



ARE Copyright Law Alert: Second Circuit Clarifies Digital Millennium Copyright Act's Safe Harbor Provisions In *Viacom International, Inc. v. Youtube, Inc.* Decision

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(April 18, 2012) On April 5, 2012, a unanimous panel of the U.S. Court of Appeals for the Second Circuit clarified both (i) the proper interpretation of 17 U.S.C. § 512(c)'s safe harbor language regarding an online service provider's "right and ability to control" infringing activity, and (ii) whether certain software functions that are made available by online service providers fall within § 512(c)'s safe harbor for infringement that occurs "by reason of" storage at the direction of the user. See *Viacom Int'l, Inc. v. YouTube, Inc.*, No. 10-3270-cv, 10-3342-cv, 2012 U.S. App. LEXIS 6909 (2d Cir. Apr. 5, 2012) ("*YouTube II*"). The Second Circuit then upheld those portions of the Southern District's judgment that were supported by the facts in the record, but vacated and remanded for further proceedings those portions of the judgment that were not. *YouTube II*, like other recent appellate decisions, thus reaffirms that the successful resolution of online copyright issues depends on a proper development of case-specific facts and circumstances rather than on a broad rhetorical invocation of the DMCA's safe harbors. [See Anthony F. Lo Cicero and Holly Pekowsky, ARE Trademark Law Alert: Fourth Circuit Revives Rosetta Stone Case Against Google's Keyword Searching, April 13, 2012.](#)

In the decision under review, the U.S. District Court for the Southern District of New York granted summary judgment in favor of defendants YouTube and Google against charges of direct and secondary copyright infringement by plaintiffs Viacom International, Inc., Paramount Pictures Corp., and others. See *Viacom Int'l, Inc. v. YouTube, Inc.*, 718 F. Supp. 2d 514 (S.D.N.Y. 2010) (Stanton, J.) ("*YouTube I*"). The district court found that defendants were entitled to safe harbor protection of the Digital Millennium Copyright Act primarily because they had insufficient notice of the particular infringements at issue. More specifically, in construing the DMCA's safe harbor, the court concluded that the actual knowledge that would *disqualify* an online service provider under § 512(c)(1)(A) was "knowledge of specific and identifiable infringements"; mere knowledge of the "prevalence of such activity in general" would not do. *Id.* at 523. Further, item-specific knowledge of a particular infringement was required for a service provider to have the "right and ability to control" infringing activity under § 512(c)(1)(B). *Id.* at 527. Finally, the court found that YouTube's replication, transmittal, and display of videos in most cases constituted activity "by reason of the storage at the direction of a user" under § 512(c)(1)(C). *Id.* at 526-27.



Significantly, the Second Circuit affirmed the Southern District's conclusion that the standard for actual knowledge of infringements was "knowledge of specific and identifiable infringements." *YouTube II*, 2012 U.S. App. LEXIS 6909, at *25. However, the Second Circuit believed that plaintiffs may have raised material issues of fact regarding YouTube's knowledge of specific instances of infringement that precluded a grant of summary judgment by the district court. Plaintiff's evidence of YouTube's knowledge included: surveys by company employees including estimates of the percentage of copyrighted material on the YouTube website; similar estimates provided by third-party financial advisors to YouTube's owner Google; and internal e-mails involving YouTube officers referring to particular clips that might contain infringing material. The Second Circuit therefore vacated the district court's grant of summary judgment to defendants, and remanded the case to allow for a more finely-grained determination of whether the evidence demonstrated that YouTube had knowledge of specific instances of infringement.

The Second Circuit rejected the Southern District's contention that item-specific knowledge of any infringement was required for a service provider to have the "right and ability to control" infringing activity under § 512(c)(1)(B). However, it also rejected the interpretation advanced by the plaintiffs in the underlying action that § 512(c)(1)(B) merely codifies the common law doctrine of vicarious copyright liability. Adopting that doctrine, in which the ability to block infringers' access is prima facie evidence of the right and ability to supervise, the Second Circuit noted, would render the statute, which presumes such an ability in § 512(c)(1)(C), internally inconsistent. The Second Circuit thus opined that the right and ability to control infringing activity "requires something more than the ability to remove or block access to materials posted on a service provider's website." *Id.* at *47 (quoting *Capitol Records, Inc. v. MP3tunes, LLC*, No. 07-9931, 2011 U.S. Dist. LEXIS 93351, at *37 (S.D.N.Y. Aug. 22, 2011)). What that something more is was not specified, but will be something for the district court to determine on remand.

Finally, the Second Circuit in *YouTube II* held that YouTube's conversion (transcoding) of videos into a standard display format, playback of videos on "watch" pages, and "related videos" functions constitute activity "by reason of the storage at the direction of a user" under § 512(c)(1)(C). In other words, § 512(c) "is clearly meant to cover more than mere electronic storage lockers." *Id.* at *51 (quoting *UMG Recordings, Inc. v. Veoh Networks, Inc.*, 620 F. Supp. 2d 1081, 1088 (C.D. Cal. 2008)). However, the court remanded for further consideration whether third-party syndication of videos uploaded to YouTube was also covered by § 512(c)(1)(C). Again, any decision on remand should prove instructive.

The *YouTube II* decision is analogous to recent appellate cases like *Rosetta Stone Ltd. v. Google, Inc.*, No. 10-2007, 2012 U.S. App. LEXIS 7082 (4th Cir. Apr. 9, 2012), *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93 (2d Cir. 2010), and *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123 (2d Cir. 2009), which demonstrate courts are carefully considering the particular facts on a case-by-case basis with respect to online trademark infringement claims.



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