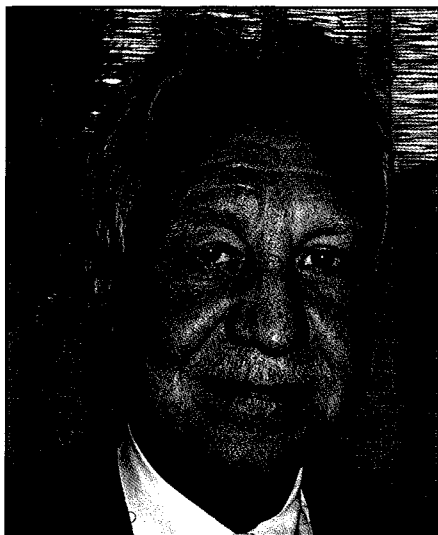


# *Viacom v. YouTube:* Filtering the Internet to Prevent Copyright Infringement



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IN A TWO-PART ARTICLE PUBLISHED IN *NEW MATTER* last year,<sup>1</sup> I reviewed U.S. law surrounding Internet Service Provider (“ISP”) safe harbors from liability for copyright infringement under the Digital Millennium Copyright Act (“DMCA”)<sup>2</sup> and secondary liability for copyright infringement. In those pieces I compared U.S. law on these subjects with international treaties, European Union (“EU”) Directives, and case law in France and some other EU member states. More specifically, I examined whether the law in the US or the EU allowed for a judicial remedy that effectively would impose an obligation on an ISP to filter or screen third-party content it hosts to prevent copyright infringement. I noted that under the DMCA a court cannot impose a monitoring and filtering obligation “so long as the ISP qualifies for one of the safe harbors.”<sup>3</sup> Based on the precedent set in *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001),<sup>4</sup> however, I concluded that “a form of monitoring and filtering may be required as part of injunctive relief in cases of contributory or vicarious infringement.”<sup>5</sup>

I revisit this topic now because on this side of the Atlantic the June 2010 federal district court decision in *Viacom v. YouTube* (“*Viacom*”)<sup>6</sup> was a watershed development in this area. The *Viacom* decision directly confronts the uncertain intersection between the DMCA’s safe harbor provisions and the common law of contributory and vicarious liability for copyright infringement. In *Viacom*, the United States District Court for the Southern District of New York applied the DMCA as a rigid “opt-out” model,<sup>7</sup> even in the face

of Viacom’s claims that YouTube was liable based on common law principles of contributory or vicarious liability.

YouTube provides an online service that allows users to upload video files to its website free of charge. It copies and formats the videos for the site and then it makes them available for viewing online via any number of Internet-enabled devices. Viacom alleged that tens of thousands of videos YouTube made available for hundreds of millions of views infringed Viacom’s copyrighted works. The *Viacom* court acknowledged that based on Viacom’s pleadings “a jury could find that the defendants were not only generally aware of, but welcomed, copyright-infringing material.”<sup>8</sup> The court observed that the infringing videos attracted users to YouTube, resulting in enhanced revenues for YouTube’s advertising-based business.<sup>9</sup> The court also found, however, that YouTube always complied with the DMCA’s notice and take-down regime, swiftly removing an item when it received specific notice that the particular item infringed a copyright.<sup>10</sup>

Most importantly, in *Viacom* the court made two controversial holdings of overarching importance to application of the DMCA safe harbor provisions.<sup>11</sup> First, regarding the actual knowledge and red-flag limitations to the hosting safe harbor in DMCA § 512(c)(1)(A), the court held:

The tenor of the foregoing provisions is 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. Mere knowledge of prevalence of such activity in general is not enough. That is consistent with an area of the law devoted to protection of distinctive individual works, not of libraries. To 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.<sup>12</sup>

Second, as to DMCA § 512(c)(1)(B)’s conditioning of the provision of a safe harbor on an ISP not directly receiving financial benefit in the presence of a right and ability to control, the Court held that “‘right and ability to control’ the activity requires knowledge of it, which must be item-specific.”<sup>13</sup> In reaching these conclusions, the Court emphasized that, “[t]he DMCA is explicit: it shall not be construed to condition ‘safe harbor’ protection on ‘a service provider monitoring its service or affirmatively seeking facts indicat-



ing infringing activity...,” citing DMCA § 512(m)(1).<sup>14</sup>

In addition, the *Viacom* court considered vicarious and contributory liability under the 2005 U.S. Supreme Court decision in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.* (“*Grokster*”),<sup>15</sup> finding that “[i]t is not remotely the case that YouTube exists ‘solely to provide the site and facilities for copyright infringement.’”<sup>16</sup>

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 the general law.<sup>17</sup>

Viacom has appealed the decision to the U.S. Court of Appeals for the Second Circuit and numerous parties have filed amicus briefs.<sup>18</sup> On appeal, the Second Circuit will be deciding momentous issues of first impression. At the federal district level in the Ninth Circuit, in *A&M Records, Inc. v. Napster, Inc.*, the court concluded that the applicable DMCA safe harbor did not apply to protect against contributory infringement as a matter of law because § 512(c)(1)(A) “expressly excludes from protection any defendant who has ‘[a]ctual knowledge that the material or activity is infringing,’ ... or ‘is aware of facts or circumstances from which infringing activity is apparent.’”<sup>19</sup> On appeal, however, the Ninth Circuit declined to adopt a *per se* rule that DMCA safe harbors never will apply in a case of contributory or vicarious liability.<sup>20</sup> With such issues remaining unresolved, the Second Circuit’s opinion in Viacom’s appeal is highly anticipated.

Reconciling common law principles of secondary liability with the DMCA’s provisions stresses the inherent tension between the conflicting policies of protecting copyright while continuing to promote innovation, the proliferation of information, and free expression on the Internet. Whether the Court’s application of the DMCA strikes the right balance will be hotly debated by the parties and *amici* on appeal to the Second Circuit.

To be sure, the *Viacom* decision at the federal district court level adds certainty to the law of ISP safe harbors in this era of growing innovation on the Internet. The *Viacom* court achieves that goal by applying a rigid rule that if an ISP complies with notice and take-down it is not subject to vicarious or contributory liability unless it does much more to facilitate or promote infringement than simply providing a hosting structure for third-party generated content. In this regard, the decision is consistent with the line of appellate decisions in France refusing to impose “publisher” liability on video-sharing websites based solely on an ISP’s financial gain from advertising and control over the organization of its website (though at least one decision has imposed injunctive relief implicating moni-

toring and filtering to prevent repeat infringements of specified works).<sup>21</sup>

On the other hand, some argue that with modern Internet filtering technology and the explosive growth of interactive websites relying on user-generated content ISPs are the least cost avoiders of copyright infringement on a massive scale.<sup>22</sup> In its appeal brief to the Second Circuit, Viacom argues:

The district court’s interpretation effectively requires copyright holders to find and monitor the websites of intentional infringers constantly to identify infringing materials and send serial take-down notices as new instances of infringement are discovered. Such a rule encourages websites to place obstacles in copyright owners’ way, as the court suggests no obligation to make such searches and takedowns feasible. Only website owners have the ability to deploy automatic filters and to identify and block clips as they are loaded.<sup>23</sup>

Viacom’s reference above to the “websites of intentional infringers” is a loaded one (emphasis added). The Supreme Court in *Grokster* clarified that the rule from *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 104 S.Ct. 774 (1984) bars “secondary liability based on presuming or imputing intent to cause infringement solely from the design or distribution of a product capable of substantial lawful use, which the distributor knows is in fact used for infringement.”<sup>24</sup> The *Viacom* decision acknowledges that if an ISP exists “solely to provide the site and facilities for copyright infringement,” intentional inducement would be found and secondary liability imposed based on *Grokster*. *Grokster* also holds liable “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.”<sup>25</sup> It explains that the “inducement rule...premises liability on purposeful, culpable expression and conduct, and thus does nothing to compromise legitimate commerce or discourage innovation having a lawful promise.”<sup>26</sup>

*Grokster* speaks to conduct that “entices” or “persuades” one to infringe or is “intended to do harm” or is “morally wrong,” but the only concrete examples it provides of such activity are “advertising an infringing use or instructing how to engage in an infringing use.”<sup>27</sup> The Supreme Court declined “to add a more quantified description of the point of balance between protection and commerce when liability rests solely on distribution with knowledge that unlawful use will occur.”<sup>28</sup> *Grokster* does not even mention the DMCA, much less specifically consider the interplay of its provisions with the common law of secondary liability. The *Viacom* decision, by largely declining to explore the murky territory of intentional inducement, avoids major disruption to the DMCA’s detailed notice and take-down regime.

The DMCA clearly places the burden to “monitor and filter” for “innocent” ISP infringement on copyright owners. Unless the

existing DMCA safe harbor provisions are modified by Congress, the solution to any problems this creates may lie in cooperation between ISPs and copyright owner interests. An ISP filtering obligation could be accommodated under § 512(m)'s provision making an exception for "standard technical measures," which are those "used by copyright owners to identify or protect copyrighted works" that, among other requirements, have developed into an industry standard pursuant to a consensus of copyright owners and ISPs. The result in the *Viacom* decision may actually help promote the development of such measures by indicating that an ISP who voluntarily implements filtering technologies on behalf of copyright owners does not expose itself to secondary liability and disqualification from the DMCA's safe harbors based on red flags or actual knowledge, so long as it otherwise complies with the DMCA's specific notice and take-down procedures. ◀◀

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#### Endnotes

1. William C. Harrelson, *Filtering the Internet to Prevent Copyright Infringement: ISP Safe Harbors and Secondary Liability in the U.S. and France* (parts 1 & 2), 35 NEW MATTER, No. 1, 12 (2010), 35 NEW MATTER, No. 2, 5 (2010).
2. 17 U.S.C. §§ 512, 1201-1205, 1301-1332; 28 U.S.C. § 4001 (1998).
3. William C. Harrelson, *Filtering the Internet to Prevent Copyright Infringement*, 35 NEW MATTER, No. 2, 9 (2010).
4. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1025 (9th Cir. 2001).
5. Harrelson, *supra* note 3, at 11.
6. *Viacom Int'l. Inc. v. YouTube, Inc.* ("Viacom"), 718 F. Supp. 2d 514 (S.D.N.Y. 2010).
7. *Filtering the Internet to Prevent Copyright Infringement*, 35 NEW MATTER 1 at 13 (2010). (See *Filtering the Internet to Prevent Copyright Infringement*, 35 New Matter, 1, 2, where the author describes two theoretical models of copyright enforcement on the Internet: an "opt-in" model and an "opt-out" model. In an opt-in model the copyright owner must authorize the availability of the content of works over the Internet before the content is made accessible. If material not authorized by the copyright owner is made available and accessible by an ISP, the ISP runs the risk of liability even without specific notice and a request to remove access to infringing material. This approach favors the enforcement of copyright and implies an ISP obligation to detect and filter infringing content. In the alternative and prevailing "opt-out" model an ISP is only liable after receiving detailed actual notice of specific infringing activity and, upon such notice, is relieved of liability if it acts diligently and within its ability to promptly disable access to the infringing material. The opt-out model is a more *laissez-faire*, hands-off approach toward the Internet and ISPs, and it eschews any ISP monitoring and filtering obligation.)
8. *Viacom*, 718 F. Supp. 2d at 518.
9. *Id.*
10. *Id.* at 519.
11. *DMCA* § 512 *et seq.*
12. *Viacom*, 718 F. Supp.2d at 523.
13. *Id.* at 527.
14. *Id.* at 524.
15. *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.* ("Grokster"), 545 U.S. 913 (2005).
16. *Viacom*, 718 F. Supp. 2d at 526. (citing Brief for Defendant at 60, *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.* 545 U.S. 913 (2005) ( No. 188).
17. *Id.*
18. See *Viacom v. YouTube*, 718 F. Supp. 2d 514 (S.D.N.Y. 2010), appeal docketed, No. 10-3270 (2d Cir. Aug. 11, 2010).
19. *A&M Records, Inc. v. Napster, Inc.*, 114 F. Supp. 2d 896, 919 n. 24 (N.D. Cal. 2000).
20. *Napster*, *supra* note 4, at 1025.
21. See Harrelson, *supra* note 3, at 7 (discussion of French cases involving Dailymotion and Google Video).
22. See *id.* at 10.
23. See Brief for Appellant at 30-31, *Viacom v. YouTube*, 718 F. Supp. 2d 514 (S.D.N.Y. 2010), appeal docketed, No. 10-3270 (2d Cir. Aug. 11, 2010).
24. *Grokster*, at 933.
25. *Id.* at 936-37.
26. *Id.*
27. *Id.* at 935-36.
28. *Id.* at 934.