

# Intellectual Property Law

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## A Sea Change in the Safe Harbor

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*Second Circuit Rules that DMCA Takedowns of Infringing Materials Will Not Preclude Copyright Infringement Liability for Service Providers with Knowledge of Infringement*

**To the delight of content owners everywhere, the Second Circuit Court of Appeals has become the first court in the country to rule that Internet Service Providers (ISPs) can be liable for copyright infringement even if they comply with the “takedown” provisions of the Digital Millennium Copyright Act (DMCA). However, the ruling is actually narrower than it appears, and the impact of the decision going forward is uncertain.**

The DMCA provides, among other things, that qualifying ISPs can avoid copyright infringement liability for certain common activities they routinely perform that might otherwise give rise to secondary liability for copyright infringement, such as posting infringing material submitted by a computer user, in certain circumstances. Under § 512(c) of the DMCA, a qualifying service provider may seek “safe harbor” from such liability if it (1) lacks actual knowledge of the infringing material or activity, is not aware of facts or circumstances from which the infringing activity is apparent, and acts expeditiously to remove or disable access to the infringing material upon discovering it; (2) does not receive a financial benefit directly attributable to the infringing activity, where the service provider has the right and ability to control that activity; and (3) responds expeditiously to remove or disable access to the infringing material upon receiving notice of the infringing activity. Actual or “apparent” knowledge of infringing activity, in theory, voids this protection. However, for 14 years after the DMCA was enacted, no court held that an ISP complying with the DMCA’s “takedown” provisions had sufficient knowledge of “apparent” infringement to be liable for infringement, instead requiring that ISP’s have actual knowledge of specific infringements. See Mark S. Lee, *Entertainment and Intellectual Property Law* § 16:33 (West 2011) and cases cited therein. In other words, no ISP was ever held liable under this standard. *Id.*

In its recent ruling in *Viacom International, Inc. v. YouTube, Inc.*, the Second Circuit Court of Appeals became the first court to hold that an ISP utilizing the DMCA’s takedown procedures might be liable for infringement, though in doing so it reaffirmed the “actual knowledge of specific infringements” standard articulated in previous case law. *Viacom* also clarified the parameters of § 512(c)’s safe harbor and the application of the “willful blindness” doctrine to it.

In *Viacom*, Viacom and others sued YouTube and Google for direct and

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secondary copyright infringement arising from the public performance, display, and reproduction of approximately 79,000 audiovisual “clips” that appeared on YouTube’s website between 2005 and 2008. The district court granted summary judgment in favor of YouTube and Google, concluding that they were entitled to safe harbor protection under § 512(c) because, among other reasons, they had insufficient notice of the particular infringements in issue.

On appeal, the Second Circuit vacated the district court’s order granting summary judgment, holding that a service provider’s actual knowledge or awareness of facts or circumstances that indicate specific and identifiable instances of infringement prevent that provider from seeking safe harbor protection under § 512(c). Because reasonable jurors might conclude that YouTube had actual knowledge or awareness of specific infringing activity on its website with respect to at least some of the clips in issue, summary judgment was deemed “premature.”

In addition, the Second Circuit confirmed that a service provider may be precluded from safe harbor protection under § 512(c) if it is subjectively aware of facts or circumstances that would make the specific infringement objectively apparent to a reasonable person. As an issue of first impression, the Second Circuit held that “willful blindness” — the deliberate effort to avoid knowledge of infringement — may in appropriate circumstances impute knowledge or awareness of specific instances of infringement and, therefore, preclude safe harbor protection.

Finally, the Second Circuit held that a service provider has the “right and ability to control” infringing activity under § 512(c)(1)(B) even if it lacks knowledge of specific infringing activity, though “something more” than the mere ability to remove or block access to infringing materials is necessary to confer such control. In so concluding, the Second Circuit rejected the Ninth Circuit Court of Appeals’ holding in *UMG Recordings, Inc. v. Shelter Capital Partners LLC* that a service provider cannot control infringing activity until it has actual knowledge of the infringing material.

Depending on how subsequent courts interpret *Viacom* and its acceptance of the “willful blindness” doctrine, the case could be a game-changer in digital copyright law. Under the Second Circuit’s ruling, if a service provider has actual knowledge of the infringing activity or is aware of facts and circumstances that would place a reasonable person on notice of such infringement, the service provider cannot avoid liability simply by expeditiously removing or blocking access to the infringing material. Although the long-term ramifications of the ruling remain to be seen, it undoubtedly increases the potential exposure for copyright infringement liability of service providers that store media on systems or networks, and will provide additional ammunition for intellectual property rights holders in their never-ending battle against infringers.

#### **References:**

- 17 U.S.C. § 512
- *Viacom International, Inc. v. YouTube, Inc.*, — F.3d —, 2012 WL 1130851 (2d Cir. 2012)
- *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 667 F.3d 1022,

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