyright infringement the core of the new inducement theory.

Although the Grokster rule is to some extent vague¹⁵ the intention of the court was clear – to limit the freedom it has given to the technology developers in *Sony* by basically making a distinction between the good guys (the ones who play by the rules of good faith) and the bad guys (the ones who do not).¹⁶ In other words, the focus switched from technology to producers of technology, making the legality and prudence of their business model the center of the decision making process. This new idea is a good demonstration of the cyclical dance the court plays to find the balance between the technology developers and the copyright holders.¹⁷

II Safe Harbors Under the DMCA

The *Sony* ruling can be understood as a first, court-made, safe harbor for indirect liability of the producers of new technologies. However, it became clear that the safe harbor provided by the court in *Sony* will not be enough for the different kind of service providers when Internet exploded at the beginning of the nineties.¹⁸ At that time, the fast growing number of OSPs, at the beginning, in particular, the file sharing web sites, caused a series of litigations. Firstly, because the OSPs were massively used for sharing, uploading and viewing unauthorized copies of copyrighted works. Secondly, because the number of direct infringers made it difficult, if not impossible, to hold them liable.

Legislative solution to the problem of OSPs indirect liability came in the form of 1998 Digital Millennium Copyright Act, which have been said to have saved the Web (Leary, 2012:1138).¹⁹ The idea behind the act was to motivate copyright holders and service providers to cooperate. There are two major goals DMCA tried to achieve. First one benefits the OSPs, and thus promotes online innovation, by limiting the OSPs liability through a series of the so-called safe harbor provisions. The second goal is to protect copyright holders by banning circumvention of any

technological measures that are intended to protect copyrighted works. (Hormann, 2009:1351)

It should be noted that compliance with the DMCA requirements is only optional for an OSP. If an OSP does not comply or does not wish to comply with the general requirements to fall within the DMCA, and the specific requirements to fall within one of the four safe harbors, its liability will be determined by the application of the general rules on the liability of copyright infringers.²⁰

In order to qualify for either one of the safe harbors, the OSP must meet several general conditions.

Firstly, the OSP must fall within the DMCA definition of a service provider.²¹ Statutory definition of a service provider is very broad, and as noted above it has been interpreted broadly by the courts which qualified file sharing sites, search engines, social networks, and many other types of web sites as OSPs for the purposes of application of DMCA.

Further, the OSP must adapt a termination policy for the repeat infringers, inform its users of the policy and reasonably implement the policy. The first two conditions are very easy to follow and most of the OSPs do it diligently. For example, YouTube's termination policy is published on the site and it closely copies the language of DMCA.²² The more challenging question is what does it mean to "reasonably implement" the repeat infringer policy. Although there was some case law in which the court discussed the application of the phrase "reasonable implementation" and thus some guidelines exist, Ballon suggests that the threshold should be determined by the courts in case-to-case basis depending on the particular circumstances of each case (2009:666). YouTube, for example claims that it has an automated system that identifies repeat infringers and terminates their accounts. However, even in the case of such diligent implementation of termination policy, the termination policy might still be largely ineffective and the goals behind the policy can easily be circumvented (Darrow & Ferrera, 2007:15,16). For example, websites like YouTube cannot prevent the account holder whose account has been terminated to sign up for a new account under new name, which allows repeat infringers to get back in the game within minutes.

Finally, as a precondition to be eligible for the safe harbor protection, an OSP must have adopted standard technical measures used by copyright owners to identify and protect copyrighted works. DMCA expressly states that the OSP does not need to monitor or affirmatively seek infringing activity on its websites.²³ The burden of finding copyright infringements is entirely on the copyright holders. OSP's only

duty is to implement the standard technical measures that facilitate copyright holders' search.

In case the OSP satisfied the general requirements, the DMCA limits the potential liability of an online service provider in four activities: a) "transitory digital network communications"; b) "system caching"; c) "information residing on systems or networks at the direction of users"; and d) "information location tools".²⁴ If an OSP fulfills a set of requirements attached to a particular activity, the activity will fall within the safe harbor and the OSP will be exempted from liability (Laeffer, 2005:433).

The most beneficial safe harbor for OSPs and the most often used one is the §512(c) safe harbor, which limits the liability of the OSPs in case the infringing material was stored by a user (Ballon, 2009:653). In *Viacom v. YouTube*, YouTube claims to be protected by the §512(c) safe harbor, and thus the focus in this paper will further be directed to certain problems within the provision examined by the court in the decision rendered on April 5, 2012.

The §512(c) safe harbor: "information residing on systems or networks at the direction of users"

Under the Digital Millennium Copyright Act (DMCA) §512(c) an Online Service Provider (OSP) is shielded from liability for infringements that occur "by reason of the storage at the direction of a user of material that resides on a system or network controlled or operated by or for the service provider."²⁵

In addition to adoption and implementation of a "repeat infringer" policy and the accommodation of "standard technical measures" that allow a copyright owner to identify infringements,²⁶ to qualify for protection under the DMCA §512(c) safe harbor, the OSP must show that it expeditiously removes infringing material upon a receipt of a takedown notice from a copyright owner. When copyright owners identify an infringing activity they can notify the OSP about the specific copyrighted work in writing which will trigger the OSPs obligation to promptly remove the infringing material. The takedown notice is a "user-friendly" system and has been extensively and frequently used by copyright owners.²⁷ But, it has also been criticized – mostly for two reasons (Black, 2011:768): first, the possibilities of abuse of the system by the copyright holders, which often use the takedown notice to target competitors²⁸; second, copyright holders often require the takedown of work that is not infringing due to the fair use doctrine judicially created in the United States, which under certain circumstances allows the use of copyrighted work without the consent of the copyright holder.²⁹

Finally, specific conditions for the application of the DMCA §512(c) safe harbor are that the OSP “does not have actual knowledge” of the infringing activity, that “it is not aware of facts or circumstances from which infringing activity is apparent” (red flag provision) and that it “does not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity.”³⁰

All of these conditions have been discussed in the *Viacom v. YouTube* decision. The court presented some interesting ideas on the interpretation of these provisions. Some of them are in line with the current practice, but some of them differ significantly.

III. Current State of Law After the *Viacom v. YouTube* Decision from April 5, 2012

Viacom is an American media conglomerate and as of 2010 the fourth largest media conglomerate in the world. After a dispute over the presence of Viacom’s copyrighted material on YouTube, on March 13, 2007 Viacom filed a suit against YouTube alleging direct and secondary infringements. The Football Association Premier League and various film studios, television networks, music publishers started a class action³¹ against YouTube also claiming direct and secondary infringements. The court decided the two actions are related and the court is now deciding on the “direct and secondary copyright infringement based on the public performance, display and reproduction of approximately 79,000 audiovisual “clips” that appeared on YouTube website between 2005 and 2008.” Shortly after, the parties jointly moved for partial summary judgment, asking the court to decide on the applicability of the DMCA §512(c) safe harbor. If the court decides YouTube falls within the safe harbor, it will be exempted from liability for the alleged copyright infringements.

District Court held that YouTube is entitled to the DMCA safe harbor, but the plaintiffs appealed and the decision on the appeal was rendered by the Court of Appeals for the Second Circuit on April 5, 2012. The court affirmed the decision in part, vacated in part and remanded to the District Court for a new decision with a set of detailed instructions of what the court’s interpretation of the DMCA §512(c) safe harbor.

The court held: “Although the District Court correctly held that the §512(c) safe harbor requires knowledge or awareness of specific infringing activity, we vacate the order granting summary judgment because a reasonable jury could find that YouTube had actual knowledge or awareness of specific infringing activity on its website. We further hold that the District Court erred by interpreting “the right and

ability” infringing activity to require “item-specific” knowledge. Finally, we affirm the District Court’s holding that the three of the challenged YouTube software functions fall within the safe harbor for infringement that occurs “by reason of” storage at the direction of the user, and remanded for further fact finding with respect to a fourth software function.” (*Viacom v. YouTube*, 2012:19)

Lessons for the Online Service Providers from the recent Viacom v. YouTube Decision

The decision leaves the current state of law, when it comes to indirect liability for copyright infringement, in this position:

1. An OSP is not protected under the safe harbor only if it has knowledge or awareness of a specific and identifiable infringing activity (and does not remove the material expeditiously).

The 2nd Circuit confirmed an interpretation used by other courts³²: that both the actual knowledge provision and the red flag provision require the same degree of specificity, and that general knowledge of infringing activities does not render an OSP ineligible for immunity under the safe harbor (*Viacom v. YouTube*, 2012:30). Specifically, “the red flag provision turns on whether the provider was subjectively aware of facts that would have made the specific infringement “objectively” obvious to a reasonable person.” (*Viacom v. YouTube*, 2012:31)

However, the court remanded to District Court because it found that there are evidence that YouTube had actual knowledge of the infringing material. In support the court listed internal emails between the founders of YouTube which demonstrate their awareness about some unauthorized copyrighted clips and their hesitance to remove that material because of its popularity.³³

Knowledge or awareness of material that is only possibly infringing will not be enough to disqualify the OSP from protection. The evaluation of evidence in *Viacom* indicates that OSP’s perception of the specific activity as illegal is relevant. (*Viacom v. YouTube*, 2012:31) E.g., informal information of an infringing video, not taken down, will not render the OSP liable if the OSP did not perceive it as infringing, but ignoring it might trigger the willful blindness doctrine as explained below.

2. An OSP is not protected under the safe harbor if it is willfully blind.

An OSP does not have an affirmative duty to monitor activity on its site, but it is not allowed to deliberately shield itself from learning about an infringing activity. (*Viacom v. YouTube*, 2012:35)

The Court supported its reasoning with two relevant cases. In *Aimster*, the Court found that an OSP was willfully blind because it used “encryption to shield itself

from the actual knowledge of the unlawful purposes for which the service was being used.” (In re Aimster Copyright Litig., (2003:651). In *Tiffany*, eBay had general knowledge of counterfeit sales, but the Court found that it was not willfully blind since it did not ignore the information about them. (*Tiffany v. eBay*, 2010:110)

3. An OSP is not protected under the safe harbor if it substantially influences its users’ activities.

According to the 9th Circuit, the OSP “must be aware of the specific infringing material to have the ability to control that infringing activity.” (*UMG Recordings, Inc. v. Shelter Capital Partners* 2011:1042). The 2nd Circuit Court rejected that interpretation with the explanation that this would render this provision duplicative with the “specific knowledge or awareness” provision. (*Viacom v. YouTube*, 2012:36)

However, the 2nd Circuit supported the understanding of the 9th Circuit that the “right and ability to control” provision cannot be interpreted as a mere codification of the common law doctrine of vicarious liability. (*Viacom v. YouTube*, 2012:37; *UMG Recordings, Inc. v. Shelter Capital Partners* 2011:1043). The Court reasoned that the DMCA “right and ability to control” requires something more than the common law vicarious liability standard, i.e. more than just an ability to remove or block access to infringing material. *Viacom*, 2012 WL at *13.

The 2nd Circuit suggested that the appropriate test for the “right and ability to control” is whether an OSP is “exerting substantial influence on the activities of users, without necessarily – or even frequently – acquiring knowledge of specific infringing activity.” *Id.* The Court gives two examples that might meet the test. First, in *Perfect 10 v. Cybernet*, Cybernet had the ability to control within the meaning of the DMCA because of a monitoring program that allowed it to control the users’ activity and extensively influence the content. *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 213 F. Supp. 2d 1146, 1182 (C.D. Cal. 2002). Second, the inducement theory, as applied by the Supreme Court in *Grokster*, under which an OSP that promotes or encourages infringing activity would be liable for infringement, might also meet the proposed test. *Viacom*, 2012 WL at *13; *MGM Studios v. Grokster*, 545 U.S. 913, 936 (2005).

3. An OSP is not protected under the safe harbor if it syndicates selected material to a third party.

The 2nd Circuit confirmed that “the conversion (or “transcoding”) of videos into a standard display format, the playback of videos on “watch” pages, and the “related videos” function” fall within the safe harbor. *Viacom*, 2012 WL at *14. It expressed concerns regarding “the manual selection of copyrighted material for licensing to a third party.” *Id.* at *15.

Recommendation for the OSPs

In addition to expeditious removal of infringing material upon a takedown notice, and a strict, rigidly applied “repeat infringer” policy, an OSP should consider the following strategies:

While there is no duty to affirmatively investigate or monitor infringing content, when an OSP receives information about specific infringing material, it should investigate, and if it finds the material infringing, take it down. This would shield the OSP from both the red flag provision and the willful blindness as interpreted in *Tiffany*. More importantly, to avoid liability under the willful blindness doctrine, the OSP must refrain from using encryption that would disable it, or copyright owners, to track down infringing material.

The OSP should not substantially influence the users’ activities, monitor or edit the content or encourage or promote infringing activity. The 2nd Circuit expressed concerns about transfer of selected material to third party. In the case of a third-party syndication agreement, OSP should not edit or chose the content that will be transmitted to third party.

An additional possibility, depending on the circumstances of a respective OSP, is to negotiate preemptive license agreements with at least some copyright owners. This is becoming a practice of the major OSPs such as YouTube, Yahoo etc. In return for authorization to use copyrighted work in the original and in the derivative works of its users, OSPs can offer royalties, company’s shares or advertisement opportunities. Primary function of the agreements is to serve as a shield from liability suits for possible infringements of negotiated copyrights. Secondary function is to demonstrate, in a possible suit, that the OSP recognizes that some of its users might be involved in infringing activity and puts its best efforts to decrease such activity.

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Tiffany Inc. v. eBay, Inc., 600 F. 3d 93, 110. ((2d. Cir. 2010).

ENDNOTES

¹ Information in this paragraph are extracted from the Second Circuit Court of Appeals' decision in *Viacom v. YouTube*.

² The Court lists that YouTube employees conducted web survey which showed that 75-80% of material uploaded on YouTube is infringing, and that Credit Suisse (financial advisor of Google) estimated that more than 60% of material uploaded on YouTube is infringing. (*Viacom v. YouTube*, 2012:633)

³ The amount Viacom requested as damages for the unauthorized use of its copyrighted material in its suit filed March 13, 2007. (Hormann, 2009:1357)

⁴ Rules on indirect liability for copyright infringement vary significantly in the international setting. More on the rules on indirect liability in international setting see Oswald, 2008:247.

⁵ Knowingly “does not simply mean “awareness of the infringement” but instead implies some meaningful capacity to prevent or discourage infringement.” (Lichtman and Landes, 2003:396)

⁶ An example of contributory infringement was the courts decision in the *Elektra Records Co. v. Gem Electronic Distributors, Inc.* case. A chain of stores sold blank tapes and loaned buyers tapes with copyrighted musical works that the buyers could then copy by using a system provided for them in the stores. Because, the defendant supplied all the necessary means to infringe, the court held it liable for contributory infringement. (see more on contributory infringement in Leaffer, 2005:426)

⁷ The statutory definition requires that the material is uploaded “without modification to the content of the material as sent or received”. However, in recent decision involving Veoh Networks, which maintained an online service that allowed its users to share videos, the court has held that this language “is clearly meant to cover more than mere electronic storage lockers” (*UMG Recordings v. Veoh Networks* 2008:1081). In proceedings on the appeal on the decision, the court further explained that “the language and structure of the statute, as well as the legislative intent that motivated its enactment, clarify that § 512(c) encompasses the access-facilitating processes that automatically occur when a user uploads a video to Veoh” (*UMG Recordings v. Shelter Capital Partners* 2011:1032).

⁸ In *Viacom Intern., Inc. v. YouTube, Inc.*, 676 F.3d 19 (2d. Cir. 2012).

⁹ In *Hendrickson v. eBay, Inc.*, 165 F. Supp. 2d 1082 (C.D. Cal. 2001.)

¹⁰ “Although the Act was not passed with Napster-type services in mind, the definition of Internet service provider is broad...Aimster fits it.” See *In re Aimster Copyright Litig.*, 334 F.3d 643, 651 (7th Cir. 2003)

- ¹¹ The concept called “staple article of commerce” or the concept of “substantial non-infringing use” was borrowed from patent law, and used in a copyright case for the first time. (Henslee, 2011:613)
- ¹² See Lichtman and Landes, 2003:400; Henslee, 2011:615; Leaffer, 2005:427.
- ¹³ There are also arguments that secondary liability of the service providers should not be limited: “Secondary liability is perceived to be an effective enforcement vehicle for three main reasons. First, it can provide a more cost-effective mechanism for litigation in place of suing countless unknown direct infringers. Second, it can provide an effective compensation system for defendants through the deep pockets of secondary infringers. Third, it can utilize potential secondary infringers as gatekeepers against infringement by direct users.” (Helman, 2010:155)
- ¹⁴ “Mere knowledge of infringing potential or of actual infringing uses would not be enough...to subject a distributor to liability. Nor would ordinary acts incident to product distribution, such as offering customers technical support or product up-dates support liability themselves. The inducement rule, instead, premises liability on purposeful, culpable expression and conduct, and thus does nothing to compromise legitimate commerce or discourage innovation having a lawful purpose.” (Metro-Goldwyn-Mayer Studios v. Grokster, 2005:937)
- ¹⁵ For the explanations why the inducement rule from Grokster may cause confusion see Darrow and Ferrera, 2007:11; Kohler, 2012:488,489; Leaffer, 2005:431.
- ¹⁶ For an interesting theory that most of the courts’ decisions are based on whether the court essentially believes in the legitimacy and good faith of the OSP see Dogan, 2011:7.
- ¹⁷ More on how Grokster illustrates this idea see Choi, 2006:399.
- ¹⁸ On the relation between Sony safe harbor and the DMCA safe harbor see Menell, P. and Nimmer, D. (2007:143-204).
- ¹⁹ Citing an article by David Kravets, titled “10 Years Later, Misunderstood DMCA IS the Law that Saved the Web” published on October 27, 2008 on www.wired.com where Kravets explains why the Internet innovations as well as the wealth of the major Internet companies would not be possible without the DMCA.
- ²⁰ This, of course, does not mean that the OSP will necessarily be held liable. For example, an OSP might fall into the *Sony* “substantial non-infringing use” rule and be exempted of liability.
- ²¹ The statutory definition of an OSP provides that the OSP is “an entity offering the transmission, routing, or providing the connections for digital online communications, between or among points specified by a user, or material of the user’s choosing, without modification to the content of the material as sent or received. 17 U.S.C. §512(k) (2006)
- ²² “YouTube will terminate a user’s access to the Service if, under appropriate circumstances, the user is determined to be a repeat infringer.” <http://www.youtube.com/t/terms>
- ²³ §512(m)
- ²⁴ §512(a); §512(b), §512(c); §512(d)
- ²⁵ §512(c)(1)
- ²⁶ §§512(c)(1)(C); 512(i)(1)(A); 512(i)(1)(B); 512(i)(2).
- ²⁷ Google removes more than 1 million infringing links per month upon takedown notices. (Reported by David Kravets on <http://www.wired.com/threatlevel/2012/05/google-infringing-link-removal/>)
- ²⁸ Google has reported that more than half of the takedown notices it received have been from copyright holders targeting competitors, and of those 40% were invalid. (Black, 2011:767)
- ²⁹ More on fair use see Leaffer 2005:469-514; Madison, 2004: 1525-1690.
- ³⁰ §§512(c)(1)(A)(i); 512(c)(1)(A)(ii); 512(c)(1)(B).

What does *Viacom v. YouTube* decision from April 5, 2012 Change in the Online...

- ³¹ Class action is an institute of the American civil procedure which allows a representative to bring an action on behalf of a group, and if all the conditions are met, the group is bound by the result of the litigation. More on class action see Freer, 2009:720-777.
- ³² *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 667 F. 3d 1022, 1032 (9th Cir. 2011), *UMG Recordings, Inc. v. Veoh Networks, Inc.*, 620 F. Supp. 2d 1081 (C.D. Cal. 2008) etc.
- ³³ For example: "...in a July 4, 2005 e-mail exchange, YouTube founder Chad Hurley sent an e-mail to his co-founders with the subject line "budlight commercials," and stated, "we need to reject these too." Steve Chen responded, "can we please leave these in a bit longer? another week or two can't hurt." (*Viacom v. YouTube*, 2012:32)

Što odluka u predmetu Viacom v. YouTube, donesena 5. travnja 2012. godine, mijenja u pogledu odgovornosti pružatelja internetskih usluga za povrede autorskih prava koje počine njihovi korisnici

SAŽETAK

Viacom je 2007. godine podnio tužbu protiv YouTube-a za izravnu i neizravnu povredu autorskih prava, te je tužbom tražio odštetu u iznosu većem od milijardu dolara. Toj tužbi sud je pridružio tužbu koju je protiv Viacoma podnijela Football Association Premier League zajedno s mnogim filmskim studijima, televizijskim kućama i izdavačkim kućama, te je tako ovaj postupak postao masovna grupna tužba protiv jedne od najpopularnijih svjetskih web stranica. U Sjedinjenim Američkim Državama, takav tip web stranica najčešće spada u jednu od sudskih ili legislativno stvorenih tzv. "sigurnih luka". Prvostupanjski sud odlučio je da YouTube potpada pod jednu od "sigurnih luka", nakon čega je Viacom podnio žalbu. Drugostupanjska odluka donesena je 4. travnja 2012. godine. Iako je tom odlukom drugostupanjski sud vratio predmet prvostupanjskom sudu na odlučivanje, u odluci su dane naznake da YouTube ne bi trebao biti zaštićen "sigurnom lukom". Neke strategije koje pružatelji internetskih usluga mogu provesti kako bi osigurali zaštitu "sigurnom lukom" mogu se sagledati i promisliti u svjetlu ove nove odluke i postojeće sudske prakse. Nakon općeg uvoda u pitanje neizravne odgovornosti za povredu autorskih prava u SAD-u i činjenica slučaja u predmetu Viacom v. YouTube, ponuđene su ideje koje bi mogle pružateljima internetskih usluga pomoći da potpadnu pod "sigurnu luku".

Ključne riječi: pružatelj internetskih usluga, povreda autorskih prava, neizravna odgovornost, Digital Millennium Copyright Act, sigurna luka, Viacom v. YouTube